AerCap Holdings N.V. Dutch GAAP Annual Report

For the year ended December 31, 2020

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AerCap Holdings N.V. Annual Report 2020

REPORT OF THE BOARD OF DIRECTORS

History and development of the Company

AerCap Holdings N.V. (together with its subsidiaries, "AerCap," "we," "us" or the "Company") was incorporated in the Netherlands as a public limited liability company ("*naamloze vennootschap*" *or* "*N.V.*") on July 10, 2006. Our ordinary shares are listed on the New York Stock Exchange (the "NYSE") under the ticker symbol AER. Our headquarters is located in Dublin, and we have offices in Shannon, Los Angeles, Singapore, Amsterdam, Shanghai and Abu Dhabi. We also have representative offices at the world's largest aircraft manufacturers, The Boeing Company ("Boeing") in Seattle and Airbus S.A.S ("Airbus") in Toulouse.

As of December 31, 2020, we had 138,847,345 ordinary shares issued, including 130,398,538 ordinary shares issued and outstanding, and 8,448,807 ordinary shares held as treasury shares. Our issued and outstanding ordinary shares included 2,552,346 shares of unvested restricted stock.

Description of business

AerCap Holdings N.V. is the global leader in aircraft leasing. We focus on acquiring in-demand aircraft at attractive prices, funding them efficiently, hedging interest rate risk prudently and using our platform to deploy these assets with the objective of delivering superior risk-adjusted returns. We believe that by applying our expertise, 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 an independent aircraft lessor, and, as such, we are not affiliated with any airframe or engine manufacturer. This independence provides us with purchasing flexibility to acquire aircraft or engine models regardless of the manufacturer.

We lease most of our aircraft to airlines under operating leases. Under these leases, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and we receive the benefit, and assume the risks, of the residual value of the equipment at the end of the lease.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft transactions in a variety of market conditions. During the year ended December 31, 2020, we executed 179 aircraft transactions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and managing our aircraft portfolio. During the year ended December 31, 2020, our weighted average owned aircraft utilization rate was 97.5%, calculated based on the number of days each aircraft was on lease during the year, weighted by the net book value of the aircraft.

Our business strategy

We develop our aircraft leasing business by executing on our focused business strategy, the key components of which are as follows:

Manage the profitability of our aircraft portfolio

Our ability to profitably manage aircraft throughout their lifecycle depends, in part, on our ability to successfully source acquisition opportunities of new and used aircraft at favorable terms, as well as our ability to secure long-term funding for such acquisitions, lease aircraft at profitable rates, minimize downtime between leases and associated maintenance expenses and opportunistically sell aircraft. We manage the long-term profitability of our aircraft portfolio by:

- purchasing aircraft directly from manufacturers;
- entering into purchase and leaseback transactions with airlines;
- 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 aircraft; and
- providing management services to securitization vehicles, our joint ventures and other aircraft owners at limited incremental cost to us.

Efficiently manage our liquidity

We analyze sources of financing based on pricing and other terms and conditions in order to optimize the return on our investments. We have the ability to access a broad range of liquidity sources globally. In 2020, we raised $8.3 billion of financing, including bank debt, revolving credit facilities and note issuances in the capital markets.

We have access to liquidity in the form of our revolving credit facilities and our term loan facilities, which provide us with flexibility in raising capital and enable us to deploy capital rapidly to accretive aircraft purchase opportunities that may arise. As of December 31, 2020, we had $5.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt and $1.2 billion of unrestricted cash. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, note issuance and export credit, including ECA-guaranteed loans, in order to maximize our financial flexibility. We also leverage our longstanding relationships with major aircraft financiers and lenders to secure access to capital. In addition, we attempt to maximize our operating cash flows and continue to pursue the sale of aircraft to generate additional cash flows. Please refer to Note 13—*Debt* to our Consolidated Financial Statements included in this Annual Report for a detailed description of our outstanding indebtedness.

Manage our aircraft portfolio

We intend to maintain an attractive portfolio of in-demand aircraft by acquiring new aircraft directly from aircraft manufacturers, executing purchase and leasebacks with airlines, assisting airlines with refleetings and pursuing other opportunistic transactions. We rely on our experienced team of portfolio management professionals to identify and purchase assets we believe are being offered at attractive prices or that we believe will experience an increase in demand over a prolonged period of time. In addition, we intend to continue to rebalance our aircraft portfolio through sales to maintain the appropriate mix of aviation assets by customer concentration, age and aircraft type.

Maintain a diversified and satisfied customer base

We operate our business on a global basis, leasing aircraft to customers in every major geographical region. We have active customer relationships with approximately 200 airlines in approximately 80 countries. These customer relationships are either with existing customers or airlines with which we maintain regular dialogue in relation to potential transaction opportunities. Our relationships with these airlines help us place new aircraft and remarket existing aircraft. We monitor our lessee exposure concentrations by both customer and country jurisdiction and intend to maintain a well-diversified customer base. We believe we offer a quality product, both in terms of assets and service, to all of our customers. We have successfully worked with many airline customers 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, quality product offering and strong portfolio management capabilities.

Joint ventures and participations

We conduct some of our business through joint ventures and participations. These arrangements allow us to:

- increase the geographical and product diversity of our portfolio;
- obtain stable servicing revenues; and
- diversify our exposure to the economic risks related to aircraft.

Please refer to Note 24—*Special purpose entities* to our Consolidated Financial Statements included in this Annual Report for a detailed description of our joint ventures and participations.

Relationship with Airbus, Boeing and other manufacturers

We are one of the largest customers of Airbus and Boeing measured by deliveries of aircraft through 2020 and our order backlog. We were also the launch customer of the Embraer S.A. ("Embraer") E2 program. We are also among the largest purchasers of engines from each of CFM International, GE Aviation, International Aero Engines, Pratt & Whitney and Rolls-Royce. These extensive manufacturer relationships and the scale of our business enable us to place large orders with favorable pricing and delivery terms. In addition, these strategic relationships with manufacturers and market knowledge allow us to participate in new aircraft designs, which gives us increased confidence in our airframe and engine selections. AerCap cooperates broadly with manufacturers seeking mutually beneficial opportunities.

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. Supervision is exercised by our Audit Committee, as described in the "Committees of the Board of Directors" section included in this Annual Report. Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2013). 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.

Risk appetite

Pursuing business strategy objectives inevitably leads to taking risks. Risks can jeopardize those objectives in various ways. Risks are addressed in a manner and with the intensity that matches the nature and size of the risk in relation to the Company's risk appetite. The risk appetite is the total residual impact of risks that we are willing to accept in the pursuit of our objectives. Effective risk management is a key success factor for realizing the Company's strategic objectives. Risk areas with a low-risk appetite and thus a low acceptable residual risk require strong risk management and strong internal controls. Risk areas with a high-risk appetite require relatively less risk management and internal control effort.

Primary risks and mitigating controls

Our business is subject to various risks relating to changing competitive, economic, political, regulatory, legal, social, industrial, business and financial conditions. The following table includes our primary risks which could harm the realization of our strategic business objectives, our financial condition and operating results, adversely affect our revenues and profitability, and possibly impact our share price, and their mitigation controls. For other risks that may affect us, we refer to our filings with U.S. Securities and Exchange Commission ("SEC") which are accessible through our website www.aercap.com.

Risks	**Mitigating Controls**
Industry Specific Risks	
Cyclical movements in, and macroeconomic or geopolitical events and the effects of pandemic and epidemic diseases, such as the COVID-19 pandemic, that may affect, the aircraft leasing industry and lease rates	• Highly diversified customer base
	• Security deposit and maintenance reserves
	• Proactive risk management
	• Diversified sources of funding
Aircraft valuation	• Focus on in-demand liquid aircraft types
	• Continually optimize portfolio through aircraft acquisitions and disposals
Funding / Capital Structure Risks	
Availability of cost-effective funds	• Significant amount of liquidity, including unrestricted cash and undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt
	• Focus on highly diversified, long-term funding to match fund long-term assets
	• Appropriate mix of funding in capital markets and secured debt markets
	• Long-standing relationships with major aircraft financiers and lenders
	• Flexible repayment profiles
	• Conservative leverage
Interest Rate Exposure	
Increased cost of borrowing and changes in interest rates	• Hedge through a mix of interest rate caps, swaps and fixed-rate loans to benefit from decreasing interest rates, while protecting against increasing interest rates

Risk that materialized in 2020

On March 11, 2020, the World Health Organization declared that the Covid-19 outbreak was a pandemic. The Covid-19 pandemic and responsive government actions have caused significant economic disruption and a dramatic reduction in commercial airline traffic, resulting in a broad adverse impact on air travel, the aviation industry and demand for commercial aircraft globally, all of which has impacted our results of operations. The continued impact of the Covid-19 pandemic on our business will depend, among other things, on the duration of the pandemic and the speed and effectiveness of vaccination efforts; the rate of recovery in air travel and the aviation industry, including the future demand for commercial aircraft; and global economic conditions.

We have agreed with many of our lessees to defer rent obligations. We expect that we may grant additional rent deferrals and extend the periods of repayment. If the financial condition of our customers continues to weaken, we may grant further accommodations.

We periodically evaluate the collectability of our operating lease contracts to determine the appropriate revenue recognition and measurement model to apply to each lessee. Management ceased accrual-based revenue recognition on an operating lease contract when the collection of the rental payments is no longer considered probable and thereafter recognize rental revenues using a cash receipts basis. In the period we conclude that collection of lease payments is no longer probable, we recognize any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, as a current period adjustment to lease revenue. Subsequently, we recognize revenues based on the lesser of the straight-line rental income and the lease payments collected from the lessee until such time that collection is probable, which could materially reduce our reported revenue. During the year ended December 31, 2020, we recognized rent payments from a number of our lessees, using the cash method, which resulted in a decrease in basic lease rents of approximately $310.6 million. If the financial condition of any additional lessees worsens, we may determine to recognize rent payments from these lessees using the cash method, which could, in future periods, further decrease basic lease rents.

Many national governments have provided, have introduced plans to provide, or have indicated that they may provide financial assistance to airlines. In some cases, governments have imposed conditions on airline recipients of assistance, and governments may also impose conditions on any future assistance, such as requiring airlines to remove less environmentally-friendly aircraft from their fleets or obtain concessions from their creditors, including aircraft lessors, which could adversely impact our business.

In addition to a reduction in basic lease rents, the significant decline in air travel has resulted, and may continue to result, in lower utilization of our aircraft, which is likely to reduce future supplemental maintenance rent and EOL compensation payable to us. We may also experience delayed or lost revenue if key aircraft manufacturers are unable to deliver aircraft on schedule due to Covid-19-related issues, such as supply chain disruptions, production cuts, facility shutdowns or liquidity constraints, although it is difficult for us to predict with certainty the impact that Covid-19 will have on manufacturers.

We are observing, as a result of the significant and sustained decline in international air passenger traffic and an expectation of a long recovery time for international air traffic, a shift by some airlines away from current technology widebody aircraft in favor of new technology widebody aircraft. This has led us to recognize an impairment charge of $1.7 billion, primarily related to current technology aircraft, in particular Airbus A330 and Boeing 777 aircraft, during the year ended December 31, 2020. Further, a number of our lessees have initiated bankruptcy or comparable proceedings, and current market conditions have increased the likelihood that other lessees will default on their obligations to us or experience bankruptcy. If airlines continue to experience prolonged financial hardship or bankruptcies, or there are other adverse developments to the air travel industry arising from the pandemic, aircraft values may decline further, thereby increasing the likelihood that in future quarters we recognize additional impairment charges with respect to our aircraft. Additionally, any such developments could increase the likelihood that our definite-lived customer relationships intangible assets could be impaired. In addition, any bankruptcy, insolvency, reorganization or other restructuring of our lessees may result in their grounding our aircraft, negotiating reductions in aircraft lease rentals or altogether rejecting their leases, all of which could depress aircraft market value and adversely affect our ability to timely re-lease or sell aircraft at favorable rates, if at all.

While we expect that, even with current market conditions, our liquidity is more than sufficient to satisfy our anticipated operational and other business needs over the next 12 months, we cannot assure you that operating cash flow will not be lower than we expect due to, for example, higher than expected deferral arrangements or payment defaults. Although we currently have a number of sources of liquidity, in some cases the availability of these sources is contingent upon our ability to satisfy certain financial covenants. Even though we do not currently foresee any difficulty or inability to remain in compliance with these financial covenants, to the extent we do not do so, we may be in default under, and/or unable to draw upon, these sources of liquidity or may be required to negotiate amendments with our counterparties, the terms of which could be unfavorable to us. As of December 31, 2020, our existing sources of liquidity were sufficient to operate our business and cover approximately 2.3x of our debt maturities and contracted capital requirements for the next 12 months.

Additionally, the Covid-19 pandemic has led us to adopt remote working arrangements (which remain in place in some of our locations), which could negatively affect our operations or internal controls over financial reporting and may require us to implement new processes, procedures and controls to respond to further changes in our business environment. We also depend on certain key officers and employees; should any of them become ill and unable to work, it could impact our productivity and business continuity.

We believe that this report provides sufficient insight into the design and effectiveness, and exceptions to the effectiveness, of our internal risk management and control framework. Based on the current state of affairs, our financial statements are prepared on a going concern basis.

Other elements of our internal risk management and control framework include:

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, operational reviews and financial reporting.

Risk management and internal controls

We have developed policies and procedures for all areas of our operations, both financial and non-financial, that constitutes a broad system of internal control. This system of internal control has been developed, and regularly updated, 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 of 2002, as amended (the "Sarbanes-Oxley Act"). 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 Sarbanes-Oxley Act 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. Employees working in our finance or accounting functions are subject to a separate Finance Code of Ethics.

Controls and procedures statement under the Sarbanes-Oxley Act

As of December 31, 2020, 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 and our internal control over financial reporting pursuant to the Sections 302 and 404 of the Sarbanes-Oxley Act and Rules 13a-15(e) and 13a-15(f) of the Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2020, 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 Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

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 Dutch law and regulatory requirements. The Disclosure Committee obtains information for its recommendations from the operational and financial reviews, letters of representation which include a risk and internal controls self-assessment, 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 Policy

Our Code of Conduct is published on our website and is applicable to all our employees, including the Chief Executive Officer and Chief Financial Officer. It is designed to promote honest and ethical conduct and timely and accurate disclosure in our periodic financial results. We believe the Code of Conduct is effective and complied with in practice. 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

We have various procedures and programs in place designed to ensure compliance with relevant laws and regulations, including anti-insider trading procedures, anti-bribery procedures, anti-fraud procedures, economic sanctions and export control compliance procedures, anti-money laundering procedures, anti-trust procedures and protection of personal data procedures. Our compliance programs are maintained and supervised by the Chief Compliance Officer, and they include annual training in key compliance areas and annual certifications. The procedures are subject to regular audits by, or on behalf of, the internal audit function.

2020 financial and operating review

Major developments in 2020

The Covid-19 pandemic and responsive government actions have caused significant economic disruption and a dramatic reduction in commercial airline traffic, resulting in a broad adverse impact on air travel, the aviation industry and the demand for commercial aircraft globally. Despite the challenges of the Covid-19 pandemic, in 2020 AerCap:

- Completed purchases of 36 new technology aircraft for approximately $2.1 billion;
- Completed sales of 40 owned aircraft, with an average age of 17 years, for aggregate proceeds of approximately $0.6 billion;
- Executed a total of 179 aircraft transactions, including 40 widebody aircraft transactions; and
- Raised $8.3 billion of financing, including bank debt, revolving credit facilities and note issuances in the capital markets.

Results of operations

Net loss attributable to equity holders of AerCap Holdings N.V. for the year ended December 31, 2020 was $809.8 million, as compared to a net profit of $1,134.5 million for the year ended December 31, 2019. Our total revenues and other income decreased by $522.4 million, or 10.3%, to $4,529.2 million for the year ended December 31, 2020 from $5,051.6 million for the year ended December 31, 2019. For the year ended December 31, 2020, diluted loss per share was $6.34, and the weighted average number of diluted shares outstanding was 127,743,828. For the year ended December 31, 2019, diluted earnings per share was $8.35, and the weighted average number of diluted shares outstanding was 135,898,139.

Aviation assets

During the year ended December 31, 2020, we acquired $2.1 billion of aviation assets, primarily related to the acquisition of 36 new aircraft and four used aircraft. As of December 31, 2020, we owned 939 aircraft, including 863 aircraft under operating leases and 76 aircraft under finance leases. In addition, we managed 105 aircraft. As of December 31, 2020, the average age of our 939 owned aircraft fleet, weighted by net book value, was 6.4 years and as of December 31, 2019, the average age of our 939 owned aircraft fleet, weighted by net book value, was 6.1 years. We operate our business on a global basis and as of December 31, 2020, 880 of our 939 owned aircraft were on lease to 131 customers in 60 countries, with no lessee accounting for more than 10% of total lease revenue for the year ended December 31, 2020. As of December 31, 2020, our owned aircraft portfolio included 59 aircraft that were off-lease. As of February 25, 2021, of the 59 aircraft, 28 aircraft were designated for sale or part-out (which represented less than 1% of the aggregate net book value of our fleet), 21 aircraft were being marketed for re-lease (which represented approximately 2% of the aggregate net book value of our fleet), five were re-leased or under commitments for re-lease, and five aircraft were sold or under commitments to be sold.

As of December 31, 2020, we also had 286 new aircraft on order, including 157 Airbus A320neo Family aircraft, 71 Boeing 737 MAX aircraft, 35 Embraer E-Jets E2 aircraft, and 23 Boeing 787 aircraft.

Following the fatal accidents of two Boeing 737 MAX aircraft, the worldwide fleet of these aircraft was grounded by aviation authorities in March 2019 and production was temporarily suspended by Boeing in January 2020, resulting in ongoing delays in the delivery of our aircraft on order from Boeing. During the year ended December 31, 2020 we cancelled our orders for 24 Boeing 737 MAX aircraft. In November 2020, the U.S. Federal Aviation Administration ("FAA") rescinded the order that halted commercial operations of Boeing 737 MAX aircraft, thus allowing airlines that are under the FAA's jurisdiction to take the steps necessary to resume service and Boeing to begin making deliveries. In January 2021, the European Union Aviation Safety Agency ("EASA") also approved the return to service. As of December 31, 2020, we had five Boeing 737 MAX aircraft delivered and on lease. It is uncertain when and under what conditions our Boeing 737 MAX aircraft will return to service and when Boeing will resume making deliveries of our Boeing 737 MAX aircraft on order. As a result, we may incur future delays on our scheduled Boeing 737 MAX deliveries, and any such future delays could have an impact on our financial results.

Liquidity and capital resources

As of December 31, 2020, our cash balance was $1.5 billion, including unrestricted cash of $1.2 billion, and we had $5.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt. As of December 31, 2020, our total available liquidity, including undrawn lines of credit, unrestricted cash, cash flows from contracted asset sales and other sources of funding, was $6.7 billion, and including estimated operating cash flows for the next 12 months, our total sources of liquidity were $9.1 billion. As of December 31, 2020, our existing sources of liquidity were sufficient to operate our business and cover approximately 2.3x of our debt maturities and contracted capital requirements for the next 12 months.

During the year ended December 31, 2020, our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps and swaps, was 4.1%. As of December 31, 2020, our adjusted debt to equity ratio was 2.6 to 1. Adjusted debt to equity ratio is obtained by dividing adjusted debt by adjusted equity. Adjusted debt represents consolidated total debt less cash and cash equivalents, and less a 50% equity credit with respect to $2.3 billion of long-term subordinated debt. Adjusted equity represents total equity, plus the 50% equity credit with respect to the long-term subordinated debt.

Interest rate risk

The following tables present the average notional amounts and weighted average interest rates which are contracted for the specified year for our derivative financial instruments that are sensitive to changes in interest rates, including our interest rate caps and swaps, as of December 31, 2020. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Under our interest rate caps, we will receive the excess, if any, of London Interbank Offered Rates ("LIBOR"), reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. For our interest rate swaps, pay rates are based on the fixed rate which we are contracted to pay to our swap counterparty.

	2021	2022	2023	2024	2025	Thereafter	Fair value
	(U.S. Dollars in millions)						
Interest rate caps							
Average notional amounts	$ 3,305.7	$ 2,784.1	$ 1,900.4	$ 1,185.0	$ 247.0	$ 75.0	$ 3.3
Weighted average strike rate	1.9%	1.8%	1.9%	1.0%	1.1%	1.5%	

	2021	2022	2023	2024	2025	Thereafter	Fair value
	(U.S. Dollars in millions)						
Interest rate swaps							
Average notional amounts	$ 3,406.0	$ 2,453.1	$ 694.3	$ —	$ —	$ —	$ (167.3)
Weighted average pay rate	2.6%	2.8%	3.0%	—	—	—	

The variable benchmark interest rates associated with these instruments ranged from one- to six-month U.S. dollar LIBOR.

Personnel

As of December 31, 2020, we had 377 permanent employees relating to our aircraft leasing business, including one part-time employee. As of December 31, 2019, we had 390 permanent employees relating to our aircraft leasing business, including one part-time employee. We expect that the number of personnel will remain relatively constant throughout 2021.

Financial outlook

For 2021, we have committed to $1.5 billion of aircraft purchases. We expect to source new debt finance for these capital expenditures through access to capital markets, including the unsecured and secured bond markets, the commercial bank market, export credit and the asset-backed securities market.

Factors affecting our results

Our results of operations are affected by a variety of other factors, primarily:

- the severity, extent and duration of the Covid-19 pandemic and the rate of recovery in air travel, the aviation industry and global economic conditions, and the potential impacts of the pandemic and responsive government actions on our business and results of operations, financial condition and cash flows;
- the number, type, age and condition of the aircraft we own;
- aviation industry market conditions, including general economic and political conditions;
- the demand for our aircraft and the resulting lease rates we are able to obtain for our aircraft;
- the availability and cost of debt capital to finance purchases of aircraft;
- the purchase price we pay for our aircraft;
- the number, type and sale price of aircraft, or parts in the event of a part-out of an aircraft, we sell in a period;
- the ability of our lessees to meet their lease obligations, and the timing thereof, and maintain our aircraft in airworthy and marketable condition;
- the utilization rate of our aircraft;
- the recognition of non-cash share-based compensation expense related to the issuance of restricted stock units or restricted stock;
- our expectations of future maintenance reimbursements and lessee maintenance contributions;
- interest rates, which affect our aircraft lease revenues, our interest expense and the market value of our interest rate derivatives; and
- our ability to fund our business.

Culture and values

We strive to conduct our business with integrity and in an honest and responsible manner and to build and maintain long-term, mutually beneficial relationships with our customers, suppliers, shareholders, employees and other stakeholders. These values are further specified in our code of conduct and our ethics-related compliance policies, procedures, trainings and programs. Ethical behavior is strongly promoted by the management team. The Company has an excellent track record in relation to ethics and compliance. These ethical values are reflected in the Company's long-term strategy and our way of doing business.

Sustainability and community

During 2020, the Board discussed and reviewed our approach to environmental, social and governance ("ESG") related topics and other values that contribute to a culture focused on long-term value creation. In July 2020, we published a new ESG report, which is publicly available on our website. The report sets forth in detail our commitment to growing our business in a responsible and sustainable way.

Renewing our aircraft portfolio through the acquisition of new, modern technology aircraft while disposing of older aircraft has a positive impact on the environment, as these new technology aircraft produce significantly lower emissions than older aircraft and engines, thus helping our airline customers to reduce their environmental footprint. AerCap is committed to the efficient use of resources and the reduction of unnecessary waste. Our head office in Dublin has been certified for sustainability in the areas of building materials, energy and water use and accessibility. Our office buildings in Los Angeles and Singapore hold similar green building certifications. The Company has invested resources to improve greenhouse gas emissions and corresponding mitigating initiatives.

We participate in a number of charitable events and industry-related educational programs. Through our social responsibility program, we encourage employees to support local and national organizations that strengthen the communities in which they live and operate. Our ESG Steering Committee oversees the selection of charitable themes and charity partners and the implementation of charitable donations. A number of charitable donations involve the matching of funds raised through employee team efforts for the benefit of local community projects. We, along with other major aircraft leasing companies, are a founder and sponsor of a prestigious master's degree in aviation finance program at a renowned university. In addition to the sponsorship, this program involves lectures by some of our key employees and internships provided by the Company to a number of international students from the program, in line with the global nature and identity of the Company and our business.

Corporate governance

At AerCap, we are committed to good corporate governance, which helps us to continue our success and long-term value creation. We believe that our organizational documents and policies and procedures provide an effective governance framework to serve the interests of the Company, our shareholders and other stakeholders. We endeavor to ensure compliance with U.S., Dutch and other applicable corporate governance requirements, to the extent possible and desirable.

As we are listed on the NYSE and incorporated in the Netherlands as a 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 the NYSE, the SEC and the 2016 Dutch Corporate Governance Code (the "Code"). We have elected to be exempt from the NYSE rules on directors' independence as a foreign private issuer.

Corporate governance related documents, 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, are available on our website.

Board of Directors

Responsibilities

Under our articles of association, the Board Rules, and Dutch corporate law, the members of the Board of Directors are collectively responsible for the management, general and financial affairs, policy, and strategy of our Company.

Our Board of Directors has a one-tier structure and currently 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 delegated to the executive director in accordance with our articles of association and Board Rules. The non-executive directors supervise 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 Dutch law, take into account the relevant interests of our shareholders and other stakeholders in AerCap. The Board has appointed from among its non-executive directors the Chairman of the Board of Directors.

The Chairman of the Board of Directors is responsible for ensuring, 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. An alternative non-executive director shall be charged with the Chairman's responsibilities, 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.

Our current directors are:

Name	Age	Nationality	Gender	Position	Initial Appointment	End of Current Term (a)
Paul Dacier	63	United States of America	M	Non-Executive Chairman of the Board of Directors	2010	2022
Aengus Kelly	47	Ireland	M	Executive Director and Chief Executive Officer	2011	2023
Julian (Brad) Branch	66	United States of America	M	Non-Executive Director	2018	2022
Stacey Cartwright	57	United Kingdom	F	Non-Executive Director	2019	2023
Rita Forst	65	Germany	F	Non-Executive Director	2019	2023
Richard (Michael) Gradon	61	United Kingdom	M	Non-Executive Director	2010	2022
James (Jim) Lawrence	68	United States of America	M	Non-Executive Director	2017	2021
Michael Walsh	54	Ireland	M	Non-Executive Director	2017	2021
Robert (Bob) Warden	48	United States of America	M	Non-Executive Director	2006	2022

(a) The term for each director ends at the Annual General Meeting of Shareholders ("AGM") typically held in April or May of each year.

Our Board of Directors currently consists of nine directors, eight of whom are non-executive directors.

The Board appointed Mr. Paul Dacier to succeed Mr. Pieter Korteweg as Chairman of the Board with effect from the close of the 2020 AGM. Mr. Dacier has been a non-executive director of AerCap since 2010 and was Vice Chairman of the Board of Directors from 2013 to 2020.

Paul Dacier. Mr. Dacier has been a Director of AerCap since May 27, 2010. He is also currently the general counsel at Indigo Agriculture, a privately held start-up company, and he is on the Board of Directors of Progress Software Inc. (a software application development company). Until 2016, Mr. Dacier was Executive Vice President and General Counsel of EMC Corporation (an information infrastructure technology and solutions company), where he worked in various positions from 1990. He was a Non-Executive Director of GTY Technology Holdings Inc. from October 2016 until November 2019 and a Non-Executive Director of Genesis from November 2007 until the date of its amalgamation with AerCap International Bermuda Limited in March 2010. 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 B.A. in history and a J.D. in 1983 from Marquette University. He is admitted to practice law in the Commonwealth of Massachusetts and the state of Wisconsin.

Aengus Kelly. Mr. Kelly was appointed Executive Director and Chief Executive Officer of AerCap on May 18, 2011. Previously he served as Chief Executive Officer of AerCap's U.S. operations from January 2008 to May 2011. Mr. Kelly served as AerCap's Group Treasurer from 2005 through December 31, 2007. He started his career in the aviation leasing and financing business with Guinness Peat Aviation ("GPA") in 1998 and 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.

Julian (Brad) Branch. Mr. Branch has been a Director of AerCap since April 25, 2018. Mr. Branch most recently served Deloitte Touche Tohmatsu Ltd (Deloitte's global organization) as Senior Advisor in the Office of the CEO and served the Boards of Deloitte Northwest Europe LP and of Deloitte's Middle East practice. Mr. Branch's professional career has spanned 40 years; he first qualified as a Certified Public Accountant in June 1979, and was a general partner of Deloitte entities in the U.S. including Deloitte & Touche LLP (accounting and auditing) and Deloitte Consulting LLP (consulting) for 29 years. His industry focus has been the air transportation industry; large global air carriers. Mr. Branch held a variety of global leadership roles with Deloitte, having lived and practiced outside of the U.S. for over a decade. Mr. Branch has vigorously supported the community through not-for-profit Board service, such as the Advisory Board of Emory University School of Ethics and the Duke University Heart Center. He received a B.A. and M.B.A. from the University of North Carolina.

Stacey Cartwright. Ms. Cartwright has been a Director of AerCap since April 24, 2019. She is also currently Chair of the Board of Ovo Energy and a Non-Executive Director of Savills PLC, Genpact and Majid al Futtaim LEC. She also Chairs the Advisory Committee of Majid al Futtaim Lifestyle. Ms. Cartwright previously served as Chief Executive Officer of Harvey Nichols Group from 2014 to 2017 (and as Deputy Chairman in 2018), Executive Vice President and Chief Financial Officer of Burberry Group from 2004 to 2013, and Chief Financial Officer of Egg PLC from 1999 to 2003, having spent her early career with Granada Group. Ms. Cartwright was also a Non-Executive Director of GlaxoSmithKline PLC and a Senior Independent Director of the Football Association Ltd. Ms. Cartwright is a qualified chartered accountant and she received a BSc from the London School of Economics.

Rita Forst. Ms. Forst has been a Director of AerCap since April 24, 2019. She is also currently an independent business consultant in powertrain and vehicle technology, and serves as a member of the supervisory board of Norma Group SE and ElringKlinger AG in Germany. Effective April 29, 2020, Ms. Forst became a Non-Executive Director of Westport Fuel Systems Inc. in Vancouver, Canada. In addition, Ms. Forst holds an advisory board position at iwis SE & Co. KG in Germany. Ms. Forst spent more than 35 years at the Opel European division of General Motors in senior engineering and management positions, and as a member of Opel's management board. As such, Ms. Forst has been responsible for the development of new generations of engines and car models for Opel and General Motors. Ms. Forst holds Bachelor's degrees in mechanical engineering from the Kettering University (U.S.) and the Darmstadt University of Applied Technology (Germany).

Richard (Michael) Gradon. Mr. Gradon has been a Director of AerCap since May 27, 2010. He is also currently a Non-Executive Director of Exclusive Hotels. He was a Non-Executive Director of Genesis from November 2007 until the date of its amalgamation with AerCap International Bermuda Limited in March 2010. 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. Mr. Gradon served on the board of The Wimbledon Tennis Championships from 2005 to 2019 and on the board of Grosvenor Limited from 2007 to 2015. 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 M.A. degree in law from Cambridge University.

James (Jim) Lawrence. Mr. Lawrence has been a Director of AerCap since May 5, 2017. He is currently Chairman of Lake Harriet Capital, a private investment firm. Previously, Mr. Lawrence served as Chairman of Rothschild North America and earlier as Chief Executive Officer of Rothschild North America and as co-head of global investment banking at Rothschild from 2010 to 2015. Prior to Rothschild, Mr. Lawrence was Chief Financial Officer of Unilever and he served as Executive Director on the boards of Unilever NV and Unilever PLC. He joined Unilever in 2007 after serving as the Vice Chairman and Chief Financial Officer of General Mills for nine years. Prior to General Mills, Mr. Lawrence was Executive Vice President and Chief Financial Officer of Northwest Airlines from 1996 to 1998, and before that Mr. Lawrence was a division President at PepsiCo, serving as CEO of Pepsi-Cola Asia, Middle East, Africa from 1992 to 1996. In 1983, he cofounded The LEK Partnership, a corporate strategy and merger/acquisition firm, headquartered in London. Before that he was a Partner of Bain and Company having opened their London and Munich offices. Prior to that, he worked for The Boston Consulting Group. Mr. Lawrence is currently a Non-Executive Director of Avnet Inc. and Smurfit Kappa Group. His aviation industry experience dates from 1990, and it includes, in addition to being the Chief Financial Officer of Northwest Airlines, serving on the boards of IAG (International Consolidated Airlines Group), Continental Airlines, TWA, Mesaba and British Airways. Since 1990, Mr. Lawrence has served on 16 public company boards, several private company boards and numerous non-profit boards. Mr. Lawrence earned a Bachelor of Arts in Economics from Yale University and an M.B.A. with distinction from Harvard Business School.

Michael Walsh. Mr. Walsh has been a Director of AerCap since May 5, 2017. He previously served as a Non-Executive Director, including Chairman, of a number of companies which finance and lease aircraft and trains throughout the world. Mr. Walsh has over 30 years' experience as a Non-Executive Director, senior executive and commercial lawyer in the aircraft leasing and financing industry. In 1989, he joined GPA Group plc, the aircraft leasing and financing company, and held a number of senior management positions, including General Counsel. Following the acquisition of GPA by debis AirFinance in 2000, Mr. Walsh was appointed General Counsel of debis AirFinance and held that position until 2002. From 2003 to 2005, he served as Chief Legal Officer of Bord Gáis Éireann, the Irish gas utility. From 1986 to 1989, he was a diplomat in the Irish Diplomatic Service. Mr. Walsh is a barrister and a law graduate of University College, Cork, Ireland.

Robert (Bob) Warden. Mr. Warden has been a Director of AerCap since July 26, 2006. He is also currently Global Head of Private Equity at Cerberus Capital Management, L.P., which he joined in October 2018 after previously working at Cerberus from 2003 to 2012. Mr. Warden has worked in the private equity industry for over 25 years. He was formerly a partner at Pamplona Capital Management from 2012 to 2018, and had previously worked in private equity at J.H. Whitney, Cornerstone Equity Investors and Donaldson, Lufkin & Jenrette. Mr. Warden received his A.B. from Brown University.

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 may pass resolutions only if a quorum of four directors, including our Chief Executive Officer and the Chairman or, in his absence, an alternative non-executive director who has been charged by the Board of Directors to act as chairman, are present at the meeting. Resolutions must be passed by a majority of the votes cast. If there is a tie, the matter will be decided by the Chairman of the meeting. Subject to Dutch law, resolutions of the Board of Directors may be passed in writing by a majority of the directors in office. Pursuant to Dutch laws and the Board Rules, a director may not participate in discussions or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with us. Resolutions to enter into such transactions must be approved by our Board of Directors, excluding such interested director or directors.

In 2020, the Board of Directors met on twenty occasions. Throughout the year, the Chairman of the Board and individual non-executive directors were in close contact with our Chief Executive Officer and the other Group Executive Committee members. During its meetings and contacts with the Chief Executive Officer and the other Group Executive Committee members, the Board discussed such topics as AerCap's annual reports and annual accounts for the financial year 2019, topics for the AGM 2020, the impacts of the Covid-19 pandemic, the situation involving the worldwide grounding of the Boeing 737 MAX aircraft, secured and unsecured financing transactions and AerCap's liquidity position, AerCap's hedging policies, the utilization and optimization of AerCap's portfolio of aircraft, global and regional macroeconomic, monetary and political developments and impact on the industry, AerCap key customer developments, competitive landscape, aircraft valuations, AerCap's backlog of new technology orders with aircraft and engine manufacturers, AerCap shareholder value, AerCap key shareholder developments, capital allocation strategies and share repurchases, AerCap's corporate and tax structure, reports from the various Board committees, budgeting and financial planning, remuneration and compensation, directors' and officers' succession planning, cyber security, regulatory compliance, culture and values, the impact of remote working environments, sustainability and community, governance, risk management and control and an assessment of the Board's own functioning.

None of the non-executive members of the Board was frequently absent during the meetings held in 2020. The table below outlines the attendance at Board and committee meetings during 2020:

Name	Full board	% Attendance	Audit Committee	% Attendance	Nomination and Compensation Committee	% Attendance
Paul Dacier	20/20	100%	—	—	4/4	100%
Pieter Korteweg	8/8	100%	—	—	—	—
Aengus Kelly	20/20	100%	—	—	—	—
Julian (Brad) Branch	20/20	100%	7/7	100%	—	—
Stacey Cartwright	18/20	90%	—	—	4/4	100%
Rita Forst	19/20	95%	—	—	—	—
Richard (Michael) Gradon	19/20	95%	7/7	100%	—	—
James (Jim) Lawrence	18/20	90%	7/7	100%	—	—
Michael Walsh	20/20	100%	7/7	100%	4/4	100%
Robert (Bob) Warden	18/20	90%	—	—	4/4	100%

(a) Mr. Korteweg retired as Chairman of the Board with effect from the close of the 2020 AGM.

In 2020, the non-executive directors of the Board also performed a self-assessment of the Board's performance. It assessed its own functioning and that of its individual members, and the functioning of its committees, at a Board meeting. The outcome of the self-assessment was that the Board, its committees and its individual members functioned and continue to function satisfactorily. Possible improvement opportunities were documented and will be monitored through to implementation. The Board maintains an introduction program for new non-executive directors with the purpose to familiarize them with the relevant AerCap business, values, 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

In accordance with Board rules, 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, a 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.

Appointment, suspension and dismissal

The directors are appointed by the General Meeting of Shareholders. Our directors may be appointed by the vote of a majority of votes cast at a General Meeting of Shareholders provided that our Board of Directors has proposed the appointment. Without a Board of Directors proposal, directors may also be appointed 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.

Committees of the Board of Directors

In order to more efficiently fulfill its role, the Board has established 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.

Audit 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 comprised of non-executive directors who are “independent” as defined by Rule 10A-3 under the Exchange Act. At least one of them shall have the necessary financial qualifications. As of December 31, 2020, the members of our Audit Committee were James (Jim) Lawrence (Chairman), Julian (Brad) Branch, Richard (Michael) Gradon and Michael Walsh. Our Board of Directors has determined that James (Jim) Lawrence and Julian (Brad) Branch are “audit committee financial experts,” as that term is defined by SEC rules and the Dutch Corporate Governance Code.

In 2020, the Audit Committee met on seven occasions. Throughout the year, the members of the Audit Committee were in close contact with our Chief Executive Officer, our Chief Financial Officer, internal auditors as well as the external auditors. Principal items discussed and reviewed during these Audit Committee meetings and with our Chief Executive Officer and our Chief Financial Officer included the annual and quarterly financial statements and disclosures, external auditor’s reports, external auditor’s independence and rotation, activities and results in respect of our continued compliance with the Sarbanes-Oxley Act, the external auditor’s audit plan for 2020, approval of other services rendered by the external auditor, internal audit reports, the internal auditor’s audit plan for 2021, the impacts of the Covid-19 pandemic, the Company’s compliance, risk management policies and integrity and fraud, the expenses incurred by the Company’s most senior officers in carrying out their duties, the Company’s tax planning policies, key transformation projects including IT and cybersecurity projects, the functioning of the Audit Committee, the audit committee charter and the audit committee cycle. The Audit Committee had separate sessions with the external auditor and with the internal auditor without management being present.

Nomination and Compensation Committee

Our Nomination and Compensation Committee selects and recruits candidates for the positions of Chief Executive Officer, non-executive director and Chairman of the Board of Directors and recommends their remuneration, bonuses and other terms of employment or engagement to the Board of Directors. In addition, our Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment of the Group Executive Committee and certain other officers and appoints members of the Group Executive Committee, the Group Portfolio and Investment Committee, the Group Treasury and Accounting 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. As of December 31, 2020, the members of our Nomination and Compensation Committee were Paul Dacier (Chairman), who succeeded Pieter Korteweg with effect from the close of the AGM in 2020, Michael Walsh, Robert (Bob) Warden and Stacey Cartwright.

In 2020, the Nomination and Compensation Committee met on four occasions. At these meetings it discussed and approved succession planning and compensation related occurrences and developments within the framework of the Board and Committee Rules and our remuneration policy. In addition, various resolutions were adopted outside of these meetings.

None of our Nomination and Compensation Committee members or our officers has a relationship that would constitute an interlocking relationship with officers or directors of another entity or insider participation in compensation decisions.

Profile of the Board

The members of our Board of Directors are from diverse professional backgrounds and combine a broad spectrum of experience and expertise with a reputation for integrity. The Board as a whole possesses a wide range of core competencies, professional backgrounds and skill sets, as outlined in the Board profile, which is determined by the Board each year. The Board profile, which is available on the website of the Company, sets out the Board's policy in relation to Board composition and diversity, and associated targets. The highlights of this policy include that the Board shall aim for a diverse composition, in line with the global nature and identity of the Company and its business, in terms of such factors as nationality, background, gender and age. We are committed to advancing female representation on our Board of Directors, as we believe that greater diversity of the Board of Directors will have a positive impact. Candidate directors are primarily selected on the basis of core competencies, professional backgrounds and skill sets as outlined in the Board profile. The Board comprises at least one financial expert. The diversity principles are similarly applied, to the extent applicable, to the composition of the Group Executive Committee. In 2020, the Board carried out an assessment and determined that the requirements of the profile of the non-executive directors continue to be met.

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 the Board Rules.

We maintain a Group Executive Committee, which is tasked with assisting the Chief Executive Officer with the operational management of the Company, subject to the Chief Executive Officer's ultimate responsibility. It is chaired by our Chief Executive Officer and is comprised of officers appointed by the Nomination and Compensation Committee. As of December 31, 2020, the members of our Group Executive Committee were Aengus Kelly, Philip Scruggs, Peter Juhas and Peter Anderson. The members of the Group Executive Committee assist the Chief Executive Officer in performing his duties and as such have managerial and policy making functions within the Company in their respective areas of responsibility. Members of the Group Executive Committee regularly attend Board meetings.

Our current officers (in addition to Aengus Kelly who is our executive director and Chief Executive Officer, as described above) are:

Name	Age	Nationality	Gender	Position
Philip Scruggs (a)	56	United States of America	M	President and Chief Commercial Officer
Peter Juhas	49	United States of America	M	Chief Financial Officer
Peter Anderson (a)	45	Australia	M	Head of EMEA
Risteard Sheridan	46	Ireland	M	Company Secretary and Chief Compliance Officer
Brian Canniffe	48	Ireland	M	Group Treasurer
Vincent Drouillard	45	France	M	General Counsel
Bashir Hajjar	53	United States of America	M	Head of Americas
Emmanuel Herinckx	48	France	M	Head of Asia Pacific
Anton Joiner	50	United Kingdom	M	Chief Risk Officer
Tom Kelly	57	Ireland	M	Chief Executive Officer, AerCap Ireland Limited
Jorg Koletzki	53	Germany	M	Chief Information Officer
Bart Ligthart	39	The Netherlands	M	Head of Trading and Portfolio Management
Theresa Murray	53	Ireland	F	Head of Human Resources
Martin Olson	58	United States of America	M	Head of OEM Relations
Joe Venuto	61	United States of America	M	Chief Technical Officer

(a) On February 1, 2021, the Company announced Mr. Scruggs will be retiring as President and Chief Commercial Officer in March, 2021 (the "Retirement Date"). On February 1, 2021 our Company announced Mr. Anderson would take over as the Company's Chief Commercial Officer, effective as of the Retirement Date.

Philip Scruggs. Mr. Scruggs assumed the position of President and Chief Commercial Officer of AerCap in May 2014, previously serving in the role of Executive Vice President and Chief Marketing Officer at International Lease Finance Corporation ("ILFC"), where he had a 20-year career. Mr. Scruggs oversees AerCap's worldwide leasing business, including the marketing, pricing, credit, and commercial execution. Prior to joining ILFC, Mr. Scruggs was an attorney at the Los Angeles-based law firm Paul, Hastings, Janofsky and Walker, where he specialized in leasing and asset-based finance. Mr. Scruggs received his B.A. from the University of California, Berkeley, and his J.D. from The George Washington University. Mr. Scruggs is an instrument rated private pilot.

Peter Juhas. Mr. Juhas was appointed Chief Financial Officer of AerCap in April 2017, following his appointment as Deputy Chief Financial Officer in September 2015. Prior to joining AerCap, Mr. Juhas was Global Head of Strategic Planning at American International Group, Inc. ("AIG"), where he led the development of the company's strategic and capital plans, as well as mergers, acquisitions and other transactions, including the sale of ILFC to AerCap. Prior to joining AIG in 2011, Mr. Juhas was a Managing Director in the Investment Banking Division of Morgan Stanley from 2000 to 2011. While at Morgan Stanley, he led the IPO of AerCap in 2006 and was the lead advisor to the Federal Reserve Bank and the U.S. Treasury on the AIG restructuring and the placement of the U.S. government-sponsored enterprises Fannie Mae and Freddie Mac into conservatorship in 2008. Prior to joining Morgan Stanley, Mr. Juhas was an attorney in the Mergers and Acquisitions group at Sullivan & Cromwell LLP, the New York law firm. Mr. Juhas received his A.B. from Harvard College and his J.D. from Harvard Law School.

Peter Anderson. Mr. Anderson assumed the position of Head of EMEA in January 2019 having previously held the Head of Asia Pacific role since the acquisition of ILFC in 2014. In his role Mr. Anderson is responsible for AerCap's leasing activities across Europe, Middle East and Africa. Prior to joining AerCap he worked in the leasing team at ILFC where he set up ILFC's Asia Pacific office in 2012. Mr. Anderson worked in the leasing team at Hong Kong Aviation Capital and prior to that at Allco Finance Group in both Sydney and London, specializing in aircraft leasing and structured finance. Mr. Anderson earned his Master of Applied Finance and Investment from the Securities Institute of Australia, and his B.A. from the University of Technology Sydney.

Risteard Sheridan. Mr. Sheridan was appointed Company Secretary in May 2020 and Chief Compliance Officer in 2019. He joined AerCap in April 2017 as Head of Internal Audit. Prior to joining AerCap, he gained extensive experience advising companies on governance, financial reporting and control/process matters while working with the professional services firms KPMG and EY. Mr. Sheridan holds a Bachelor's degree in Business & Legal Studies and a Masters degree in Accounting from University College Dublin and is a Fellow of Chartered Accountants Ireland.

Brian Canniffe. Mr. Canniffe was appointed Group Treasurer of AerCap in January 2018, previously serving as Head of Investor Relations since joining the Company in October 2016. He has over 20 years' experience in banking, lending and the capital markets. Prior to joining AerCap, Mr. Canniffe served as Managing Director and Head of Global Markets Financing for Bank of America Merrill Lynch in Hong Kong and Tokyo, where he led a division that was responsible for providing secured financing, trading, clearing, reporting and various treasury functions in the Asia Pacific region. In addition, he held roles within the financing divisions at Nomura Securities and Bankers Trust International.

Vincent Drouillard. Mr. Drouillard was appointed General Counsel on June 1, 2018. He previously served in the role of Head of Legal Leasing at AerCap, a position he held from 2015 to 2018. He joined ILFC in 2004 and last served as Head of Legal EMEA, prior to the acquisition of ILFC by AerCap. Mr. Drouillard practiced law at the law firm Gibson, Dunn & Crutcher. He received law degrees from King's College London, the University of Paris I Panthéon-Sorbonne and the University of Paris X Nanterre. Mr. Drouillard is a member of the New York State Bar and the State Bar of California.

Anton Joiner. Mr. Joiner was appointed Chief Risk Officer in 2011 with responsibility for portfolio risk management, workouts, repossessions and debtor management. He joined AerCap in 2001 and held a variety of positions. Prior to joining AerCap, Mr. Joiner held positions with Scotia Capital, Commercial Aviation Group and Hunting Cargo Airlines. He has a Master's degree in Air Transport Management from Cranfield College of Aeronautics.

Bashir Hajjar. Mr. Hajjar assumed the position of Head of Americas in October 2018. In his role Mr. Hajjar is responsible for AerCap's leasing activities across the Americas. He brings 30 years of wide-ranging experience in the aviation industry from aircraft manufacturing to aircraft leasing and airline management. Prior to joining AerCap he held various positions in the Fleet Planning group for Continental Airlines and the Aircraft Marketing group at McDonnell Douglas. Mr. Hajjar began his aviation career in engineering, at McDonnell Douglas, Eastern Airlines and Continental Airlines. Mr. Hajjar holds a Masters of Business Administration from California State University Long Beach, a Bachelor of Science Degree in Aerospace Engineering from Saint Louis University, and an FAA Airframe and Power Plant Certificate.

Emmanuel Herinckx. Mr. Herinckx was appointed to the position of Head of Asia Pacific in July 2019. He oversees AerCap's leasing activities across Asia Pacific and China from our office in Singapore. Mr. Herinckx joined AerCap in September 2006 as Vice President Marketing Asia Pacific. Prior to joining AerCap he worked in the Airline Marketing Departments of Airbus North America Sales, INC, Washington DC, USA and Airbus SAS, Toulouse, France for a period of seven years. Mr. Herinckx holds a Master of Science in Air Transport Management from Cranfield University, United Kingdom.

Jorg Koletzki. Mr. Koletzki was appointed Chief Information Officer of AerCap in September 2015. He has significant experience in managing complex system implementations on a global scale, transforming IT functions and running high quality teams. His experience extends to working within large multinational companies including IBM, Volkswagen, National Grid and E.ON.

Tom Kelly. Mr. Kelly was appointed Chief Executive Officer of AerCap Ireland in 2010. Mr. Kelly previously served as Chief Financial Officer of AerCap's Irish operations and has a substantial aircraft leasing and financial services background. Previously, Mr. Kelly spent ten years with General Electric Capital Aviation Services Limited ("GECAS") where his last roles were as Chief Financial Officer and director of 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, as Senior Manager in their financial services practice. Mr. Kelly is a Chartered Accountant and holds a Bachelor of Commerce degree from University College, Dublin.

Bart Ligthart. Mr. Ligthart joined the AerCap Trading team in 2007. He was appointed to the position of Head of Trading and Portfolio Management in 2018. Mr. Ligthart has 12 years' experience in aircraft trading and portfolio management in both wide and narrowbody aircraft. Prior to joining AerCap he worked at Deloitte and Touche in Amsterdam where he served as Manager Transactions Services. Mr. Ligthart received his B.A in Commercial Economics from Inholland University, and his MSc in Finance Management from Nyenrode Business University.

Theresa Murray. Ms. Murray was appointed Head of Human Resources in October 2016. She has over 25 years' experience across all HR disciplines. Prior to joining AerCap she held the position of International HR Director at Nuance Communications. Throughout her career she has held a variety of HR and management roles including senior positions at Telefonica and Lucent Technologies.

Martin Olson. Mr. Olson assumed the position of Head of OEM Relations following the acquisition of ILFC by AerCap. He previously served in the role of Senior Vice President at ILFC. Mr. Olson heads AerCap's OEM Relations Department, responsible for purchasing new aircraft and engines. He joined ILFC in 1995 after ten years with McDonnell Douglas Aircraft Corporation. Mr. Olson is a graduate of California State University, Fullerton. He holds a Master's degree in Business Administration from the University of Southern California.

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 held the role of Senior Vice President Operations at AeroTurbine, Inc., responsible for all technical issues. Prior to joining AeroTurbine, Inc., Mr. 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 and Powerplant technician for Eastern Airlines. Mr. Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

Officer compensation

The aircraft leasing business is highly competitive. As the global leader in aircraft leasing, we seek to attract and retain the most talented and successful officers to manage our business and to motivate them with appropriate incentives to execute our strategy and to promote and encourage continued superior performance over a prolonged period of time, in support of achieving the objectives of long-term value creation and appropriate risk-taking. We have designed our compensation plans to meet these objectives.

Compensation goal	How goal is accomplished
Attract and retain leading executive talent	• Design compensation elements to enable us to compete effectively for executive talent
	• Selectively retain executives acquired through business transactions considering industry and functional knowledge, leadership abilities and fit with Company culture
	• Perform market analysis to stay informed of compensation trends and practices
Align executive pay with shareholder interests	• Concentrate executive pay heavily in equity compensation
	• Require robust equity ownership and retention
	• Motivate senior executives with meaningful incentives to generate long-term returns
Pay for performance	• Pay annual bonuses based on performance against one-year budgeted target set by the Nomination and Compensation Committee
	• Reward long-term growth and value creation
	• Tie long-term incentive program awards to the achievement of multi-year earnings per share ("EPS") targets set by the Nomination and Compensation Committee
	• Reward high-performers with above-target pay when predetermined goals are exceeded
Manage risk	• Prohibit hedging of Company securities and pledging of AerCap equity prior to vesting
	• Emphasize long-term performance by designing equity award opportunities to minimize short-term focus and influence on compensation payouts
	• Subject the executive director's incentive compensation to clawback provisions under Dutch law

The compensation packages of our Group Executive Committee members (other than our Chief Executive Officer) and certain other officers, consisting of base salary, annual bonus and, for some officers, annual stock bonus, along with other benefits, are determined by the Nomination and Compensation Committee upon the recommendation of the Chief Executive Officer on an annual basis. In addition, upon the recommendation of the Chief Executive Officer, the Nomination and Compensation Committee may grant long-term equity incentive awards to our officers (other than our Chief Executive Officer) on a non-recurring basis under our equity incentive plans, as further outlined below. The compensation package of our Chief Executive Officer, consisting of base salary, annual bonus, annual stock bonus and a long-term equity incentive award, along with other benefits, is determined by the Board of Directors, upon the recommendation of the Nomination and Compensation Committee, in accordance with the remuneration policy approved by the General Meeting of Shareholders.

The amount of the annual bonus and, if applicable, the amount of the annual stock bonus granted to our Group Executive Committee members and other participating officers are determined by the Nomination and Compensation Committee (or, in the case of our Chief Executive Officer, the Board of Directors, upon the recommendation of the Nomination and Compensation Committee) based on the Company's performance relative to the U.S. GAAP EPS budget for the relevant year and the personal performance of the individual Group Executive Committee member or other officer involved. The Company's U.S. GAAP EPS budget and target bonus levels are typically determined before the beginning of the relevant year. The annual bonus amounts and the annual stock bonuses are paid or granted, as the case may be, in arrears. As a matter of policy, actual bonus amounts will be below target level in years that the EPS target is not met, unless specific circumstances require otherwise which, if any, will be disclosed in this Annual Report. The annual stock bonuses vest after three years or, if earlier, at the end of the officer's employment term.

Our long-term equity incentive program is designed to retain our most talented and successful officers and to incentivize continued superior performance, in accordance with the Company's long-term objectives, for the benefit of our shareholders and other stakeholders. The majority of the long-term equity awards have vesting periods ranging between three years and five years, and the vesting of 66.67% of each award is conditional upon the achievement of the Company's U.S. GAAP EPS budget over the multi-year vesting period, as determined by the Board of Directors at the beginning of the vesting period (33.33% of each award is subject to time-based vesting). The awards will cliff vest, subject to meeting the vesting conditions, at the end of the vesting period, i.e., there will be no vesting in the interim, and all shares will remain at risk until the end of the vesting period. If the EPS target is not met, then none or only a portion of the performance-based shares will vest, with the remaining performance-based shares being forfeited. None of the performance-based shares will vest if 84.5% or less of the EPS target is met, which indicates the stringency of the program. A portion of the performance-based shares will vest, as specified in the award agreements, if between 84.5% and 100% of the EPS target is met, and all performance-based shares will vest if the EPS target is met or exceeded. In the event of a change of control of the Company, the shares will immediately vest. We believe that the design of our long-term equity incentive program promotes and encourages continued superior performance over a prolonged period of time in support of achieving the objectives of long-term value creation and appropriate risk-taking.

The employment agreements with some of our Group Executive Committee members provide for severance payments on certain terminations. The amount of the pre-agreed severance is derived from calculations, based on the employee's age and years of service.

The Company is subject to the Netherlands' Clawback of Bonuses Act. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2020, we did not have any directors other than the executive director who were in charge of day-to-day management.

AerCap equity incentive plans

Under our equity incentive plans, we have granted restricted stock units, restricted stock and, previously, stock options to directors, officers and employees to attract and retain them on competitive terms, and to incentivize superior performance with a view to creating long-term value for the benefit of the Company, its shareholders and other stakeholders.

We require our Group Executive Committee members to own Company ordinary shares having a value equal to at least five times their annual base salary (ten times in the case of the Chief Executive Officer), in order to further align their interests with the long-term interests of our shareholders. This threshold amount includes ordinary shares owned outright, vested stock-based equity awards, time-based restricted stock and time-based restricted stock units, whether or not vested, and any stock-based equity that the executive has elected to defer. New Group Executive Committee members have a five-year grace period to meet this threshold. In addition, each Group Executive Committee member is required to hold, post vesting, 25% of the net ordinary shares (50% for our Chief Executive Officer) (after satisfaction of any exercise price or tax withholding obligations), delivered to him or her pursuant to Company equity awards since January 1, 2007, for so long as such member remains employed by the Company (or, if earlier, until such member reaches 65 years of age). Sales of Company ordinary shares are conducted with a view to avoiding undue impact on the Company's ordinary share price and in compliance with laws and regulations. Each member must consult with the Chairman before executing any sale of the Company's ordinary shares.

Our policies prohibit our directors, officers and employees from trading in Company securities on the basis of material non-public information, or engaging in hedging and other "short" transactions involving Company securities. In addition, our directors, officers and employees are prohibited from pledging equity incentive awards prior to vesting.

Please refer to Note 19—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report for more details on our equity incentive plans.

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 and senior engagement team members in charge of the audit activities are subject to rotation requirements.

Internal auditors

We have an internal audit function in place to provide assurance to the Audit Committee, on behalf of the Board of Directors, and to AerCap's executive officers, with respect to AerCap's key processes. 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 AerCap's executive officers and is considered a valuable part of AerCap's system of control and risk management.

Ordinary share capital

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 AerCap, subject to provisions stemming from private international law. Our ordinary shares are, in general, freely transferable.

Regulatory obligations regarding certain share transactions

Cash Manager Limited, which is a subsidiary of AerCap, is subject to regulation by the Central Bank of Ireland. As a result, the acquisition or disposal directly or indirectly of interests in AerCap shares or similar interests may be subject to regulatory requirements involving the Central Bank of Ireland as set out below. The following disclosure is for information purposes only and AerCap cannot provide Irish legal advice to actual or potential investors. Actual or potential investors in AerCap must obtain their own legal advice in relation to their position.

Under the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (the "MiFID II Regulations"), a person or a group of persons acting in concert proposing to acquire a direct or indirect holding of ordinary shares or other similar interests in AerCap must give the Central Bank of Ireland prior written notice of such proposed acquisition if the acquisition would directly or indirectly *(i)* represent 10% or more of the capital or voting rights in AerCap; *(ii)* result in the proportion of capital or voting rights in AerCap held by such person or persons reaching or exceeding 10%, 20%, 33% or 50% of the capital or voting rights in AerCap; or *(iii)* in the opinion of the Central Bank of Ireland, make it possible for that person or those persons to control or exercise a significant influence over the management of Cash Manager Limited. Any such proposed acquisition shall not proceed until *(a)* the Central Bank of Ireland has informed such proposed acquirer or acquirers that it approves such acquisition or *(b)* the period prescribed in Regulation 21 of the MiFID II Regulations has elapsed without the Central Bank of Ireland having given notice in writing that it opposes such acquisition. It is important in this regard to note that the validity as a matter of Irish law of affected transactions, if completed without prior notification to, or assessment by, the Central Bank of Ireland will not be recognized in Ireland. Corresponding provisions apply to the disposal of direct and indirect shareholdings in AerCap except that, in such case, no approval is required, but prior notice of the disposal must be given to the Central Bank of Ireland. Cash Manager Limited is required under the MiFID II Regulations to notify the Central Bank of Ireland of relevant acquisitions and/or disposals of which it becomes aware.

Issuance of ordinary shares

The General Meeting of Shareholders can resolve upon the issuance of ordinary shares or the granting of rights to subscribe for ordinary shares, but only upon a proposal by the Board of Directors specifying the price and further terms and conditions. The General Meeting of Shareholders may designate our Board of Directors as the authorized corporate body for this purpose. Such designation 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 AGM held in 2020, our shareholders resolved to authorize the Board of Directors, for a period of 18 months, to issue ordinary shares or grant rights to subscribe for ordinary shares *(i)* up to ten percent of the Company's issued share capital; and *(ii)* up to an additional ten percent of the Company's issued share capital, provided that the shares that may be issued and rights that may be granted pursuant to this second authorization may only be used for mergers and/or the acquisition of a business or a company.

These resolutions together authorize the Board of Directors to issue ordinary shares, and grant rights to subscribe for such shares, up to a maximum of 20% of the Company's issued share capital, subject to the conditions described in these resolutions.

Preemptive rights

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

The General Meeting of Shareholders may limit or exclude preemptive rights and also designate our Board of Directors as the authorized corporate body for this purpose. At the AGM held in 2020, our shareholders resolved to authorize the Board of Directors to limit or exclude preemptive rights in respect of any issuance of shares or granting of rights to subscribe for shares pursuant to the authorizations described above in the paragraph Issuance of ordinary shares, which authorization is valid for a period of 18 months.

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:

- the 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.

At the AGM held in 2020, our shareholders resolved to authorize the Board of Directors for a period of 18 months *(i)* to repurchase ordinary shares up to ten percent of the Company's issued share capital; and *(ii)* to repurchase ordinary shares up to an additional ten percent of the Company's issued share capital, subject to the condition that the number of ordinary shares which the Company may at any time hold in its own capital will not exceed ten percent of the Company's issued share capital, and certain other conditions described in these resolutions.

Capital reduction and cancellation

The General Meeting of 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 AGM held in 2020, our shareholders resolved to cancel the Company's ordinary shares that may be acquired under the repurchase authorizations described above or otherwise, subject to determination by our Board of Directors or our Chief Executive Officer, of the exact number of ordinary shares to be cancelled. During 2020, we cancelled 3,000,000 ordinary shares which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

General Meetings of Shareholders

Our articles of association determine how our AGM and any extraordinary General Meeting of Shareholders are convoked. At least one AGM must be held every year. Shareholders can exercise their voting rights by 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.

The rights of shareholders may only be changed by amending our articles of association. A resolution to amend our articles of association is valid if the Board of Directors makes a proposal amending the articles of association and such proposal is adopted by a simple majority of votes cast.

The following resolutions require a two-thirds majority vote if less than half of the issued share capital is present or represented at the General Meeting of Shareholders:

- capital reduction;
- exclusion or restriction of preemptive rights, or designation of the Board of Directors as the authorized corporate body for this purpose; and
- legal merger or legal demerger within the meaning of Title 7 of Book 2 of The Dutch Civil Code ("Boek 2 van het Burgerlijk Wetboek").

If a proposal to amend the articles of association will be considered at the meeting, we will make available a copy of that proposal, in which the proposed amendments will be stated verbatim.

An agreement of AerCap to enter into *(i)* a statutory merger whereby AerCap is the acquiring entity; or *(ii)* a legal demerger, with certain limited exceptions, must be approved by the shareholders.

The AGM was held on April 22, 2020. The AGM adopted the 2019 annual accounts and voted in favor of all other items which required a vote.

Voting rights

Each ordinary share represents the right to cast one vote at a General Meeting of Shareholders. All resolutions must be passed with an absolute majority of the votes validly cast, unless otherwise stated in the Articles of Association or under Dutch law. We are not allowed to exercise voting rights for ordinary shares we hold directly or indirectly.

Any major change in the identity or character of AerCap or its business must be approved by our shareholders, including:

- the sale or transfer of substantially all our business or assets;
- the commencement or termination of certain major joint ventures and our participation as a general partner with full liability in a limited partnership ("commanditaire vennootschap") or general partnership ("vennootschap onder firma"); and
- the acquisition or disposal by us of a participating interest in a company's share capital, the value of which amounts to at least one third of the value of our assets.

Liquidation rights

If we are dissolved or wound up, the assets remaining after payment of our liabilities will be first applied to pay back the amounts paid up on the ordinary shares. Any remaining assets will be distributed among our shareholders, in proportion to the par value of their shareholdings. All distributions referred to in this paragraph shall be made in accordance with the relevant provisions of the laws of the Netherlands.

Dutch statutory squeeze-out proceedings

If a person or a company or two or more group companies within the meaning of Article 2:24b of the Dutch Civil Code acting in concert hold 95% or more of a Dutch public limited liability company's issued share capital by par value for their own account, the laws of the Netherlands permit that person or company or those group companies acting in concert to acquire the remaining ordinary shares in the company by initiating statutory squeeze out proceedings against the holders of the remaining shares. The price to be paid for such shares will be determined by the Enterprise Chamber of the Amsterdam Court of Appeal.

Adoption of annual accounts and discharge of management liability

Each year, our Board of Directors must prepare annual accounts within five months after the end of our financial year. The annual accounts must be made available for inspection by shareholders at our offices from the moment that our annual general meeting of shareholders is convened. The annual accounts must be accompanied by an auditor's certificate, a report of the Board of Directors and certain other mandatory information. The shareholders shall appoint an accountant, as referred to in Article 393 of Book 2 of the Dutch Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders.

The adoption of the annual accounts by our shareholders does not include the release of the members of our Board of Directors from liability for acts reflected in those documents. Any such release from liability requires a separate shareholders' resolution.

Registrar and transfer agent

A register of holders of the ordinary shares will be maintained by Broadridge in the United States who also serves as our transfer agent. The telephone number of Broadridge is 1-800-733-1121.

Protective measures

There are no protective devices against takeovers in place.

Dutch Corporate Governance Code

The Code contains principles and best practices for Dutch companies with publicly listed shares, and requires companies to either comply with the best practice provisions of the Code or to explain why they deviate from these best practice provisions. For further information and the full text of the Code please refer to: *www.commissiecorporategovernance.nl*. AerCap is committed to good corporate governance. As such, AerCap complies with the Sarbanes-Oxley Act and certain corporate governance requirements and best practices set out by the NYSE and the SEC. In addition, AerCap complies with applicable principles and best practice provisions of the Code, which are based on a “comply or explain” principle, except for the following:

- *Best practice provision 2.2.2.* One of our non-executive directors (out of a total of eight) have served on our Board in excess of 12 years, which is longer than recommended by the best practice provisions in the Dutch Code. Two of our non-executive directors have served on our Board in excess of eight years but less than 12 years, in compliance with the best practice provisions in the Dutch Code. Five of our non-executive directors have served on our Board for less than eight years, in compliance with the best practice provisions in the Dutch Code. The average tenure of our non-executive directors as of December 31, 2020, was 6.6 years. As such, our Board of Directors represents a balanced mix of non-executive directors who were appointed in recent years and non-executive directors with a longer tenure. We believe that the current composition of the Board enables it to operate effectively and independently and secures continuity on the Board, which furthers long-term value creation for shareholders and other stakeholders. It is noted that the non-executive directors are carefully selected based upon their combined experience and expertise, as outlined in the Board profile.

- *Best practice provision 2.3.2 and 2.3.4.* The Code requires the Board to have an audit committee, a remuneration committee and a selection and appointment committee. For efficiency reasons, including the fact that we have only one executive director, we have combined the functions of the remuneration committee with those of the selection and appointment committee into one Nomination and Compensation Committee. Under the Code, the Chairman of the Board shall not chair the remuneration committee; he may, however, chair the selection and appointment committee. Given 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.

- *Best practice provision 4.3.3.* This provision was not applied by the Company in so far as it deals with the lifting of quorum requirements related to proposed directors’ dismissals, due to the fact that it is written for general meetings with a high degree of absenteeism, whereas absenteeism at the Company’s shareholders’ meetings is relatively low.

- *Best practice provision 3.3.2.* Although not strictly in line with the best practice provisions of the Code, we believe that the equity awards to our non-executive directors, as set forth in these annual accounts, are an effective means to further complement our non-executive directors’ remuneration in accordance with the conducted market compensation analysis, and they are consistent with the spirit of the corresponding provision in the Code. None of the equity awards to our non-executive directors are subject to performance-based vesting criteria. In addition, it should be noted that granting equity awards 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.

Remuneration Report

This Remuneration Report is based on the remuneration policy for members of our Board of Directors, as amended by the Board and approved by the General Meeting of Shareholders on May 2, 2013. The remuneration policy is posted on our website.

Remuneration Policy

The objective of our remuneration policy is to recruit and retain highly qualified members of our Board of Directors, who possess the required core competencies, professional backgrounds and skill sets in line with the global nature and identity of the Company and its business in support of the objective of long-term value creation. The remuneration policy is determined by the General Meeting of Shareholders upon proposal by the Board of Directors. 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.

Our Equity Incentive Plan 2014, which was approved by the General Meeting of Shareholders on February 13, 2014, provides for the grant of equity awards in the form of shares, share options, restricted stocks, restricted stock units or other equity instruments to our directors and other potential participants. The Equity Incentive Plan 2014 states the maximum number of shares, stock options, restricted stocks, restricted stock units or other equity instruments available under the plan and the criteria that apply to the granting or altering of such arrangements.

For further details regarding the remuneration of our directors, reference is made to the remuneration policy as referred to above (available on our website), to the paragraph AerCap equity incentive plans earlier in this Annual Report, to Note 19—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report and to Note 28—*Directors' remuneration* to our Consolidated Financial Statements included in this Annual Report.

Executive director

The compensation package for Mr. Aengus Kelly, our only executive director, was determined in 2018, concurrent with his re-appointment as executive director and following approval by the general meeting of shareholders, taking into consideration comparable compensation packages for chief executive officers of companies of similar size and profitability in the aircraft leasing industry and other relevant industries, scenario analyses, and other relevant benchmarks.

During 2020, we paid Mr. Kelly a total remuneration of approximately $2.4 million, consisting of an annual base salary of approximately $1.0 million, an annual bonus of approximately $1.0 million, and approximately $0.4 million as contributions to his defined benefit pension plan and other employment benefits. In addition, during 2020, we recognized $22.4 million of expenses related to AerCap equity awards that were granted to him in 2020 and prior years. Mr. Kelly's annual cash bonus and annual stock bonus are paid in arrears. The actual bonus amounts are determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee, based on the Company's performance relative to the U.S. GAAP EPS budget for the relevant year and Mr. Kelly's personal performance during that year. The Company's U.S. GAAP EPS budget is determined by the Board of Directors before the beginning of the relevant year. As a matter of policy, the actual bonuses will be below target bonus level in years that our EPS target is not met, unless specific circumstances require otherwise which, if any, will be disclosed in this Annual Report. The annual stock bonus vests after three years, or if earlier, the end of his employment term. 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 the Company's objectives.

In addition, Mr. Kelly participates in the Company's long-term equity incentive scheme. As noted, the long-term incentive program is designed to retain our most talented and successful officers and to encourage continued superior performance for the benefit of the Company and its shareholders and other stakeholders. Mr. Kelly's current long-term equity award has a five year vesting period (four years for a portion of the award). The vesting of 66.67% of the award is conditional upon the achievement of the Company's U.S. GAAP EPS budget over the vesting period, as determined by the Board of Directors at the beginning of the vesting period (the vesting of 33.33% of the award is subject to time-based vesting). The award will cliff vest, subject to meeting the vesting conditions, at the end of the respective vesting period, i.e., there will be no vesting in the interim, and all shares will remain at risk until the end of the respective vesting period. If the EPS target is not met, then none or only a portion of the performance-based shares will vest, with the remaining shares being forfeited. None of the performance-based shares will vest if 84.5% or less of the EPS target is met, which indicates the stringency of the award. A portion of the performance-based shares will vest, as specified in the award agreement, if between 84.5% and 100% of the EPS target is met, and all performance-based shares will vest if the EPS target is met or exceeded. In the event of a change of control of the Company, the shares will immediately vest. We believe that the design of Mr. Kelly's long-term equity award promotes and encourages good performance over a prolonged period of time in support of the objectives of long-term value creation and appropriate risk-taking.

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2020:

	2020 Granted	2020 Vested
Aengus Kelly	233,580 (a)	—

(a) Grant of 333,748 shares of restricted stock, of which 100,168 were withheld to pay taxes incurred by Mr. Kelly in connection with the grant.

The table below indicates the years in which Mr. Kelly's equity awards in the form of restricted stock held as of December 31, 2020, are due to vest, subject to meeting the applicable vesting criteria:

	2021	2022	2023	2024	2025
Aengus Kelly	18,345	859,960	669,051	—	—

As noted, Mr. Kelly is required to own Company ordinary shares having a value equal to at least ten times his annual base salary, in order to further align his interests with the long-term interests of our shareholders. This threshold amount includes ordinary shares owned outright, vested stock-based equity awards, time-based restricted stock and time-based restricted stock units, whether or not vested, and any stock-based equity that Mr. Kelly has elected to defer. In addition, Mr. Kelly is required to hold, post vesting, 50% of the net shares (after satisfaction of any exercise price or tax withholding obligations) delivered to him pursuant to Company equity awards since January 1, 2007, for so long as he remains employed by the Company (or, if earlier, until he reaches 65 years of age). Sales of Company ordinary shares are conducted with a view to avoiding undue impact on the Company ordinary share price and in compliance with laws and regulations. Prior consultation with the Chairman is required before executing any sale of the Company's ordinary shares.

Mr. Kelly's employment contract expires on the day following the 2023 AGM, scheduled to be held in April or May 2023. His employment contract includes a severance clause with a pre-agreed severance amount, 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 leaving for good reason (as such terms are defined in the employment agreement).

As noted, the Company is subject to the Netherlands' Clawback of Bonuses Act. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day to day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2020, we did not have any directors other than the executive director who were in charge of day-to-day management.

Pay ratio

The pay ratio of our Chief Executive Officer's cash compensation compared with the cash compensation of the median employee is 17:1 (2019: 17:1).

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 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 Audit Committee member 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 such committee member 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.

In addition, our non-executive directors receive an annual equity award as provided for in AerCap's remuneration policy for members of the Board of Directors and in accordance with the terms of the Equity Incentive Plan 2014. The size of the annual equity award to our non-executive directors increased, effective as of December 31, 2015, following a market compensation analysis conducted by an independent benefits advisory firm and in accordance with the terms of the Equity Incentive Plan 2014. The annual equity award may be supplemented by additional awards in line with AerCap's remuneration policy in order to meet the compensation goals of the Company. As of December 31, 2020, our non-executive directors held 191,523 restricted stock units and options to acquire a total of 3,954 AerCap ordinary shares (our non-executive directors did not hold any shares of restricted stock as of December 31, 2020); these equity awards have been granted under the AerCap equity incentive plans, as further described below. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

The table below indicates the total remuneration paid to our current and former non-executive directors during the years ended December 31, 2020 and 2019, and the share-based compensation expense recognized in those years related to AerCap equity instruments that were granted to the non-executive directors on December 31, 2020 and December 31 in prior years:

	Year Ended December 31,			
	2020		2019	
	Remuneration paid	Share-based compensation expense (d)	Remuneration paid	Share-based compensation expense (d)
	(U.S. Dollars in thousands)			
Paul Dacier	$ 346	$ 192	$ 202	$ 112
Pieter Korteweg (a)	122	350	289	217
Julian (Brad) Branch	206	140	190	57
Stacey Cartwright (b)	160	49	99	—
Rita Forst (b)	157	49	99	—
Richard (Michael) Gradon	213	220	172	129
James (Jim) Lawrence	211	303	187	145
Michael Walsh	222	250	210	113
Robert (Bob) Warden	227	150	181	86
Salem Al Noaimi (c)	—	—	124	85
Homaid Al Shimmari (c)	—	—	104	—
	$ 1,864	**$ 1,703**	**$ 1,857**	**$ 944**

(a) Resigned from the Board on April 22, 2020.

(b) Appointed to the Board on April 24, 2019.

(c) Resigned from the Board on December 5, 2019.

(d) Annual equity awards are granted to our non-executive directors each year and related expenses are recognized in subsequent years over the vesting period.

AerCap equity incentive plans

Please refer to AerCap equity incentive plans earlier in this Annual Report, and to Note 19—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report for more details on our equity incentive plans.

March 2, 2021

Paul Dacier
Aengus Kelly
Julian (Brad) Branch
Stacey Cartwright
Rita Forst
Richard (Michael) Gradon
James (Jim) Lawrence
Michael Walsh
Robert (Bob) Warden

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2020 and 2019

	Note	As of December 31, 2020	As of December 31, 2019
		(U.S. Dollars in thousands)	
ASSETS			
Fixed assets			
Intangible fixed assets			
Maintenance rights and lease premium, net	4	$ 649,914	$ 809,615
Other intangibles, net	4	224,634	308,966
Total intangible fixed assets		**874,548**	**1,118,581**
Tangible fixed assets			
Flight equipment held for operating leases, net	5	34,415,373	36,046,964
Prepayments on flight equipment	26	2,111,659	2,954,478
Other tangible fixed assets, net		22,512	26,017
Total tangible fixed assets		**36,549,544**	**39,027,459**
Financial fixed assets			
Investment in finance leases, net	6	878,451	1,011,549
Deferred income tax assets	22	161,933	132,096
Other financial fixed assets	7, 8, 9	391,010	406,716
Total financial fixed assets		**1,431,394**	**1,550,361**
Total fixed assets		**38,855,486**	**41,696,401**
Current assets			
Receivables			
Trade receivables		170,675	47,935
Other receivables	10	759,523	522,265
Total receivables		**930,198**	**570,200**
Cash			
Cash and cash equivalents		1,248,772	1,121,396
Restricted cash	11	246,518	178,951
Total cash		**1,495,290**	**1,300,347**
Total current assets		**2,425,488**	**1,870,547**
Total Assets		**$ 41,280,974**	**$ 43,566,948**

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets (Continued)

As of December 31, 2020 and 2019

	Note	As of December 31, 2020	2019
		(U.S. Dollars in thousands)	
GROUP EQUITY AND LIABILITIES			
Group equity			
Total AerCap Holdings N.V. shareholders' equity	12	$ 7,852,191	$ 8,788,122
Non-controlling interest	12	68,016	67,308
Total group equity		**7,920,207**	**8,855,430**
Provisions			
Deferred income tax liabilities	22	778,525	852,967
Total provisions		**778,525**	**852,967**
Liabilities			
Debt	13	28,733,113	29,477,190
Accrued maintenance liability	14	2,188,906	2,648,714
Lessee deposit liability		600,321	747,790
Negative goodwill		—	3,378
Accounts payable, accrued expenses and other liabilities	15	1,059,902	981,479
Total liabilities		**32,582,242**	**33,858,551**
Total Group Equity and Liabilities		**$ 41,280,974**	**$ 43,566,948**

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, 2020 and 2019

	Note	Year Ended December 31, 2020	2019
		(U.S. Dollars in thousands, except share and per share data)	
Revenues and other income			
Lease revenue	16, 17	$ 4,391,543	$ 4,756,895
Net gain on sale of assets		108,873	270,146
Other income	18	28,790	24,552
Total revenues and other income		**4,529,206**	**5,051,593**
Expenses			
Leasing expenses		(413,940)	(356,926)
Personnel expenses	19	(173,951)	(191,863)
Depreciation and amortization	4, 5	(1,627,777)	(1,698,396)
Asset impairment	20	(1,692,294)	(139,595)
Other expenses	21	(65,864)	(75,989)
Total expenses		**(3,973,826)**	**(2,462,769)**
Operating profit		**555,380**	**2,588,824**
Loss on investment at fair value		(143,510)	—
Financial income		54,215	41,687
Financial expense	13	(1,366,685)	(1,295,020)
(Loss) profit before taxes		**(900,600)**	**1,335,491**
Income taxes	22	91,930	(173,722)
Result from participations	8	2,464	(6,151)
Group (loss) profit after tax		**(806,206)**	**1,155,618**
Result non-controlling interest	12	(3,643)	(21,083)
Net (loss) income attributable to equity holders of AerCap Holdings N.V.		**$ (809,849)**	**$ 1,134,535**
Basic (loss) earnings per share	23	$ (6.34)	$ 8.43
Diluted (loss) earnings per share	23	$ (6.34)	$ 8.35
Weighted average shares outstanding - basic		127,743,828	134,570,169
Weighted average shares outstanding - diluted		127,743,828	135,898,139

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Statement of Total Results of the Group

For the Years Ended December 31, 2020 and 2019

	Year Ended December 31,	
	2020	2019
	(U.S. Dollars in thousands)	
Group (loss) profit after tax	**$ (806,206)**	**$ 1,155,618**
Net change in fair value of derivatives (Note 9), net of tax of $8,402 and $12,845, respectively	(58,814)	(89,918)
Actuarial loss on pension obligations, net of tax of $348 and $265, respectively	(2,684)	(1,845)
Total direct movements in group equity	(61,498)	(91,763)
Total result of the group	**$ (867,704)**	**$ 1,063,855**

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, 2020 and 2019

	Note	Year Ended December 31, 2020	2019
		(U.S. Dollars in thousands)	
Group (loss) profit after tax		$ (806,206)	$ 1,155,618
Adjustments to reconcile group (loss) profit to net cash provided by operating activities:			
Depreciation and amortization	4, 5	1,627,777	1,698,790
Asset impairment	20	1,692,294	139,595
Amortization of debt issuance costs, debt discount, debt premium and lease premium	4, 13	64,970	79,645
Amortization of fair value adjustments on debt	13	(47,279)	(79,098)
Maintenance rights write-off (a)	4	133,015	244,748
Maintenance liability release to income	14	(414,747)	(282,478)
Net gain on sale of assets		(108,873)	(270,146)
Deferred income taxes	22	(91,096)	168,506
Share-based compensation	19	69,187	69,410
Loss on investment at fair value	8	143,510	—
Loss on debt extinguishment	13	118,460	—
Other		275,784	96,117
Changes in operating assets and liabilities:			
Trade receivables		(128,188)	(8,751)
Other receivables and other assets	7, 8, 9, 10	(400,316)	(73,646)
Accounts payable, accrued expenses and other liabilities	15	(66,037)	69,007
Net cash provided by operating activities		**2,062,255**	**3,007,317**
Purchase of flight equipment	5	(778,547)	(3,359,092)
Proceeds from sale or disposal of assets	5	471,437	1,773,766
Prepayments on flight equipment	26	(405,178)	(1,369,400)
Collections of finance leases	6	68,128	98,365
Other		—	(17)
Net cash used in investing activities		**(644,160)**	**(2,856,378)**
Issuance of debt	13	10,946,333	6,539,310
Repayment of debt	13	(11,560,015)	(6,504,830)
Debt issuance and extinguishment costs paid, net of debt premium received	13	(253,806)	(36,592)
Maintenance payments received	14	345,699	736,423
Maintenance payments returned	14	(412,492)	(352,032)
Security deposits received		137,130	232,219
Security deposits returned		(297,469)	(233,222)
Dividend paid to non-controlling interest holders and others	12	(2,935)	(6,341)
Repurchase of shares and tax withholdings on share-based compensation	12	(127,777)	(639,941)
Net cash used in financing activities		**(1,225,332)**	**(265,006)**
Net increase (decrease) in cash, cash equivalents and restricted cash		192,763	(114,067)
Effect of exchange rate changes		2,180	(621)
Cash, cash equivalents and restricted cash at beginning of period		1,300,347	1,415,035
Cash, cash equivalents and restricted cash at end of period		**$ 1,495,290**	**$ 1,300,347**

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(U.S. Dollars in thousands)	
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	$ 1,196,467	$ 1,270,532
Income taxes (refunded) paid, net	(3,862)	2,352

(a) Maintenance rights write-off consisted of the following:

	2020	2019
End of lease ("EOL") and Maintenance Reserved ("MR") contract maintenance rights expense	$ 45,655	$ 76,611
MR contract maintenance rights write-off due to maintenance liability release	35,897	19,848
EOL contract maintenance rights write-off due to cash receipt	51,463	148,289
Maintenance rights write-off	**$ 133,015**	**$ 244,748**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Non-Cash Investing and Financing Activities

Year ended December 31, 2020:

Flight equipment held for operating leases in the amount of $46.6 million was reclassified to investment in finance leases, net.

Accrued maintenance liability in the amount of $104.7 million was settled with buyers upon sale or disposal of assets.

In May 2020, other assets and accounts payable, accrued expenses and other liabilities each increased by $185.7 million due to the Norwegian Air Shuttle ASA ("NAS") recapitalization. Please refer to Note 8—*Participations* for further details.

Year ended December 31, 2019:

Flight equipment held for operating leases in the amount of $143.4 million was reclassified to investment in finance leases, net.

Accrued maintenance liability in the amount of $298.8 million was settled with buyers upon sale or disposal of assets.

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. General

The Company

AerCap Holdings N.V., together with its subsidiaries ("AerCap," "we," "us" or the "Company"), is the global leader in aircraft leasing with 1,330 aircraft owned, managed or on order, and total assets of $41.3 billion as of December 31, 2020. Our ordinary shares are listed on the New York Stock Exchange under the ticker symbol AER. Our headquarters is located in Dublin, and we have offices in Shannon, Los Angeles, Singapore, Amsterdam, Shanghai and Abu Dhabi. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

The Consolidated Financial Statements presented herein include the accounts of AerCap Holdings N.V. and its subsidiaries. AerCap Holdings N.V. was incorporated in the Netherlands as a public limited liability company ("*naamloze vennootschap" or "N.V.*") on July 10, 2006.

The Chamber of Commerce registration number for AerCap Holdings N.V. is 34251954 and the corporate seat is Amsterdam.

Risks and uncertainties

On March 11, 2020, the World Health Organization declared that the Covid-19 outbreak was a pandemic. The Covid-19 pandemic and responsive government actions have caused significant economic disruption and a dramatic reduction in commercial airline traffic, resulting in a broad adverse impact on air travel, the aviation industry and demand for commercial aircraft globally, all of which has impacted our results of operations. The continued impact of the Covid-19 pandemic on our business will depend, among other things, on the duration of the pandemic and the speed and effectiveness of vaccination efforts; the rate of recovery in air travel and the aviation industry, including the future demand for commercial aircraft; and global economic conditions.

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 Consolidated Balance Sheets and may be subject to other contract breach damages.

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 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 in our Consolidated Balance Sheets, flight equipment held for operating leases, is subject to fluctuations in 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 and intangible lease premium assets 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 deferred tax assets in our Consolidated Balance Sheets. The recoverability of these deferred tax 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 deferred tax assets and a tax charge will be required.

We periodically perform reviews of the carrying values of our aircraft, customer receivables and 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.

1. General (Continued)

Related parties

All group companies and related parties mentioned in Note 8—*Participations,* Note 18—*Other income*, Note 24—*Special purpose entities* and Note 25—*Related party transactions* are considered to be related parties. Transactions between group companies are eliminated upon consolidation.

Note to the Consolidated Statements of Cash Flows

The Consolidated Statements of Cash Flows have been prepared using the indirect method. The cash and cash equivalents in our Consolidated Statements of Cash Flows comprise the Consolidated Balance Sheet item cash and cash equivalents. Cash flows denominated in currencies other than U.S. dollars are translated at average exchange rates.

Receipts and payments of interest, dividends received and income taxes paid are included in cash flow provided by operating activities.

2. Basis of presentation

General

Our Consolidated Financial Statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting 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.

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 Consolidated Balance Sheets, Consolidated Income Statements and Consolidated Statements of Cash Flows include references to the notes.

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

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, intangible assets, investment in finance leases, participations, trade receivables and notes receivable, deferred income tax assets and accruals and reserves. Actual results may differ from our estimates under different conditions, sometimes materially.

3. Summary of significant accounting policies

Foreign currency

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. Monetary items denominated in foreign currency are remeasured into U.S. dollars at the exchange rate prevailing at the balance sheet date. Translation differences on non-monetary items held at cost are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates). All resulting exchange gains and losses are recorded in other expenses in our Consolidated Income Statements. 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. Non-controlling interests in group equity and group loss or profit are disclosed separately.

Intercompany transactions, profits or losses 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 entities were changed where necessary, in order to align them to the prevailing group accounting policies.

Since the income statement for year ended December 31, 2020 of AerCap Holdings N.V. is included in our Consolidated Financial Statements, an abridged income statement has been disclosed (in the Company Financial Statements) in accordance with Section 402, Book 2, of the Dutch Civil Code.

For a listing of consolidated companies and participations, please refer to Note 29—*Subsidiary undertakings*.

Intangible fixed assets

We recognize intangible assets acquired in a business combination at fair value on the date of acquisition. The rate of amortization of intangible fixed assets is calculated based on the period over which we expect to derive economic benefits from such assets.

Maintenance rights and lease premium, net

Maintenance rights assets are recognized when we acquire aircraft subject to existing leases. These assets represent the contractual right to receive the aircraft in a specified maintenance condition at the end of the lease under lease contracts with EOL payment provisions, or our right to receive the aircraft in better maintenance condition due to our obligation to contribute towards the cost of the maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held under lease contracts with maintenance reserve (“MR”) provisions, or through a lessor contribution to the lessee.

For leases with EOL maintenance provisions, upon lease termination, we recognize receipt of EOL cash compensation as lease revenue to the extent those receipts exceed the EOL maintenance rights asset, and we recognize leasing expenses when the EOL maintenance rights asset exceeds the EOL cash received. For leases with maintenance reserve payment provisions, we recognize maintenance rights expense at the time the lessee submits a reimbursement claim and provides the required documentation related to the cost of a qualifying maintenance event that relates to pre-acquisition usage.

3. Summary of significant accounting policies (Continued)

Lease premium assets represent the value of an acquired lease where the contractual rental payments are above the market rate. We amortize the lease premium assets on a straight-line basis over the term of the lease as a reduction of lease revenue.

Other intangible fixed assets, net (including goodwill)

Other intangible fixed assets primarily consist of goodwill and customer relationships recorded at fair value on the closing date of the "ILFC Transaction" (the purchase by AerCap and AerCap Ireland Limited, a wholly-owned subsidiary of AerCap, of 100% of ILFC's common stock from AIG on May 14, 2014). These intangible assets are amortized over the period which we expect to derive economic benefits from such assets. The associated benefits from goodwill and customer relationships are expected to be realized over a 17-year period based upon forecasted cash flows and as such are amortized over 17 years. The amortization expense is recorded in depreciation and amortization in our Consolidated Income Statements. We evaluate all intangible assets for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Tangible fixed assets

Flight equipment held for operating leases, net

Flight equipment held for operating leases is stated at cost less accumulated depreciation and impairment. Flight equipment is depreciated to its estimated residual value on a straight-line basis over the useful life of the aircraft, which is generally 25 years from the date of manufacture, or a different period depending on the disposition strategy. The costs of improvements to flight equipment are normally recorded as leasing expenses unless the improvement increases the long-term value of the flight equipment. In that case, the capitalized improvement cost is depreciated over the estimated remaining useful life of the aircraft. The residual value of our flight equipment is generally 15% of estimated industry price, except where more relevant information indicates that a different residual value is more appropriate.

We periodically review the estimated useful lives and residual values of our flight equipment based on our industry knowledge, external factors, such as current market conditions, and changes in our disposition strategies, to determine if they are appropriate, and record adjustments to depreciation rates prospectively on an individual aircraft basis, as necessary.

We perform an impairment test on our long-lived assets when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The review of recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposal. The assets are grouped at the lowest level for which identifiable cash flows are largely independent of other groups of assets, which includes the individual aircraft and the lease-related assets and liabilities of that aircraft (the "Cash Generating Unit"). If the sum of the expected discounted future cash flows is less than the aggregate net book value of the Cash Generating Unit, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired Cash Generating Unit over its estimated recoverable amount.

Recoverable amount reflects the present value of future cash flows expected to be generated from the aircraft, including its expected residual value, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under 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 and industry trends.

Capitalization of interest

We capitalize interest on prepayments of forward order flight equipment and add such amounts to prepayments on flight equipment. The amount of interest capitalized is the amount of interest costs which could have been avoided in the absence of such prepayments.

3. Summary of significant accounting policies (Continued)

Other tangible fixed assets

Other tangible fixed assets consist primarily of leasehold improvements, computer equipment and office furniture, and are recorded at historical acquisition cost and depreciated at various rates over the asset's estimated useful life on a straight-line basis. Depreciation expense on other tangible fixed assets is recorded in depreciation and amortization in our Consolidated Income Statements.

Financial fixed assets

Investment in finance leases, net

If a lease meets specific criteria, we recognize the lease in investment in finance leases, net ("Finance Leases") in our Consolidated Balance Sheets and de-recognize the aircraft from flight equipment held for operating leases. For leases where we initially recognized a gain, we recognize the difference between the aircraft carrying value and the amount recognized in investment in finance leases, net in net gain on sale of assets in our Consolidated Income Statements. The amounts recognized for finance leases consist of lease receivables and the estimated unguaranteed residual value of the flight equipment on the lease termination date, less the unearned income and impairment. Expected unguaranteed residual values are based on our assessment of the values of the flight equipment and, if applicable, the estimated end of lease payments expected at the expiration of the lease. The unearned income is recognized as lease revenue over the lease term, using the interest method to produce a constant yield over the life of the lease.

Deferred income tax assets and liabilities

We report deferred income tax assets and liabilities resulting from the temporary differences between the book values and the tax values of assets and liabilities using the liability method. The differences are calculated at nominal value using the enacted tax rate applicable at the time the temporary difference is expected to reverse.

Other financial fixed assets

Other financial fixed assets consist of lease incentives, participations, derivative financial instruments and straight-line rents.

Lease incentives

We capitalize amounts paid or value provided to lessees as lease incentives. We amortize lease incentives on a straight-line basis over the term of the related lease as a reduction of lease revenue.

Participations

Participations over which we have significant influence are valued according to the net asset value method. Under the net asset value method, we recognize our share of earnings and losses of such participations in result from participations in our Consolidated Income Statements.

Derivative financial instruments

We use derivative financial instruments to manage our exposure to interest rate risks. We recognize derivatives in our Consolidated Balance Sheets at fair value.

When cash flow hedge accounting treatment is applied, the changes in fair values related to the effective portion of the derivatives are recorded in revaluation reserves, and the ineffective portion is recognized immediately in financial expense. Amounts reflected in revaluation reserves related to the effective portion are reclassified into financial expense in the same period or periods during which the hedged transaction affects financial expense.

3. Summary of significant accounting policies (Continued)

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 the hedged item; *(ii)* the derivative expires or is sold, 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 recognize the 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 our Consolidated Income Statements unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in financial expense when the hedged transaction affects financial expense.

When cash flow hedge accounting treatment is not applied, the changes in fair values related to interest rate related derivatives between periods are recognized in financial expense in our Consolidated Income Statements.

Net cash received or paid under derivative contracts is classified as operating cash flows in our Consolidated Statements of Cash Flows.

Receivables

Trade receivables

Trade receivables represent unpaid, current lessee rental obligations under existing lease contracts.

Other receivables

Other receivables consist of notes receivable, prepaid expenses and other.

Notes receivable

Notes receivable arise from the restructuring and deferral of trade receivables from lessees experiencing financial difficulties and as well as amounts advanced in the normal course of operations.

Cash

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months which are held at nominal value.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions. Such amounts are typically restricted under secured debt agreements and can be used only to maintain the aircraft securing the debt and to provide debt service payments of principal and interest. Given the nature of the restrictions, our restricted cash is recognized at nominal value.

Shareholders' equity

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

Non-controlling interest

The non-controlling 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 non-controlling 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 non-controlling interest. Gains and losses arising from acquisitions and disposals of non-controlling interests are recognized through shareholders' equity.

3. Summary of significant accounting policies (Continued)

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 in our Consolidated Balance Sheets if it is likely to be received upon settlement of the obligation.

Liabilities

Debt and deferred debt issuance costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts and premiums, fair value adjustments and debt issuance costs, where applicable. The fair value adjustments reflect the application of the acquisition method of accounting to the debt assumed as part of the ILFC Transaction. We amortize the amount of discounts, premiums and fair value adjustments over the period the debt is outstanding using the effective interest method. The costs we incur for issuing debt are capitalized and amortized as an increase to financial expense over the life of the debt using the effective interest method.

Accrued maintenance liability

Under our aircraft leases, the lessee is responsible for maintenance and repairs and other operating expenses related to the flight equipment during the term of the lease. When an aircraft is not subject to a lease, we may incur maintenance and repair expenses for our aircraft. Maintenance and repair expenses are recorded in leasing expenses; to the extent such expenses are incurred by us.

We may be obligated to make additional payments to the lessee for maintenance-related expenses, primarily related to usage of major life-limited components prior to commencement of the lease (“lessor maintenance contributions”). For all lease contracts, we accrue lessor maintenance contributions at the commencement of the lease. In the case we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, such payments are charged against the existing accrual.

For all lease contracts acquired as part of the ILFC Transaction, we determined the fair value of our maintenance liability, including lessor maintenance contributions, using the present value of the expected cash outflows. The discounted amounts are accreted in subsequent periods to their respective nominal values up until the expected maintenance event dates using the effective interest method. The accretion amounts are recorded as increases to financial expense in our Consolidated Income Statements.

Accounts payable, accrued expenses and other liabilities

On initial recognition accounts payable, accrued expenses and other liabilities are recognized at fair value. After initial recognition they are recognized at amortized cost price. This usually is the nominal value.

3. Summary of significant accounting policies (Continued)

Revenue recognition

We lease flight equipment principally under operating leases and recognize basic lease rents income on a straight-line basis over the life of the lease. At lease inception, we review all necessary criteria to determine proper lease classification. We account for lease agreements that include uneven rental payments on a straight-line basis. The amount of the difference between basic lease rents recognized and cash received is included in other financial fixed assets, or in the event it is a liability, in accounts payable, accrued expenses and other liabilities.

Lease agreements where rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate that existed at the commencement of the lease. Increases or decreases in lease payments that result from subsequent changes in the floating interest rate are considered contingent rentals and are recorded as increases or decreases in lease revenue in the period of the interest rate change.

Our lease contracts normally include default covenants, which generally obligate the lessee to pay us damages to put us in the position we would have been in had the lessee performed under the lease in full. There are no additional payments required which would increase the minimum lease payments.

We periodically evaluate the collectability of our operating lease contracts to determine the appropriate revenue recognition and measurement model to apply to each lessee. Management ceased accrual-based revenue recognition on an operating lease contract when the collection of the rental payments is no longer considered probable and thereafter recognize rental revenues using a cash receipts basis. In the period when collection of lease payments is no longer probable, any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, is recognized as a current period adjustment to lease revenue. Subsequently, revenues are recognized based on the lesser of the straight-line rental income or the lease payments collected from the lessee until such time that collection is probable. We apply significant judgment in assessing at each reporting date whether operating rental payments are probable of collection by reference to the credit status of the each lessee, including lessees in bankruptcy-type arrangements, the extent of overdue balances and other relevant factors. During the year ended December 31, 2020, we recognized rent payments from a number of our lessees, using the cash method, which resulted in a decrease in basic lease rents of approximately $310.6 million.

Revenue from investment in finance leases is recognized using the interest method to produce a constant yield over the life of the lease and is included in basic lease rents.

Most of our lease contracts require rental payments in advance. Rental payments received but unearned are recorded as deferred revenue in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets.

Under our aircraft leases, the lessee is responsible for maintenance, repairs and other operating expenses during the term of the lease. Under the provisions of many of our leases, the lessee is required to make payments of supplemental maintenance rents which are calculated with reference to the utilization of the airframe, engines and other major life-limited components during the lease. We record as lease revenue all supplemental maintenance rent receipts not expected to be reimbursed to the lessee. We estimate the total amount of maintenance reimbursements for the lease term and only record maintenance revenue after we have received sufficient maintenance rents to cover the total amount of estimated maintenance reimbursements during the remaining lease term.

In most lease contracts not requiring the payment of supplemental maintenance rents, and to the extent that the aircraft is redelivered in a different condition than at acceptance, we generally receive EOL cash compensation for the difference at redelivery. Upon lease termination, we recognize receipt of EOL cash compensation as lease revenue to the extent those receipts exceed the EOL maintenance rights asset, and we recognize leasing expenses when the EOL maintenance rights asset exceeds the EOL cash received.

The accrued maintenance liability existing at lease termination is recognized as lease revenue net of the MR contract maintenance rights asset. When flight equipment is sold, the portion of the accrued maintenance liability not specifically assigned to the buyer is released net of any maintenance rights asset balance and is included in net gain on sale of assets.

3. Summary of significant accounting policies (Continued)

Other income consists of management fee revenue, lease termination fees, insurance proceeds, and income related to other miscellaneous activities. Management fee revenue is recognized as income as it accrues over the life of the contract. Income from the receipt of lease termination penalties is recorded at the time cash is received or when the lease is terminated, if revenue recognition criteria are met.

Share-based compensation

Employees may receive AerCap share-based awards, consisting of restricted stock units or restricted stock. Share-based compensation expense is determined by reference to the fair value of the restricted stock units or restricted stock on the grant date and is recognized on a straight-line basis over the requisite service period. Share-based compensation expense is recognized in personnel expenses.

Income taxes

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. We recognize an uncertain tax benefit only to the extent that it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Earnings per share

Basic EPS 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 EPS, 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 restricted stock units, restricted stock and stock options. In a period where a net loss is recognized, the denominator of the dilutive EPS calculation does not include potentially dilutive ordinary shares.

Reportable segments

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

Fair value measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 27—*Fair values of financial instruments*.

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, from time to time, we enter into interest rate swap and cap agreements. We are also exposed to foreign currency risk, which can adversely affect our operating profits.

The following discussion should be read in conjunction with Note 9—*Derivative financial instruments* and Note 13—*Debt* which provide further information on our derivative financial instruments and debt.

Interest rate risk

Interest rate risk is the exposure to changes in the level of interest rates and the spread between different interest rates. Interest rate risk is highly sensitive to many factors, including government monetary policies, global economic factors and other factors beyond our control.

3. Summary of significant accounting policies (Continued)

We enter into leases with rents that are based on fixed and variable interest rates, and we fund our operations primarily with a mixture of fixed and floating rate debt. Interest rate exposure arises when there is a mismatch between terms of the associated debt and interest earning assets, primarily between floating rate debt and fixed rate leases. We manage this exposure primarily through the use of interest rate caps and interest rate swaps using a cash flow-based risk management model. This model takes the 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, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. For our interest rate swaps, pay rates are based on the fixed rate which we are contracted to pay to our swap counterparty.

Our Board of Directors is responsible for reviewing our overall interest rate management policies. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that the majority of our interest rate derivative counterparties are required to collateralize in the event of their downgrade by the rating agencies below a certain level.

Foreign currency risk and foreign operations

Our functional currency is U.S. dollars. Foreign exchange risk arises from our and our lessees' operations in multiple jurisdictions. All of our aircraft purchase agreements are negotiated in U.S. dollars, we currently receive substantially all of our revenue in U.S. dollars and we pay our expenses primarily in U.S. dollars. We currently have a limited number of leases denominated in foreign currencies, maintain part of our cash in foreign currencies, pay taxes in foreign currencies, and incur some of our expenses in foreign currencies, primarily the euro. A decrease in the U.S. dollar in relation to foreign currencies increases our lease revenue received from foreign currency denominated leases and our expenses paid in foreign currencies. An increase in the U.S. dollar in relation to foreign currencies decreases our lease revenue received from foreign currency denominated leases and our expenses paid in foreign currencies. Because we currently receive most of our revenues in U.S. dollars and pay most of our expenses in U.S. dollars, a change in foreign exchange rates would not have a material impact on our results of operations or cash flows. We do not have any restrictions or repatriation issues associated with our foreign cash accounts.

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 creditworthiness of significant lessees to minimize the cost to us of lessee defaults.

Inflation

Inflation generally affects our costs. We do not believe that our financial results have been, or will be in the near future, materially and adversely affected by inflation.

Liquidity

As of December 31, 2020, our cash balance was $1.5 billion, including unrestricted cash of $1.2 billion, and we had $5.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt. As of December 31, 2020, the principal amount of our outstanding indebtedness, which excludes fair value adjustments of $19.7 million and debt issuance costs, debt discounts and debt premium of $201.8 million, totaled $28.6 billion and consisted of senior unsecured, subordinated and senior secured notes, export credit facilities, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

We believe, our existing sources of liquidity as of December 31, 2020, together with, operating cash flows for the next 12 months from the date of signing, are sufficient to operate our business. Our sources of liquidity include undrawn lines of credit, unrestricted cash, estimated operating cash flows, cash flows from contracted asset sales and other sources of funding.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

4. Intangibles

Maintenance rights and lease premium, net

Maintenance rights and lease premium, net consisted of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
Maintenance rights	$ 642,825	$ 794,798
Lease premium, net	7,089	14,817
	$ 649,914	**$ 809,615**

Movements in maintenance rights during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Maintenance rights at beginning of period	$ 794,798	$ 1,088,246
EOL and MR contract maintenance rights expense	(45,655)	(76,611)
MR contract maintenance rights write-off due to maintenance liability release	(35,897)	(19,848)
EOL contract maintenance rights write-off due to cash receipt	(51,463)	(148,289)
EOL and MR contract maintenance rights write-off due to sale of aircraft and impairment	(18,958)	(48,700)
Maintenance rights at end of period	**$ 642,825**	**$ 794,798**

Other intangibles

Other intangibles consisted of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
Goodwill (Note 20)	$ —	$ 59,666
Customer relationships, net	219,589	240,765
Contractual vendor intangible assets	5,045	8,535
	$ 224,634	**$ 308,966**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

4. Intangibles (Continued)

Movements in goodwill and customer relationships accumulated amortization during the year ended December 31, 2020 were as follows:

	Year Ended December 31, 2020		
	Goodwill	Customer relationships	Total other intangibles
Balance at beginning of period			
Historical costs	$ 89,172	$ 360,000	$ 449,172
Cumulative impairment losses and amortization	(29,506)	(119,235)	(148,741)
Net carrying amount	**59,666**	**240,765**	**300,431**
Movements			
Amortization	(3,934)	(21,176)	(25,110)
Impairment	(55,732)	—	(55,732)
Total movements	**(59,666)**	**(21,176)**	**(80,842)**
Balance at end of period			
Historical costs	89,172	360,000	449,172
Cumulative impairment losses and amortization	(89,172)	(140,411)	(229,583)
Net carrying amount	**$ —**	**$ 219,589**	**$ 219,589**
Remaining weighted-average amortization period (in years)	**—**	**10.4**	

As of December 31, 2020, the estimated future amortization expense for customer relationships was as follows:

	Estimated amortization expense
2021	$ 21,176
2022	21,176
2023	21,176
2024	21,176
2025	21,176
Thereafter	113,709
	$ 219,589

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Net book value at beginning of period	$ 36,046,964	$ 35,135,477
Additions	2,108,539	4,621,821
Depreciation	(1,599,362)	(1,668,329)
Impairment (Note 20)	(1,599,714)	(139,943)
Disposals	(494,431)	(1,758,653)
Transfers to investment in finance leases, net/other receivables	(46,623)	(143,409)
Net book value at end of period	**$ 34,415,373**	**$ 36,046,964**
Accumulated depreciation and impairment as of December 31, 2020 and 2019, respectively	$ (10,636,484)	$ (7,736,928)

6. Investment in finance leases, net

Movements in investment in finance leases, net during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Net book value at beginning of period	$ 1,011,549	$ 1,003,286
Additions	59,494	134,752
Principal repayments	(82,525)	(96,190)
Impairment	(92,086)	(21,996)
Disposals and other	(17,981)	(8,303)
Net book value at end of period	**$ 878,451**	**$ 1,011,549**

Components of investment in finance leases, net as of December 31, 2020 and 2019 were as follows:

	As at December 31,	
	2020	2019
Future minimum lease payments to be received	$ 608,950	$ 715,085
Estimated residual values of leased flight equipment	589,872	577,353
Less: Unearned income	(260,708)	(280,889)
	$ 938,114	$ 1,011,549
Allowance for credit losses	(59,663)	—
	$ 878,451	**$ 1,011,549**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

6. Investment in finance leases, net (Continued)

As of December 31, 2020, the cash flow receivable, including the estimated residual value at lease termination, on finance leases were as follows:

	Future minimum lease payments to be received
2021	$ 145,512
2022	207,102
2023	140,188
2024	113,698
2025	141,267
Thereafter	451,055
Undiscounted cash flows receivable	$ 1,198,822
Less: Unearned income	(260,708)
Allowance for credit losses	(59,663)
	$ 878,451

7. Other financial fixed assets

Other financial fixed assets consisted of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
Lease incentives	$ 177,028	$ 239,607
Participations (Note 8)	138,065	123,279
Derivative assets (Note 9)	3,303	11,664
Straight-line rents	72,614	32,166
	$ 391,010	**$ 406,716**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

8. Participations

We participated in the NAS recapitalization completed on May 20, 2020, which included providing certain concessions related to our operating leases with NAS in exchange for NAS ordinary shares and perpetual bonds that are convertible into NAS ordinary shares on a one-for-one basis (the "NAS Investment").

We have elected to account for our NAS Investment at fair value, whereby the changes in fair value are recognized as a gain or loss in our Consolidated Income Statement. We initially measured our investment in NAS based on the quoted market price of the NAS shares on the date of acquisition. Subsequent changes in the NAS investment fair value are recognized in our Consolidated Income Statements.

In November and December 2020, we converted all of our perpetual bonds into NAS ordinary shares and sold approximately 83% of our total NAS ordinary shares. As of December 31, 2020, we held NAS ordinary shares representing approximately 3% of the share capital of NAS with a fair value of $12.1 million based on the quoted market price. We recognized a loss on investment of $143.5 million in our Consolidated Income Statements for the year ended December 31, 2020. In January 2021, we sold all of our remaining NAS ordinary shares.

Participations accounted for under the net asset value method of accounting consisted of the following as of December 31, 2020 and 2019:

	% Ownership as of December 31, 2020	As of December 31, 2020	As of December 31, 2019
AerDragon	16.7	$ 72,861	$ 68,673
AerLift	39.3	31,681	35,188
ACSAL	19.4	18,112	16,118
		$ 122,654	**$ 119,979**

Movements in participations accounted for under the net asset value method of accounting during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance at beginning of period	$ 119,979	$ 128,812
Share in undistributed earnings	2,463	(6,345)
Dividend	(265)	(3,148)
Capital contributions and other	477	660
Balance at end of period	**$ 122,654**	**$ 119,979**

Our share of undistributed earnings of participations in which our ownership interest is less than 50% was $42.1 million and $39.4 million as of December 31, 2020 and 2019, respectively. We also have a participation in Peregrine Aviation Company Limited and Subsidiaries ("Peregrine") of $3.3 million as of December 31, 2020 and 2019, which is accounted for in accordance with the cost method of accounting. Please refer to Note 24—*Special purpose entities* for further details.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

9. Derivative financial instruments

We have entered into interest rate derivatives to hedge the current and future interest rate payments on our variable rate debt. These derivative financial instruments include interest rate swaps and caps.

As of December 31, 2020, we had interest rate caps and swaps outstanding, with underlying variable benchmark interest rates ranging from one to six-month U.S. dollar LIBOR.

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. As of December 31, 2020 and 2019, we had cash collateral of $0.1 million and $0.6 million, respectively, from various counterparties and the obligation to return such collateral was recorded in accounts payable, accrued expenses and other liabilities. We had not advanced any cash collateral to counterparties as of December 31, 2020 or 2019.

The counterparties to our interest rate derivatives are primarily major international financial institutions. We continually monitor our positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. We could be exposed to potential losses due to the credit risk of non-performance by these counterparties. We have not experienced any losses to date.

Our derivative assets are recorded in other financial fixed assets and our derivative liabilities are recorded in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets. The following tables present notional amounts and fair values of derivatives outstanding as of December 31, 2020 and 2019:

	As of December 31,			
	2020		2019	
	Notional amount (a)	Fair value	Notional amount (a)	Fair value
Derivative assets not designated as accounting hedges:				
Interest rate caps	$ 3,022,000	$ 2,790	$ 2,442,000	$ 3,727
Derivative assets designated as accounting cash flow hedges:				
Interest rate swaps	$ —	$ —	$ 488,616	$ 1,578
Interest rate caps	475,000	513	400,000	6,359
Total derivative assets		**$ 3,303**		**$ 11,664**

(a) The notional amount is excluded for caps and swaps which are not yet effective.

	As of December 31,			
	2020		2019	
	Notional amount (a)	Fair value	Notional amount (a)	Fair value
Derivative liabilities not designated as accounting cash flow hedges:				
Interest rate swaps	$ 400,000	$ 14,933	$ —	$ —
Derivative liabilities designated as accounting cash flow hedges:				
Interest rate swaps	$ 3,331,000	$ 152,370	$ 3,776,000	$ 97,066
Total derivative liabilities		**$ 167,303**		**$ 97,066**

(a) The notional amount is excluded for swaps which are not yet effective.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

9. Derivative financial instruments (Continued)

We recorded the following in revaluation reserves related to derivative financial instruments for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Gain (Loss)		
Effective portion of change in fair market value of derivatives designated as accounting cash flow hedges:		
Interest rate swaps	$ (62,967)	$ (102,725)
Interest rate caps	(5,846)	(38)
Derivative premium and amortization	1,597	—
Income tax effect	8,402	12,845
Net loss on derivatives, net of tax	**$ (58,814)**	**$ (89,918)**

The following table presents the effect of derivatives recorded as reductions to or (increases) in financial expense in our Consolidated Income Statements for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Gain (Loss)		
Derivatives not designated as accounting hedges:		
Interest rate caps and swaps	$ (14,369)	$ (29,714)
Reclassification to Consolidated Income Statements:		
Reclassification of amounts previously recorded in AOCI	(53,539)	3,381
Effect from derivatives on financial expense	**$ (67,908)**	**$ (26,333)**

10. Other receivables

Other receivables consisted of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
Notes receivable (a)	$ 529,172	$ 87,745
Prepaid expenses and other	57,863	75,861
Other receivables	172,488	358,659
	$ 759,523	**$ 522,265**

(a) Notes receivable as of December 31, 2020 and 2019, included $490 million and $49 million, respectively, related to agreements we have executed with customers to reschedule certain lease payments under our leases that are due at the reporting dates. Notes receivable as of December 31, 2020 and 2019, also included $39 million related to aircraft sale transactions.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

11. Restricted cash

Our restricted cash balance was $246.5 million and $179.0 million as of December 31, 2020 and 2019, respectively, and was primarily related to our Export Credit Agency ("ECA") financings, Export-Import Bank of the United States ("Ex-Im") financings, our AerFunding revolving credit facility, Brazilian Development Bank ("BNDES") and other debt. See Note 13—*Debt*.

12. Equity

The following table presents our share repurchase programs for the years ended December 31, 2020 and 2019:

Program approval date	Program end date	Authorized amount	Program completion date
February 2019	September 30, 2019	$ 200,000	July 22, 2019
June 2019	December 31, 2019	200,000	December 5, 2019
November 2019	June 30, 2020	200,000	Expired
January 2020	June 30, 2020	250,000	Expired

During the year ended December 31, 2020, we repurchased an aggregate of 2,130,509 of our ordinary shares under our share repurchase programs at an average price, including commissions, of $55.06 per ordinary share.

During the year ended December 31, 2020, our Board of Directors cancelled 3,000,000 ordinary shares which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

Movements in non-controlling interest during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Balance at beginning of period	$ 67,308	$ 52,566
Result non-controlling interest	3,643	21,083
Dividends paid	(2,935)	(6,341)
Balance at end of period	**$ 68,016**	**$ 67,308**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

13. Debt

As of December 31, 2020, the principal amount of our outstanding indebtedness totaled $28.6 billion, which excluded fair value adjustments of $19.7 million and debt issuance costs, debt discounts and debt premium of $201.8 million, and our undrawn lines of credit and other available secured debt were $5.6 billion, availability of which is subject to certain conditions, including compliance with certain financial covenants. As of December 31, 2020, we remained in compliance with the financial covenants across our various debt agreements.

The following table provides a summary of our indebtedness as of December 31, 2020 and 2019:

	As of December 31,						
	2020						2019
Debt obligation	**Collateral (number of aircraft)**	**Commitment**	**Undrawn amounts**	**Amount outstanding**	**Weighted average interest rate (a)**	**Maturity**	**Amount outstanding**
Unsecured							
ILFC Legacy Notes		$ 1,198,888	$ —	$ 1,198,888	6.36 %	2021-2022	$ 2,900,000
AerCap Trust (c) & AICDC (d) Notes		12,797,126	—	12,797,126	4.27 %	2021-2028	12,500,000
Asia Revolving Credit Facility		950,000	950,000	—	—	2022	—
Citi Revolving Credit Facility		4,000,000	4,000,000	—	—	2024	—
Other unsecured debt		1,759,000	—	1,759,000	1.92 %	2021-2023	2,024,000
Fair value adjustment				21,716			99,093
TOTAL UNSECURED		**$20,705,014**	**$4,950,000**	**$15,776,730**			**$17,523,093**
Secured							
Export credit facilities	25	1,299,325	275,413	1,023,912	2.01 %	2023-2032	565,312
Institutional secured term loans & secured portfolio loans	183	7,052,633	63,000	6,989,633	2.64 %	2022-2032	7,303,496
AerFunding Revolving Credit Facility	53	2,075,000	119	2,074,881	2.90 %	2025	875,145
Other secured debt (b)	24	1,106,045	327,772	778,273	3.17 %	2021-2038	1,062,756
Fair value adjustment				(1,827)			(2,835)
TOTAL SECURED		**$11,533,003**	**$ 666,304**	**$10,864,872**			**$ 9,803,874**
Subordinated							
Subordinated notes		2,250,000	—	2,250,000	4.88 %	2045-2079	2,250,000
Subordinated debt issued by joint ventures		43,521	—	43,521	—	2021-2023	47,521
Fair value adjustment				(219)			(222)
TOTAL SUBORDINATED		**$ 2,293,521**	**$ —**	**$ 2,293,302**			**$ 2,297,299**
Debt issuance costs, debt discounts and debt premium				(201,791)			(147,076)
	285	**$34,531,538**	**$5,616,304**	**$28,733,113**			**$29,477,190**

(a) The weighted average interest rate for our floating rate debt is calculated based on the applicable U.S. dollar LIBOR rate as of the most recent interest payment date of the respective debt, and excludes the impact of related derivative financial instruments which we hold to hedge our exposure to floating interest rates, as well as any amortization of debt issuance costs, debt discounts and debt premium. The institutional secured term loans and secured portfolio loans also contain base rate interest alternatives.

(b) In addition to the 24 aircraft, 60 engines are pledged as collateral.

(c) AerCap Global Aviation Trust, a Delaware Statutory Trust ("AerCap Trust")

(d) AerCap Ireland Capital Designated Activity Company, a designated activity company with limited liability incorporated under the laws of Ireland ("AICDC")

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

13. Debt (Continued)

The movement in our debt for the year ended December 31, 2020 was as follows:

	Unsecured debt	Secured debt	Subordinated debt	Fair value adjustments	Debt issuance costs, debt discounts and debt premium	Total debt
Balance at beginning of period	**$17,424,000**	**$ 9,806,709**	**$ 2,297,521**	**$ 96,036**	**$ (147,076)**	**$29,477,190**
Issuance of debt	8,200,000	2,746,333	—	—	—	10,946,333
Repayment of debt	(9,868,986)	(1,687,029)	(4,000)	—	—	(11,560,015)
Debt issuance costs paid, net of debt premium received	—	—	—	—	(112,117)	(112,117)
Amortization, extinguishment and other	—	686	—	(76,366)	57,402	(18,278)
Balance at end of period	**$15,755,014**	**$10,866,699**	**$ 2,293,521**	**$ 19,670**	**$ (201,791)**	**$28,733,113**

As of December 31, 2020, all debt was issued or guaranteed by AerCap with the exception of the AerFunding Revolving Credit Facility, and the Glide Funding term loan facility.

Maturities of our debt financings (excluding fair value adjustments, debt issuance costs, debt discounts and debt premium) as of December 31, 2020 were as follows:

	Maturities of debt financing
2021	$ 2,373,410
2022	4,802,146
2023	5,143,315
2024	4,265,320
2025	5,857,331
Thereafter	6,473,712
	$ 28,915,234

During the years ended December 31, 2020 and 2019, we amortized as interest expense debt issuance costs, debt discounts and debt premium of $57.2 million and $69.5 million, respectively.

ILFC Legacy Notes

The following table provides a summary of the outstanding senior unsecured notes issued by ILFC prior to the ILFC Transaction (the "ILFC Legacy Notes") as of December 31, 2020:

	Maturities of ILFC Legacy Notes
2021	$ 164,614
2022	1,034,274
	$ 1,198,888

All of the ILFC Legacy Notes bear interest at fixed rates ranging from 4.625% to 8.625% and are not subject to redemption prior to their stated maturity, and there are no sinking fund requirements.

Upon consummation of the ILFC Transaction, AerCap Trust became the successor issuer under the ILFC Legacy Notes indentures. ILFC also agreed to continue to be co-obligor. In addition, AerCap Holdings N.V. and certain of its subsidiaries became guarantors of the ILFC Legacy Notes.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

13. Debt (Continued)

The indentures governing the ILFC Legacy Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to incur liens on assets and to consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets. The indentures also provide for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the ILFC Legacy Notes, the failure to comply with covenants and agreements specified in the indentures, the acceleration of certain other indebtedness resulting from non-payment of that indebtedness and certain events of insolvency. If any event of default occurs, any amount then outstanding under the indentures may immediately become due and payable.

In July 2020, AerCap Trust commenced offers to purchase for cash, for its own account as successor to ILFC, or for its own account and on behalf of AICDC, as applicable, any and all of certain series of outstanding ILFC Legacy Notes and AerCap Trust & AICDC Notes (the "July Tender Offer"). Pursuant to the July Tender Offer, AerCap Trust repurchased and retired (i) $742.1 million aggregate principal amount of 8.25% Senior Notes due 2020, (ii) $365.7 million aggregate principal amount of 8.625% Senior Notes due 2022 and (iii) $334.5 million aggregate principal amount of 4.625% Senior Notes due 2021 for aggregate total consideration of approximately $1.5 billion. In each case, such notes were originally issued by ILFC and assumed by AerCap Trust.

AerCap Trust & AICDC Notes

From time to time, AerCap Trust and AICDC have co-issued additional senior unsecured notes (the "AGAT/AICDC Notes").

The following table provides a summary of the outstanding AGAT/AICDC Notes as of December 31, 2020:

	Maturities of AGAT/ AICDC Notes
2021	$ 1,131,426
2022	1,365,700
2023	2,450,000
2024	2,550,000
2025	2,650,000
Thereafter	2,650,000
	$ 12,797,126

All of the AGAT/AICDC Notes bear interest at fixed rates ranging from 2.9% to 6.5%.

The AGAT/AICDC Notes are jointly and severally and fully and unconditionally guaranteed by AerCap Holdings N.V. and by AerCap Ireland Limited ("AerCap Ireland"), AerCap Aviation Solutions B.V., ILFC and AerCap U.S. Global Aviation LLC. Except as described below, the AGAT/AICDC Notes are not subject to redemption prior to their stated maturity and there are no sinking fund requirements. We may redeem each series of the AGAT/AICDC Notes in whole or in part, at any time, at a price equal to 100% of the aggregate principal amount plus the applicable "make-whole" premium plus accrued and unpaid interest, if any, to the redemption date.

The indentures governing the AGAT/AICDC Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to incur liens on assets and to consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets. The indentures also provide for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the AGAT/AICDC Notes, the failure to comply with covenants and agreements specified in the indentures, the acceleration of certain other indebtedness resulting from non-payment of that indebtedness and certain events of insolvency. If any event of default occurs, any amount then outstanding under the indentures may immediately become due and payable.

13. Debt (Continued)

In June 2020, AerCap Trust and AICDC completed the redemption of all $500.0 million outstanding aggregate principal amount of their 4.250% Senior Notes due 2020.

In June 2020, AerCap Trust and AICDC co-issued $1.25 billion aggregate principal amount of 6.5% Senior Notes due 2025 (the “June Notes Offering”). In July 2020, AerCap Trust and AICDC co-issued $1.25 billion aggregate principal amount of 4.5% Senior Notes due 2023 (the “July Notes Offering”). The proceeds from the June Notes Offering and the July Notes Offering were used for general corporate purposes.

In August 2020, AerCap Trust and AICDC completed the redemption of all $999.0 million outstanding aggregate principal amount of their 4.625% Senior Notes due 2020.

In September 2020, AerCap Trust commenced offers to purchase for cash, for its own account and on behalf of AICDC, certain series of AerCap Trust & AICDC Notes (the “October Tender Offer”). Pursuant to the October Tender Offer, AerCap Trust repurchased and retired (i) $556.0 million aggregate principal amount of 4.5% Senior Notes due 2021, (ii) $513.7 million aggregate principal amount of 5.0% Senior Notes due 2021 and (iii) $398.9 million aggregate principal amount of 4.45% Senior Notes due 2021 for an aggregate total consideration of approximately $1.5 billion.

In September 2020, AerCap Trust and AICDC co-issued $900.0 million aggregate principal amount of 3.15% Senior Notes due 2024 and $600.0 million aggregate principal amount of 4.625% Senior Notes due 2027 (the “September Notes Offering”). The proceeds from the September Notes Offering were used to fund the October Tender Offer.

In November 2020, AerCap Trust commenced offers to purchase for cash, for its own account and on behalf of AICDC, certain series of AerCap Trust & AICDC Notes (the “December Tender Offer”). Pursuant to the December Tender Offer, AerCap Trust repurchased and retired (i) $484.4 million aggregate principal amount of 3.95% Senior Notes due 2022 and (ii) $232.8 million aggregate principal amount of 3.5% Senior Notes due 2022 for an aggregate total consideration of approximately $749.3 million.

In January 2021, AerCap Trust and AICDC co-issued $1.0 billion aggregate principal amount of 1.75% Senior Notes due 2026 (“January Notes Offering”). The proceeds from the January Notes Offering will be used for general corporate purposes.

During the year ended December 31, 2020, we recognized loss on debt extinguishment of $118.5 million, included in Financial expense in our Consolidated Income Statements, primarily related to the premium paid on the repurchase of debt pursuant to the July, October and December Tender Offers.

13. Debt (Continued)

Revolving credit facilities

In March 2018, AerCap entered into a $950.0 million unsecured revolving and term loan agreement (the "Asia Revolver") with a maturity of March 2022.

In March 2014, AICDC entered into a senior unsecured revolving credit facility (the "Citi Revolver") which was subsequently upsized and amended. In October 2019, AICDC amended the Citi Revolver, increased the size to $4.0 billion (with an option for AerCap to increase the size by an additional $0.5 billion) and extended the maturity to February 2024.

The obligations under the Asia Revolver and the Citi Revolver are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. Availability of borrowings under the Asia Revolver and the Citi Revolver is subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portions of the commitment amounts.

Both the Asia Revolver and the Citi Revolver contain covenants customary for unsecured financings of this type, including financial covenants that require us to maintain compliance with a maximum ratio of consolidated indebtedness to shareholders' equity, a minimum fixed charge coverage ratio and a maximum ratio of unencumbered assets to certain financial indebtedness.

The facilities also contain covenants that, among other things, restrict, subject to certain exceptions, the ability of AerCap to sell assets, make certain restricted payments and incur certain liens.

Export credit facilities

The principal amounts under the export credit facilities amortize over ten- to 12-year terms. The export credit facilities require that SPEs controlled by the respective borrowers hold legal title to the financed aircraft. Obligations under the export credit facilities are secured by, among other things, a pledge of the shares of the SPEs.

The obligations under the export credit facilities are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries, as well as various export credit agencies.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

13. Debt (Continued)

Institutional secured term loans and secured portfolio loans

The following table provides details regarding the terms of our outstanding institutional secured term loans and secured portfolio loans:

	Collateral (Number of aircraft) (a)	Amount outstanding	Weighted average interest rate	Maturity
Institutional secured term loans				
Hyperion	58	$ 1,050,000	2.00 %	2023
Secured portfolio loans				
Celtago & Celtago II	25	984,076	2.78 %	2022 - 2025
Cesium	15	791,480	2.80 %	2025
Goldfish	13	671,060	1.65 %	2025
Scandium	10	627,555	3.16 %	2025
Rhodium	11	551,209	2.98 %	2026
Other secured facilities	51	2,314,253	2.88 %	2022 - 2032
	183	**$ 6,989,633**		

(a) These loans are secured by a combination of aircraft and the equity interests in the borrower and certain special purpose entity ("SPE") subsidiaries of the borrower that own the aircraft.

Institutional secured term loans

The Hyperion institutional term loan was originally entered into in 2014. The obligations of the borrowers of the loan are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

The Hyperion loan contains customary covenants and events of default for financings of this type, including covenants that limit the ability of the subsidiary borrowers and their subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors, the subsidiary borrowers and their subsidiaries to consolidate, merge or dispose of all or substantially all of their assets and enter into transactions with affiliates.

Secured portfolio loans

The obligations of each of the respective borrowers under each secured portfolio loan are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

These loans contain customary covenants and events of default for financings of this type, including covenants that limit the ability of the borrower and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors and the borrower and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets or enter into transactions with affiliates.

AerFunding Revolving Credit Facility

AerFunding 1 Limited ("AerFunding") is an SPE whose share capital is owned 95% by a charitable trust and 5% by AerCap Ireland. AerFunding is a consolidated subsidiary formed for the purpose of acquiring aircraft assets. In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility that in December 2020 was amended to extend its revolving period, to June 2022, following which there is a 32-month term out period. The final maturity date of the AerFunding Revolving Credit Facility is February 2025.

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.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

13. Debt (Continued)

Other secured debt

AerCap has entered into a number of financings, provided by a range of banks and non-bank financial institutions, to fund the purchase of aircraft and for general corporate purposes.

The majority of the financings are guaranteed by AerCap and are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft and, in certain cases, a mortgage on the applicable aircraft. All of our financings contain affirmative covenants customary for secured financings of this type.

Subordinated debt

The following table provides a summary of the outstanding subordinated debt as of December 31, 2020:

	As of December 31, 2020		
	Amount outstanding	Weighted average interest rate	Maturity
ECAPS Subordinated Notes (a)	$ 1,000,000	3.33 %	2065
2045 Subordinated Notes	500,000	6.50 %	2045
2079 Subordinated Notes	750,000	5.88 %	2079
	$ 2,250,000		

(a) Enhanced Capital Advantaged Preferred Securities ("ECAPS")

The liability capital comprises group equity and subordinated loans, which are accounted for under Liabilities. The liability capital as of December 31, 2020 and 2019 was $10.2 billion and $11.1 billion, respectively.

ECAPS Subordinated Notes

In December 2005, ILFC issued two tranches of subordinated notes in an aggregate principal amount of $1.0 billion. Both the $400.0 million and $600.0 million tranches have a floating interest rate, with margins of 1.80% and 1.55% respectively, plus the highest of three-month LIBOR, ten-year constant maturity U.S. Treasury, and 30-year constant maturity U.S. Treasury.

Upon consummation of the ILFC Transaction, the subordinated notes were assumed by AerCap Trust, and AerCap Holdings N.V. and certain of its subsidiaries became guarantors. ILFC remains a co-obligor under the indentures governing the subordinated notes. The addition of these subsidiary guarantors did not affect the subordinated ranking of these notes.

The ECAPS contain customary financial tests, including a minimum ratio of equity to total managed assets and a minimum fixed charge coverage ratio. Failure to comply with these financial tests will result in a "mandatory trigger event." If a mandatory trigger event occurs and we are unable to raise sufficient capital in a manner permitted by the terms of the subordinated debt to cover the next interest payment on the subordinated debt, a "mandatory deferral event" will occur, requiring us to defer all interest payments and prohibiting the payment of cash dividends on AerCap Trust's or ILFC's capital stock or its equivalent until both financial tests are met or we have raised sufficient capital to pay all accumulated and unpaid interest on the subordinated debt. Mandatory trigger events and mandatory deferral events are not events of default under the indenture governing the subordinated debt.

13. Debt (Continued)

2045 Junior Subordinated Notes

In June 2015, AerCap Trust issued $500.0 million of junior subordinated notes due 2045 (the "2045 Junior Subordinated Notes"). The 2045 Junior Subordinated Notes currently bear interest at a fixed interest rate of 6.5% and, beginning in June 2025, will bear interest at a rate of three-month LIBOR plus 4.3%.

The 2045 Junior Subordinated Notes are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. We may defer any interest payments on the 2045 Junior Subordinated Notes for up to five consecutive deferral periods. At the end of five years following the commencement of any deferral period, we must pay all accrued and unpaid deferred interest, including compounded interest.

We may at our option redeem the 2045 Junior Subordinated Notes before their maturity in whole or in part, at any time and from time to time, on or after June 15, 2025 at 100% of their principal amount plus any accrued and unpaid interest thereon.

The 2045 Junior Subordinated Notes are junior subordinated unsecured obligations, rank equally with all of the issuer's and the guarantors' future equally ranking junior subordinated indebtedness, if any, and are subordinate and junior in right of payment to all of the issuer's and the guarantors' existing and future unsubordinated indebtedness.

2079 Junior Subordinated Notes

In October 2019, AerCap Holdings N.V. issued $750.0 million of junior subordinated notes due 2079 (the "2079 Junior Subordinated Notes"). The 2079 Junior Subordinated Notes currently bear interest at a fixed interest rate of 5.875% and, from October 2024, will bear interest at a rate equal to the five-year U.S. Treasury Rate plus 4.535%, to be reset on each subsequent five-year anniversary.

We may forgo payment of interest on the 2079 Junior Subordinated Notes for any interest period. Upon a forgoing of interest, we will have no obligation to pay the forgone interest on the payment date or at any future date. The 2079 Junior Subordinated Notes are guaranteed by certain of AerCap Holdings N.V.'s subsidiaries.

We may at our option redeem the 2079 Junior Subordinated Notes before their maturity in whole or in part on October 10, 2024 (the "First Call Date") and on each subsequent five-year anniversary of the First Call Date, at 100% of their principal amount plus any accrued and unpaid interest thereon for the then-current six-month interest period.

The 2079 Junior Subordinated Notes are junior subordinated unsecured obligations, rank equally with all of the issuer's and the guarantors' future equally ranking junior subordinated obligations, if any, and are subordinate and junior in right of payment to all of the issuer's and the guarantors' present and future creditors (i) who are unsubordinated creditors, (ii) who are subordinated only to the claims of unsubordinated creditors, or (iii) who are subordinated creditors except those whose claims rank equally with or junior to the 2079 Junior Subordinated Notes. As of December 31, 2020, the 2079 Junior Subordinated Notes rank senior only to the issuer's and the guarantors' common and preferred stock.

Subordinated debt issued by joint ventures

In 2008 and 2010, AerCap and our joint venture partner each purchased subordinated loan notes issued by the joint ventures. The subordinated debt held by AerCap is eliminated in consolidation of the joint ventures.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

14. Accrued maintenance liability

Movements in accrued maintenance liability during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Accrued maintenance liability at beginning of period	$ 2,648,714	$ 2,751,311
Maintenance payments received	345,699	736,423
Maintenance payments returned	(412,492)	(352,032)
Release to income upon sale	(104,689)	(298,797)
Release to income other than upon sale	(414,747)	(282,478)
Lessor contribution, top ups and other	126,421	94,287
Accrued maintenance liability at end of period	**$ 2,188,906**	**$ 2,648,714**

15. Accounts payable, accrued expenses and other liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
Deferred revenue	$ 399,820	$ 389,958
Accrued interest	270,576	255,369
Accounts payable and accrued expenses	222,203	239,086
Derivative liabilities (Note 9)	167,303	97,066
	$ 1,059,902	**$ 981,479**

16. Lease revenue

Our current operating lease agreements expire up to and over the next 14 years. The contracted minimum future lease payments receivable from lessees for flight equipment on non-cancelable operating leases for our owned aircraft and engines as of December 31, 2020 were as follows:

	Contracted minimum future lease payments receivable
2021	$ 3,773,352
2022	3,551,721
2023	3,363,258
2024	3,070,849
2025	2,743,947
Thereafter	9,441,322
	$ 25,944,449

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

17. Geographic information

The following table presents the percentage of lease revenue attributable to individual countries representing at least 10% of our total lease revenue in any year presented, based on each lessee's principal place of business, for the years ended December 31, 2020 and 2019:

	Year Ended December 31,			
	2020		2019	
	Amount	%	Amount	%
China (a)	$ 835,317	19.0%	$ 874,145	18.4%
United States	503,978	11.5%	511,676	10.8%
Other countries (b)	3,052,248	69.5%	3,371,074	70.8%
	$ 4,391,543	**100.0%**	**$ 4,756,895**	**100.0%**

(a) Includes mainland China, Hong Kong and Macau.

(b) No individual country within this category including Ireland, where our headquarters is located, accounts for more than 10% of our lease revenue.

The following table presents the percentage of long-lived assets, including flight equipment held for operating leases, flight equipment held for sale, investment in finance leases, net and maintenance rights assets, attributable to individual countries representing at least 10% of our total long-lived assets in any year presented, based on each lessee's principal place of business, as of December 31, 2020 and 2019:

	As of December 31,			
	2020		2019	
	Amount	%	Amount	%
China (a)	$ 7,460,628	20.8%	$ 7,961,959	21.1%
United States	4,240,634	11.8%	4,380,550	11.6%
Other countries (b)	24,199,326	67.4%	25,467,367	67.3%
	$ 35,900,588	**100.0%**	**$ 37,809,876**	**100.0%**

(a) Includes mainland China, Hong Kong and Macau.

(b) No individual country within this category including Ireland, where our headquarters is located, accounts for more than 10% of our long-lived assets.

During the years ended December 31, 2020 and 2019, we had no lessees that represented more than 10% of total lease revenue.

18. Other income

Other income consisted of the following for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Management fees	$ 9,701	$ 12,445
Other	19,089	12,107
	$ 28,790	**$ 24,552**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

19. Personnel expenses

Personnel expenses consisted of the following for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Salary, bonus and other benefits	$ 89,929	$ 105,628
Share-based compensation	69,187	69,410
Social securities	7,041	10,144
Pensions	7,794	6,681
	$ 173,951	**$ 191,863**

Share-based compensation

Under our equity incentive plans, we grant restricted stock units and restricted stock, and previously granted stock options, to directors, officers and employees to attract and retain them on competitive terms, and to incentivize superior performance with a view to creating long-term value for the benefit of the Company, its shareholders and other stakeholders.

AerCap equity grants

In March 2012, we implemented an equity incentive plan (the "Equity Incentive Plan 2012") which provides for the grant of equity awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. The maximum number of equity awards available under the plan is equivalent to 8,064,081 ordinary shares. The Equity Incentive Plan 2012 is not open for equity awards to our directors.

On May 14, 2014, we implemented an equity incentive plan (the "Equity Incentive Plan 2014") which provides for the grant of equity awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. The maximum number of equity awards available under the plan is equivalent to 4,500,000 ordinary shares. The Equity Incentive Plan 2014 is open for equity awards to our directors.

The Equity Incentive Plan 2014 and Equity Incentive Plan 2012 are collectively referred to herein as "AerCap Equity Plans."

The terms and conditions, including the vesting conditions, of the equity awards granted under AerCap Equity Plans are determined by the Nomination and Compensation Committee and, for our directors, by the Board of Directors in line with the remuneration policies approved by the General Meeting of Shareholders. The vesting periods of the majority of equity awards range between three years and five years. Our long-term equity awards are subject to long-term performance vesting criteria, based on the Company's U.S. GAAP EPS budget over the specified periods, in order to promote and encourage superior performance over a prolonged period of time. Some of our officers and employees receive annual equity awards as part of their compensation package. All outstanding awards of restricted stock units are convertible into ordinary shares of the Company at a ratio of one-to-one, prior to deduction for payroll withholding taxes, if applicable. Ordinary shares subject to outstanding equity awards, which are not issued or delivered by reason of, amongst others, the cancellation or forfeiture of such awards or the withholding of such ordinary shares to settle tax obligations, shall again be available under the AerCap Equity Plans.

19. Personnel expenses (Continued)

The following table presents movements in the outstanding restricted stock units and restricted stock under the AerCap Equity Plans during the year ended December 31, 2020:

	Year Ended December 31, 2020			
	Number of time-based restricted stock units and restricted stock	Number of performance-based restricted stock units and restricted stock	Weighted average grant date fair value of time-based grants ($)	Weighted average grant date fair value of performance-based grants ($)
Number at beginning of period	**1,504,194**	**2,486,136**	**$ 51.78**	**$ 51.53**
Granted (a)	1,178,749	355,033	34.26	34.38
Vested (b)	(558,152)	(576,255)	45.06	50.54
Forfeited	(16,388)	(10,702)	46.74	37.88
Number at end of period	**2,108,403**	**2,254,212**	**$ 43.81**	**$ 49.11**

(a) Includes 990,802 shares of restricted stock granted under the AerCap Equity Plans, of which 669,362 shares of restricted stock were issued, with the remaining 321,440 ordinary shares being withheld and applied to pay the taxes involved. As part of the 321,440 ordinary shares withheld to pay for taxes, 155,015 ordinary shares were treated as granted and subsequently vested on the grant date under specific Irish tax legislation. As a result, we recognized an expense of $5.2 million on the grant dates associated with these ordinary shares.

(b) 323,963 restricted stock units, which were previously granted under the AerCap Equity Plans, vested. In connection with the vesting of the restricted stock units, the Company issued, in full satisfaction of its obligations, 214,722 ordinary shares to the holders of these restricted stock units, with the remainder being withheld and applied to pay the taxes in respect of those awards. Restrictions on 655,429 shares of restricted stock (471,334 shares of restricted stock net of withholding for taxes) lapsed during the period. In addition, 155,015 ordinary shares were treated as granted and subsequently vested on the grant dates, as described in (a) above.

The amount of share-based compensation expense is determined by reference to the fair value of the restricted stock units or restricted stock on the grant date, based on the trading price of the Company's shares on the grant date and reflective of the probability of vesting. All outstanding options have been fully expensed.

The following table presents our expected share-based compensation expense based on existing grants, assuming that the established performance criteria are met and that no forfeitures occur:

	Expected share-based compensation expense
	(U.S. Dollars in millions)
2021	$ 50.5
2022	30.6
2023	10.5
2024	3.2
2025	0.6

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

19. Personnel expenses (Continued)

Employees

The following table presents the number of employees relating to our aircraft leasing business at each of our principal geographic locations as of December 31, 2020 and 2019:

Location	As of December 31, 2020	As of December 31, 2019
Dublin	200	206
Shannon	79	79
Los Angeles	41	48
Singapore	44	44
Other (a)	13	13
Total (b)	**377**	**390**

(a) Includes employees located in the Netherlands, China, France, the United Kingdom, the United Arab Emirates and the United States other than Los Angeles.

(b) Includes one part-time employee as of December 31, 2020 and 2019.

20. Asset impairment

Asset impairment consisted of the following for the years ended December 31, 2020 and 2019:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Flight equipment held for operating leases (Note 5)	$ 1,599,714	$ 139,595
Goodwill (Note 4)	55,733	—
Maintenance rights and other	36,847	—
	$ 1,692,294	**$ 139,595**

Our long-lived assets include flight equipment and intangible fixed assets. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable from its discounted cash flows.

The following assumptions drive the discounted cash flows for flight equipment: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information, the discount rate (2020: 6.2%, 2019: 5.8%) 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. Deterioration of the global economic environment and a decrease of aircraft values might have a negative effect on the discounted cash flows of older aircraft and might cause event-driven 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.

During the year ended year ended December 31, 2020 and 2019, we recognized impairment charges of $1,692.3 million and $139.6 million, respectively.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

20. Asset impairment (Continued)

The Covid-19 pandemic and responsive government actions have had a significant impact on both domestic and international travel. While both domestic and international air travel have increased since the low points experienced earlier this year, in general domestic travel has been faster to recover, and the timeframe for the recovery of domestic travel is generally expected to be more rapid than for international travel. During the year ended December 31, 2020, the Covid-19 pandemic led governments in many countries to impose new restrictions on international travel or to delay the relaxation of existing restrictions. As a result, the expected recovery time for international air traffic has become longer. In addition, we have observed an increased number of airlines shifting away from current technology widebody aircraft in favor of new technology widebody aircraft such as the Boeing 787 and Airbus A350. We expect these factors to impact the future lease rates and long-term values of our Boeing 777 and Airbus A330 aircraft.

During the year ended December 31, 2020, we recognized impairment charges related to the impairment of our flight equipment held for operating lease, primarily Airbus A330 and Boeing 777 aircraft. In addition, we recognized impairment charges related to sales transactions and lease terminations, which were fully or partially offset by maintenance revenue recognized when we retained maintenance related balances or received EOL compensation. We also assessed goodwill for impairment and recognized impairment charges related to goodwill.

During the year ended year ended December 31, 2019 we recognized impairment charges related to sales transactions and lease terminations, which were fully or partially offset by maintenance revenue recognized when we retained maintenance-related balances or received EOL compensation.

21. Other expenses

Other expenses consisted of the following for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Travel expenses	$ 7,809	$ 17,604
Professional services	24,480	24,287
Office expenses	12,974	14,095
Other expenses	20,601	20,003
	$ 65,864	**$ 75,989**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

22. Income taxes

Our subsidiaries are subject to taxation in a number of tax jurisdictions, principally Ireland, the United States, and the Netherlands. As of February 1, 2016, AerCap Holdings N.V. became a tax resident in Ireland and as a result is subject to corporate income tax in Ireland.

The following table presents our income taxes by tax jurisdiction for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	**2019**
Deferred tax expense (benefit)		
Ireland	$ (104,204)	$ 162,500
United States	18,265	(7,098)
The Netherlands	(11,174)	7,403
Other	1,532	5,701
	(95,581)	**168,506**
Current tax expense (benefit)		
Ireland	—	—
United States	3,016	789
The Netherlands	(314)	261
Other	949	4,166
	3,651	**5,216**
Income taxes	**$ (91,930)**	**$ 173,722**

The following table provides a reconciliation of the statutory income tax expense to income taxes for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	**2019**
Income tax (benefit) expense at statutory income tax rate of 12.5%	$ (112,575)	$ 166,936
Other than temporary differences	25,517 (a)	5,657 (b)
Foreign rate differential	(4,872)	1,129
	20,645	**6,786**
Income taxes	**$ (91,930)**	**$ 173,722**

(a) The 2020 other than temporary differences included non-deductible goodwill impairment, non-deductible interest, non-deductible share-based compensation in Ireland, and a valuation allowance change in respect of U.S., Dutch and Irish tax losses.

(b) The 2019 other than temporary differences included non-deductible interest, non-deductible share-based compensation in Ireland and in the Netherlands, and unrecognized deferred tax assets change in respect of U.S., Dutch and Irish tax losses.

The effective tax rate was 10.2% for the year ended December 31, 2020 as compared to 13.0% for the year ended December 31, 2019. The effective tax rate is impacted by the source and amount of earnings among our various tax jurisdictions as well as other than temporary differences relative to pre-tax income or loss.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

22. Income taxes (Continued)

The following tables provide details regarding the principal components of our deferred income tax liabilities and assets by jurisdiction as of December 31, 2020 and 2019:

	As of December 31, 2020				
	Ireland	United States	The Netherlands	Other	Total
Depreciation/impairment	$ (2,043,288)	$ (14,014)	$ 12,510	$ (1,440)	$ (2,046,232)
Intangibles	(3,560)	(3,986)	—	—	(7,546)
Accrued maintenance liability	52,829	410	—	—	53,239
Obligations under capital leases and debt obligations	(3,343)	—	—	—	(3,343)
Participations	—	(7,836)	—	—	(7,836)
Deferred losses on sale of assets	—	20,534	—	—	20,534
Losses and credits forward	1,403,034	16,892	8,081	(722)	1,427,285
Other	(52,737)	1,002	356	(1,314)	(52,693)
Net deferred income tax (liabilities) assets	**$ (647,065)**	**$ 13,002**	**$ 20,947**	**$ (3,476)**	**$ (616,592)**

	As of December 31, 2019				
	Ireland	United States	The Netherlands	Other	Total
Depreciation/impairment	$ (1,886,796)	$ (606)	$ 6,393	$ (1,253)	$ (1,882,262)
Intangibles	(4,791)	(5,222)	—	—	(10,013)
Accrued maintenance liability	53,864	1,666	—	—	55,530
Obligations under capital leases and debt obligations	(3,806)	—	—	—	(3,806)
Participations	—	(7,996)	—	—	(7,996)
Deferred losses on sale of assets	—	24,178	—	—	24,178
Losses and credits forward	1,140,780	19,379	4,543	5,128	1,169,830
Other	(58,642)	(99)	(1,773)	(5,818)	(66,332)
Net deferred income tax (liabilities) assets	**$ (759,391)**	**$ 31,300**	**$ 9,163**	**$ (1,943)**	**$ (720,871)**

The net deferred income tax liabilities as of December 31, 2020 of $616.6 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of $161.9 million and as deferred income tax liabilities of $778.5 million.

The net deferred income tax liabilities as of December 31, 2019 of $720.9 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of $132.1 million and as deferred income tax liabilities of $853.0 million.

As of December 31, 2020 and 2019, we had $30.7 million and $30.1 million, respectively, of unrecognized tax benefits. Substantially all of the unrecognized tax benefits as of December 31, 2020, if recognized, would affect our effective tax rate. Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next 12 months, based on the information currently available, we do not expect any change to be material to our consolidated financial condition.

Our primary tax jurisdictions are Ireland, the United States and the Netherlands. Our tax returns are open for examination in Ireland from 2016 forward, in the United States from 2014 forward and in the Netherlands from 2015 forward.

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

22. Income taxes (Continued)

Ireland

Since 2006, the enacted Irish corporate income tax rate has been 12.5%. Some of our Irish tax-resident operating subsidiaries have significant loss carry forwards as of December 31, 2020 which give rise to deferred income tax assets. The availability of these loss carry forwards 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. Based on projected taxable profits in our Irish subsidiaries, we expect to recover the majority of the value of our Irish tax assets and have not recognized a valuation allowance against such assets, with the exception of $7.5 million as of December 31, 2020.

United States

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. During 2020, we had one significant group of U.S. companies that file a consolidated return. The blended federal and state tax rate applicable to our combined U.S. group was 21.0% for the year ended December 31, 2020. Our U.S. federal net operating losses generated for tax years beginning before December 31, 2017, expire between 2026 and 2037. Any U.S. federal net operating losses generated in tax years beginning after December 31, 2017 will have an unlimited carry forward period.

The Netherlands

The majority of our Dutch subsidiaries form one fiscal unity and are included in one consolidated tax filing. Deferred income tax is calculated using the Dutch corporate income tax rate, which is 25.0%. In respect of the year ended December 31, 2020, tax losses in the Netherlands can generally be carried back one year and carried forward six years before expiry.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

23. Earnings per share

Basic EPS is calculated by dividing net income by the weighted average number of our ordinary shares outstanding, which excludes 2,552,346 and 2,354,318 shares of unvested restricted stock as of December 31, 2020 and 2019, respectively. In general, for the calculation of diluted EPS, the weighted average of our ordinary shares outstanding for basic EPS is adjusted by the effect of dilutive securities provided under our equity compensation plans. However, due to the reported loss for the year ended December 31, 2020, basic EPS is not adjusted by the effect of dilutive securities. The number of ordinary shares under our equity compensation plans which could dilute EPS in the future was 2,630,066 for the year ended December 31, 2020. The number of ordinary shares excluded from diluted shares outstanding was 163,067 for the year ended December 31, 2019 because the effect of including those shares in the calculation would have been anti-dilutive.

The computations of basic and diluted EPS for the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Net (loss) income for the computation of basic EPS	$ (809,849)	$ 1,134,535
Weighted average ordinary shares outstanding—basic	127,743,828	134,570,169
Basic EPS	**$ (6.34)**	**$ 8.43**

	Year Ended December 31,	
	2020	2019
Net (loss) income for the computation of diluted EPS	$ (809,849)	$ 1,134,535
Weighted average ordinary shares outstanding—diluted	127,743,828	135,898,139
Diluted EPS	**$ (6.34)**	**$ 8.35**

The computations of ordinary shares outstanding, excluding shares of unvested restricted stock, as of December 31, 2020 and 2019 were as follows:

	As of December 31,	
	2020	2019
	Number of ordinary shares	
Ordinary shares issued	138,847,345	141,847,345
Treasury shares	(8,448,807)	(10,263,856)
Ordinary shares outstanding	**130,398,538**	**131,583,489**
Shares of unvested restricted stock	(2,552,346)	(2,354,318)
Ordinary shares outstanding, excluding shares of unvested restricted stock	**127,846,192**	**129,229,171**

24. Special purpose entities

We use many forms of entities to achieve our leasing and financing business objectives and we have participated to varying degrees in the design and formation of these entities. Our involvement in SPEs varies and includes being a passive investor in the SPE with involvement from other parties, managing and structuring all of the SPE's activities, or being the sole shareholder of the SPE.

During the year ended December 31, 2020, we did not provide any financial support to any of our SPEs that we were not contractually obligated to provide.

Consolidated SPEs

As of December 31, 2020 and 2019, substantially all assets and liabilities presented in our Consolidated Balance Sheets were held in consolidated SPEs. Further details of debt held by our consolidated SPEs are disclosed in Note 13—*Debt*.

Wholly-owned ECA and Ex-Im financing vehicles

We have created certain wholly-owned subsidiaries for the purpose of purchasing aircraft and obtaining financing secured by such aircraft. The secured debt is guaranteed by the European ECAs and the Export-Import Bank of the United States. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes.

Other secured financings

We have created a number of wholly-owned subsidiaries for the purpose of obtaining secured financings. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes.

Wholly-owned leasing entities

We have created wholly-owned subsidiaries for the purpose of facilitating aircraft leases with airlines. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes, which serve as equity.

Limited recourse financing structures

We have established entities to obtain secured financings for the purchase of aircraft in which we have variable interests. These entities meet the definition of a PB because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. The loans of these entities are non-recourse to us except under limited circumstances.

AerCap Partners I Holding Limited ("AerCap Partners I"), AerCap Partners 767 Limited ("AerCap Partners 767") and AerFunding are entities where we have determined we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity. We provide lease management, insurance management and aircraft asset management services to AerCap Partners I, AerCap Partners 767 and AerFunding for a fee.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

24. Special purpose entities (Continued)

AerCap Partners I

AerCap Partners I and AerCap Partners 767 are 50%-50% joint ventures owned by us and Deucalion Aviation Funds.

As of December 31, 2020, AerCap Partners I had $54.4 million of subordinated debt outstanding, consisting of $27.2 million due to us and $27.2 million due to our joint venture partner.

As of December 31, 2020, AerCap Partners 767 had $32.6 million of subordinated debt outstanding, consisting of $16.3 million due to us and $16.3 million due to our joint venture partner.

AerFunding

We hold a 5% equity investment and 100% of the subordinated notes ("AerFunding Class E-1 Notes") in AerFunding.

As of December 31, 2020, AerFunding had $2,074.9 million outstanding under a secured revolving credit facility and $1,328.0 million of AerFunding Class E-1 Notes outstanding due to us.

Non-consolidated participations

The following table presents our maximum exposure to loss in participations as of December 31, 2020 and 2019:

	As of December 31,	
	2020	2019
Carrying value of debt and equity participations	$ 125,955	$ 123,279
Debt guarantees	—	68,901
Maximum exposure to loss	**$ 125,955**	**$ 192,180**

The maximum exposure to loss represents the amount that would be absorbed by us in the event that all of our assets held in the participations, for which we are not the Primary Beneficiary ("PB") had no value and outstanding debt guarantees were called upon in full.

As of December 31, 2019 we guaranteed debt of $68.9 million for AerLift Leasing Limited ("AerLift"). In November 2020, this debt obligation was repaid in full.

AerDragon Aviation Partners Limited and its subsidiaries ("AerDragon"), AerLift, Acsal Holdco, LLC ("ACSAL") and Peregrine are investments that are SPE's in which we have determined that we do not have control and are not the PB. We do have significant influence and, accordingly, we account for our investments in AerDragon, AerLift and ACSAL under the equity method of accounting. We account for our equity investment in Peregrine under the cost method of accounting.

Other non-consolidated entities

We have variable interests in other entities in which we have determined we are not the PB because we do not have the power to direct the activities that most significantly affect the entities' economic performance.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

25. Related party transactions

The following table presents amounts received from related parties for management fees and dividends for the years ended December 31, 2020 and 2019:

	Year Ended December 31,			
	2020		2019	
	Management fees	Dividends	Management fees	Dividends
AerDragon	$ 543	$ —	$ 675	$ 1,667
ACSAL	480	267	480	1,088
AerLift	590	—	1,360	393
	$ 1,613	**$ 267**	**$ 2,515**	**$ 3,148**

Norwegian Air Shuttle ASA

During the year ended December 31, 2020, we leased aircraft to, and had ordinary share and debt investments in NAS. As of December 31, 2020, we no longer have a seat on the NAS board and have reduced our shareholding significantly through sales; therefore, NAS is no longer considered a related party. During the year ended December 31, 2020, we sold three of our forward order aircraft to Arctic Aviation Assets DAC, which is a wholly owned subsidiary of NAS. No gain or loss was recognized on these sales.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

26. Commitments and contingencies

Aircraft on order

As of December 31, 2020, we had commitments to purchase 286 new aircraft for delivery through 2027. These commitments are based upon purchase agreements with Boeing, Airbus and Embraer. These agreements establish the pricing formulas (including adjustments for certain contractual escalation provisions) and various other terms with respect to the purchase of aircraft. Under certain circumstances, we have the right to alter the mix of aircraft types ultimately acquired. As of December 31, 2020, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately $1.8 billion.

Following the fatal accidents of two Boeing 737 MAX aircraft, the worldwide fleet of these aircraft was grounded by aviation authorities in March 2019 and production was temporarily suspended by Boeing in January 2020, resulting in ongoing delays in the delivery of our aircraft on order from Boeing. During the year ended December 31, 2020 we cancelled our orders for 24 Boeing 737 MAX aircraft. In November 2020, the U.S. Federal Aviation Administration ("FAA") rescinded the order that halted commercial operations of Boeing 737 MAX aircraft, thus allowing airlines that are under the FAA's jurisdiction to take the steps necessary to resume service and Boeing to begin making deliveries. In January 2021, the European Union Aviation Safety Agency ("EASA") also approved the return to service. As of December 31, 2020, we had five Boeing 737 MAX aircraft delivered and on lease. It is uncertain when and under what conditions our Boeing 737 MAX aircraft will return to service and when Boeing will resume making deliveries of our Boeing 737 MAX aircraft on order. As a result, we may incur future delays on our scheduled Boeing 737 MAX deliveries, and any such future delays could have an impact on our financial results.

A portion of the aggregate purchase price for the acquisition of aircraft will be funded by incurring additional debt. The amount of the indebtedness to be incurred will depend on the final purchase price of the aircraft, which can vary due to a number of factors, including inflation.

The amount of interest capitalized is the actual interest costs incurred on the debt specific to the prepayments, if any, or the amount of interest costs which could have been avoided in the absence of such prepayments. Our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps was 4.1% during the year ended December 31, 2020.

Prepayments on flight equipment include prepayments of our forward order flight equipment and other balances held by the aircraft manufacturers. Movements in prepayments on flight equipment during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Prepayments on flight equipment at beginning of period	$ 2,954,478	$ 3,024,520
Prepayments made during the period, net	270,032	1,329,110
Interest paid and capitalized during the period	49,144	97,327
Prepayments and capitalized interest applied to the purchase of flight equipment	(1,161,995)	(1,496,479)
Prepayments on flight equipment at end of period	**$ 2,111,659**	**$ 2,954,478**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

26. Commitments and contingencies (Continued)

The following table presents our contractual commitments for the purchase of flight equipment as of December 31, 2020:

	2021	2022	2023	2024	2025	Thereafter	Total
Purchase obligations (a) (b)	$1,511,360	$2,519,296	$3,099,701	$2,962,120	$2,525,185	$1,508,043	$14,125,705

(a) As of December 31, 2020, we had commitments to purchase 284 aircraft and two purchase and leaseback transactions. The timing of our purchase obligations is based on current estimates. Due to the current Covid-19 pandemic, we expect that the delivery of many of our aircraft on order will be delayed to future periods. We have incorporated expected delivery delays into the table above. In addition, we have the right to reschedule the delivery dates of certain of our aircraft to future dates.

(b) The delivery positions of our Boeing 737 MAX aircraft are based on our best estimates and incorporate the information currently available to us. Our estimates may be different from the actual delivery dates, and will depend on the speed at which Boeing is able to deliver our aircraft on order to us.

Leases

We lease office space in several locations globally under operating lease arrangements, and in limited instances may enter into finance leases for flight equipment.

As of December 31, 2020, maturities of operating lease agreements were as follows:

	Operating leases
2021	$ 9,709
2022	9,055
2023	9,125
2024	6,792
2025	5,715
Thereafter	24,320
Total lease payments	**$ 64,716**

26. Commitments and contingencies (Continued)

Legal proceedings

General

In the ordinary course of our business, we are a party to various legal actions, which we believe are incidental to the operations of our business. The Company regularly reviews the possible outcome of such legal actions, and accrues for such legal actions at the time a loss is probable and the amount of the loss can be estimated. In addition, the Company also reviews indemnities and insurance coverage, where applicable. Based on information currently available, we believe the potential outcome of those cases where we are able to estimate reasonably possible losses, and our estimate of the reasonably possible losses exceeding amounts already recognized, on an aggregated basis, is immaterial to our Consolidated Financial Statements.

VASP litigation

We are party to a group of related cases arising from the leasing of 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 and obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines. VASP appealed and in 1996, the Appellate Court of the State of São Paulo ("TJSP") ruled that the aircraft and engines should be returned or that VASP could recover proven damages arising from the repossession.

We have defended this case in the Brazilian courts through various motions and appeals. In 2004, the Superior Court of Justice (the "STJ") dismissed our then-pending appeal. In 2005, we filed an extraordinary appeal with the Federal Supreme Court (the "STF"). On June 24, 2020, the STF reversed its earlier contrary rulings and granted our extraordinary appeal, ordering a new panel of the STJ to review the merits of our challenge against TJSP's original order. VASP has appealed the STF's latest order.

In 2006, VASP commenced a related proceeding to calculate the amount of alleged damages owed under the TJSP's 1996 judgment. In 2017, the court decided that VASP had suffered no damages even if the TJSP's 1996 judgment regarding liability were affirmed. On April 20, 2018, VASP appealed this decision. We believe, however, and we have been advised, that it is not probable that VASP will ultimately be able to recover damages from us even if VASP prevails on the issue of liability. The outcome of the legal process is, however, uncertain. The ultimate amount of damages, if any, payable to VASP cannot reasonably be estimated at this time. We continue to actively pursue all courses of action that may reasonably be available to us and intend to defend our position vigorously.

In 2006, we brought actions against VASP in English and Irish courts seeking damages arising from the 1992 lease defaults. These actions resulted in judgments by the English court in the aggregate amount of approximately $40 million plus interest and judgments by the Irish court in the aggregate amount of approximately $36.9 million, all in our favor. VASP had meanwhile in 2008 been adjudicated as insolvent by a Brazilian bankruptcy court, which commenced bankruptcy proceedings. We have caused the English and Irish judgment to be domesticated in Brazil and submitted them as claims in the bankruptcy proceeding. The bankruptcy court has allowed the claims in the amount of $40 million in respect of the English judgments and $24 million in respect of the Irish judgments. We have been advised that it is not probable that VASP's bankruptcy estate will have funds to pay its creditors but our court-approved claims may be used to offset any damages that VASP might be awarded in the Brazilian courts if for any reason we are not successful in defending ourselves against VASP's claim for damages.

26. Commitments and contingencies (Continued)

Transbrasil litigation

We are party to a group of related actions arising from the leasing of 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 two AerCap-related companies (the "AerCap Lessors"), 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"). General Electric Capital Aviation Services Limited ("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 the AerCap Lessors and the GE Lessors, individually, brought enforcement actions against Transbrasil in 2001 (GECC also filed an action for the involuntary bankruptcy of Transbrasil).

Transbrasil brought a lawsuit against the Lessors in February 2001 (the "Transbrasil Lawsuit"), claiming that the Notes had in fact been paid at the time the Lessors brought the enforcement actions. In 2007, the trial judge ruled in favor of Transbrasil and the Lessors 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) as well as 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. In October 2013, the STJ granted the special appeals filed by the GE Lessors, effectively reversing the 2010 Judgment in most respects as to all of the Lessors. Transbrasil appealed this order, but the appellate panel in November 2016 rejected Transbrasil's appeal, preserving the 2013 reversal of the 2010 Judgment. All appeals in respect of the Transbrasil Lawsuit based on the merits of the dispute have now concluded.

However, in July 2011, while the various appeals of the 2010 Judgment were pending, 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. Transbrasil also initiated proceedings to determine the amount of its alleged Indemnity Claim.

In light of the STJ's ruling in October 2013, the trial court has ordered the dismissal of two of Transbrasil's Provisional Enforcement Actions—those seeking statutory penalties and attorneys' fees. The TJSP has since affirmed the dismissals of those actions and Transbrasil has appealed that order. Transbrasil's Provisional Enforcement Action with respect to the Indemnity Claim remains pending. We believe we have strong arguments to convince the court that Transbrasil suffered no material damage as a result of the defendants' attempts to collect on the Notes.

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 their defense of Transbrasil's 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.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

27. Fair values of financial instruments

The fair value of a financial instrument is 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.

The fair value of restricted cash and cash and cash equivalents approximates their carrying value because of their short-term nature. The fair value of notes receivable approximates its carrying value. The fair value of our long-term unsecured debt is estimated using quoted market prices for similar or identical instruments, depending on the frequency and volume of activity in the market. The fair value of our long-term secured debt is estimated using a discounted cash flow analysis based on current market interest rates and spreads for debt with similar characteristics. Derivatives are recognized in our Consolidated Balance Sheets at their fair value. The fair value of derivatives is based on dealer quotes for identical instruments. We have also considered the credit rating and risk of the counterparties of the derivative contracts based on quantitative and qualitative factors. The fair value of guarantees is determined by reference to the fair market value or future lease cash flows of the underlying aircraft and the guaranteed amount.

The carrying amounts and fair values of our most significant financial instruments as of December 31, 2020 and 2019 were as follows:

	December 31, 2020		
	Carrying value		Fair value
Assets			
Cash and cash equivalents	$ 1,248,772		$ 1,248,772
Restricted cash	246,518		246,518
Investment, at fair value	12,110		12,110
Derivative assets	3,303		3,303
	$ 1,510,703		**$ 1,510,703**
Liabilities			
Debt	$ 28,934,904	(a)	$ 29,798,305
Derivative liabilities	167,303		167,303
	$ 29,102,207		**$ 29,965,608**

(a) Excludes debt issuance costs, debt discounts and debt premium.

	December 31, 2019		
	Carrying value		Fair value
Assets			
Cash and cash equivalents	$ 1,121,396		$ 1,121,396
Restricted cash	178,951		178,951
Derivative assets	11,664		11,664
	$ 1,312,011		**$ 1,312,011**
Liabilities			
Debt	$ 29,624,266	(a)	$ 30,219,588
Derivative liabilities	97,066		97,066
	$ 29,721,332		**$ 30,316,654**

(a) Excludes debt issuance costs, debt discounts and debt premium.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

28. Directors' remuneration

Our remuneration policy for non-executive and executive directors can be found in our Remuneration Policy, which is available on our website, and in the Remuneration Report included in this Annual Report.

The table below indicates the total remuneration paid to our current and former non-executive directors during the years ended December 31, 2020 and 2019, and the share-based compensation expense recognized in those years related to AerCap equity instruments that were granted to the non-executive directors on December 31, 2020 and December 31 in prior years:

	Year Ended December 31,			
	2020		2019	
	Remuneration paid	Share-based compensation expense (d)	Remuneration paid	Share-based compensation expense (d)
Paul Dacier	$ 346	$ 192	$ 202	$ 112
Pieter Korteweg (a)	122	350	289	217
Julian (Brad) Branch	206	140	190	57
Stacey Cartwright (b)	160	49	99	—
Rita Forst (b)	157	49	99	—
Richard (Michael) Gradon	213	220	172	129
James (Jim) Lawrence	211	303	187	145
Michael Walsh	222	250	210	113
Robert (Bob) Warden	227	150	181	86
Salem Al Noaimi (c)	—	—	124	85
Homaid Al Shimmari (c)	—	—	104	—
	$ 1,864	**$ 1,703**	**$ 1,857**	**$ 944**

(a) Resigned from the Board on April 22, 2020.

(b) Appointed to the Board on April 24, 2019.

(c) Resigned from the Board on December 5, 2019.

(d) Annual equity awards are granted to our non-executive directors each year and related expenses are recognized in subsequent years over the vesting period.

Under our equity incentive plans, we have granted restricted stock units, restricted stock and, previously stock options, to directors, officers and employees to attract and retain them on competitive terms, and to incentivize superior performance with a view to creating long-term value for the benefit of the Company, its shareholders and other stakeholders. Our non-executive directors receive an annual equity award as provided for in AerCap's remuneration policy for members of the Board of Directors and in accordance with the terms of the Equity Incentive Plan 2014.

We paid Mr. Kelly, our only executive director and Chief Executive Officer, a total remuneration of approximately $2.4 million, consisting of an annual base salary of approximately $1.0 million, an annual bonus of approximately $1.0 million, and approximately $0.4 million as contributions to his defined benefit pension plan and other employment benefits, during the year ended December 31, 2020. In addition, during the year ended December 31, 2020, we recognized $22.4 million of expenses related to AerCap equity instruments that were granted to him in 2020 and prior years.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

28. Directors' remuneration (Continued)

The following table presents beneficial ownership of our shares which are held by our directors as of December 31, 2020:

	Ordinary shares (unrestricted)	Restricted stock (a)	Restricted stock units (a) (b)	Ordinary shares underlying options (c)	Fully diluted ownership percentage (d)
Paul Dacier (Chairman)	9,429	—	20,000	3,954	*
Aengus Kelly (e)	1,757,233	1,547,356	—	—	2.5 %
Julian (Brad) Branch	4,000	—	27,029	—	*
Stacey Cartwright	—	—	21,804	—	*
Rita Forst	425	—	21,804	—	*
Richard (Michael) Gradon	7,323	—	20,000	—	*
James (Jim) Lawrence	201,764	—	31,604	—	*
Michael Walsh	1,581	—	29,282	—	*
Robert (Bob) Warden	13,742	—	20,000	—	*
	1,995,497	**1,547,356**	**191,523**	**3,954**	

* Less than 1.0%.

(a) All restricted stock and restricted stock units are subject to time-based or performance-based vesting conditions. Of these restricted stock and restricted stock units, subject to the vesting conditions, 5,647 will vest on January 1, 2021, 18,345 will vest on March 12, 2021, 15,239 will vest on April 30, 2021 (or the date of the AGM in 2021, whichever is the earlier), 140,400 will vest on May 31, 2021, 4,311 will vest on January 1, 2022, 23,035 will vest on March 11, 2022, 2,718 will vest on April 30, 2022 (or, the date of the AGM in 2022, whichever is the earlier), 842,105 will vest on May 1, 2022 (or the date of the AGM in 2023, whichever is the earlier), 20,000 will vest on June 30, 2022, 183,084 will vest on September 13, 2022, 3,608 will vest on January 1, 2023, 14,419 will vest on March 9, 2023, 654,632 will vest on May 1, 2023 (or the date of the AGM in 2023, whichever is the earlier), 160,000 will vest on December 17, 2023 and 313,953 will vest on March 31, 2025.

(b) Payroll tax will be withheld and deducted from the ordinary shares to be delivered at the vesting of restricted stock units, as applicable.

(c) 2,151 of these options expire on December 31, 2021 and carry a strike price of $11.29 per option. The remaining 1,803 options expire on December 31, 2022 and carry a strike price of $13.72 per option.

(d) Percentage amount assumes the vesting and exercise of all time-based and performance-based equity awards at target in this table, and no vesting or exercise of any other equity awards.

(e) Mr. Kelly is our Chief Executive Officer and the Executive Director of the Board.

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2020:

	2020 Granted	2020 Vested
Aengus Kelly	233,580 (a)	—

(a) Grant of 333,748 shares of restricted stock, of which 100,168 were withheld to pay taxes incurred by Mr. Kelly in connection with the grant.

All of our ordinary shares have the same voting rights.

The address for all of our directors and officers is c/o AerCap Holdings N.V., AerCap House, 65 St. Stephen's Green, Dublin, D02 YX20, Ireland.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings

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

Consolidated	
ILFC Aruba A.V.V.	Aruba
ILFC Australia Holdings Pty. Ltd.	Australia
ILFC Australia Pty. Ltd.	Australia
Wombat 3495 Leasing Pty Ltd	Australia
Wombat 3547 Leasing Pty Ltd	Australia
Wombat 3668 Leasing Pty Ltd	Australia
Wombat V Leasing Pty Ltd	Australia
AerCap International Bermuda Limited	Bermuda
AerCap Leasing 3034 (Bermuda) Limited	Bermuda
AerCap Leasing MSN 2413 (Bermuda) Limited	Bermuda
AerFunding 1 Limited	Bermuda
AerFunding Bermuda Leasing Limited	Bermuda
Aircraft Lease Securitisation II Limited	Bermuda
Aquarius Aircraft Leasing Limited	Bermuda
Ararat Aircraft Leasing Limited	Bermuda
Belmar Bermuda Leasing Limited	Bermuda
CloudFunding III Limited	Bermuda
Copperstream Aircraft Leasing Limited	Bermuda
Flotlease 973 (Bermuda) Limited	Bermuda
Flying Fortress Bermuda Leasing Ltd.	Bermuda
Goldstream Aircraft Leasing Limited	Bermuda
ILFC (Bermuda) 5, Ltd.	Bermuda
ILFC (Bermuda) III, Ltd.	Bermuda
Lare Leasing Limited	Bermuda
LC (BERMUDA) NO 2 L.P.	Bermuda
LC (BERMUDA) NO. 2 LTD	Bermuda
Poseidon Leasing (Bermuda) Limited	Bermuda
Roselawn Leasing Limited	Bermuda
Ross Leasing Limited	Bermuda
Sierra Leasing Limited	Bermuda
Silverstream Aircraft Leasing Limited	Bermuda
Skylease Bermuda Limited	Bermuda
Wahaflot Leasing 3699 (Bermuda) Limited	Bermuda
Westpark 1 Aircraft Leasing Limited	Bermuda
Whitestream Aircraft Leasing Limited	Bermuda
Whitney Leasing Limited	Bermuda
AerCap Aircraft Purchase Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
ILFC Cayman Limited	Cayman Islands

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

Eaststar Limited	China
North Star Company Limited	China
Southstar Limited	China
Sunstar Limited	China
Calais Location S.A.R.L.	France
Grenoble Location S.A.R.L.	France
ILFC France S.A.R.L.	France
Nancy Location S.A.R.L.	France
Aerborne Funding III Limited	Ireland
Aerborne Funding II Limited	Ireland
AerBorne Funding Limited	Ireland
AerCap A330 Holdings Limited	Ireland
AerCap Administrative Services Limited	Ireland
AerCap Aircraft 73B-30661 Limited	Ireland
AerCap Aircraft 73B-32841 Limited	Ireland
AerCap Aircraft 77B-32717 Limited	Ireland
AerCap Cash Manager Limited	Ireland
AerCap Finance Limited	Ireland
AerCap Financial Services (Ireland) Limited	Ireland
AerCap Holding & Finance Limited	Ireland
AerCap Ireland Asset Investment 1 Limited	Ireland
AerCap Ireland Asset Investment 2 Limited	Ireland
AerCap Ireland Capital Designated Activity Company	Ireland
AerCap Ireland Funding 1 Limited	Ireland
AerCap Ireland Limited	Ireland
AerCap Irish Aircraft Leasing 2 Limited	Ireland
AerCap Leasing 3034 Limited	Ireland
AerCap Leasing 32A-2406 Limited	Ireland
AerCap Leasing 32A-2448 Limited	Ireland
AerCap Leasing 8 Limited	Ireland
AerCap Leasing 946 Limited	Ireland
AerCap Partners 767 Holdings Limited	Ireland
AerCap Partners 767 Limited	Ireland
AerCap Partners I Holding Limited	Ireland
AerCap Partners I Limited	Ireland
AerFi Group Limited	Ireland
AerVenture Export Leasing Limited	Ireland
AerVenture Limited	Ireland
Aircraft Portfolio Holding Company Limited	Ireland
Aircraft Portfolio Holding Company No. 2 Limited	Ireland
Andes Aircraft Leasing Limited	Ireland
Andromeda Aircraft Leasing Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

Annamite Aircraft Leasing Limited	Ireland
Antares Aircraft Leasing Limited	Ireland
Arctic Leasing No.3 Limited	Ireland
Arfaj Aircraft Leasing Limited	Ireland
Artemis (Delos) Limited	Ireland
Artemis Aircraft 32A-1925 Limited	Ireland
Artemis Aircraft 32A-3309 Limited	Ireland
Artemis Aircraft 32A-3385 (Ireland) Limited	Ireland
Artemis Aircraft 32A-3388 (Ireland) Limited	Ireland
Artemis Aircraft 73B-30671 Limited	Ireland
Artemis Aircraft 77B-32725 Limited	Ireland
Artemis Ireland Leasing Limited	Ireland
Ballyfinn Aviation Limited	Ireland
Ballymoon Aircraft Solutions Limited	Ireland
Ballysky Aircraft Ireland Limited	Ireland
Ballystar Aircraft Solutions Limited	Ireland
Bandeira Aircraft Leasing Limited	Ireland
BlowfishFunding Limited	Ireland
Burgundy Aircraft Leasing Limited	Ireland
Calliope Limited	Ireland
Camden Aircraft Leasing Limited	Ireland
Capella Aircraft Leasing Limited	Ireland
Cash Manager Limited	Ireland
Castletroy Leasing Limited	Ireland
CelestialFunding Limited	Ireland
Celtago Funding Limited	Ireland
Celtago II Funding Limited	Ireland
Celtago II Leasing Limited	Ireland
Cesium Funding Limited	Ireland
Charleville Aircraft Leasing Limited	Ireland
CieloFunding Holdings Limited	Ireland
CieloFunding II Limited	Ireland
CieloFunding Limited	Ireland
Clarity Leasing Limited	Ireland
CloudFunding II Limited	Ireland
CloudFunding Limited	Ireland
CuttlefishFunding Limited	Ireland
Danang Aircraft Leasing Limited	Ireland
Danang Aircraft Leasing No. 2 Limited	Ireland
DartfishFunding Designated Activity Company	Ireland
Delos Aircraft 76B-29387 Designated Activity Company	Ireland
Delos Aircraft Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

Delphinus Aircraft Leasing Limited	Ireland
Diadem Aircraft Limited	Ireland
Eden Aircraft Holding No. 2 Limited	Ireland
Electra Funding Ireland Limited	Ireland
Eris Aircraft Limited	Ireland
Excalibur Aircraft Leasing Limited	Ireland
Fansipan Aircraft Leasing Limited	Ireland
FirefishFunding Limited	Ireland
Flotlease MSN 3699 Limited	Ireland
Flotlease MSN 973 Limited	Ireland
FlyFunding Limited	Ireland
Flying Fortress Ireland Leasing Limited	Ireland
Fortress Aircraft 32A-2730 Limited	Ireland
Fortress Aircraft 33A-0366 Limited	Ireland
Fortress Aircraft 76B-29383 Designated Activity Company	Ireland
Fortress Aircraft 78B-38761 Limited	Ireland
Fortress Ireland Leasing Limited	Ireland
Geministream Aircraft Leasing Limited	Ireland
Gladius Funding Limited	Ireland
Glide Aircraft 35A-29 Ltd	Ireland
Glide Aircraft 73B-41815 Limited	Ireland
Glide Aircraft 78B-38765 Limited	Ireland
Glide Funding Limited	Ireland
Goldfish Funding Limited	Ireland
Gunung Leasing Limited	Ireland
Harmonic Aircraft Leasing Limited	Ireland
Hyperion Aircraft Financing Limited	Ireland
Hyperion Aircraft Limited	Ireland
ILFC Aircraft 32A-1808 Limited	Ireland
ILFC Aircraft 32A-1884 Limited	Ireland
ILFC Aircraft 32A-1901 Limited	Ireland
ILFC Aircraft 32A-1905 Limited	Ireland
ILFC Aircraft 32A-2064 Limited	Ireland
ILFC Aircraft 32A-2076 Limited	Ireland
ILFC Aircraft 32A-2279 Limited	Ireland
ILFC Aircraft 32A-2707 Limited	Ireland
ILFC Aircraft 32A-2726 Limited	Ireland
ILFC Aircraft 32A-2797 Limited	Ireland
ILFC Aircraft 32A-3065 Limited	Ireland
ILFC Aircraft 32A-3070 Limited	Ireland
ILFC Aircraft 32A-3114 Limited	Ireland
ILFC Aircraft 32A-3116 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

ILFC Aircraft 32A-3124 Limited	Ireland
ILFC Aircraft 32A-4619 Limited	Ireland
ILFC Aircraft 32A-591 Limited	Ireland
ILFC Aircraft 32A-666 Limited	Ireland
ILFC Aircraft 33A-1284 Limited	Ireland
ILFC Aircraft 33A-272 Limited	Ireland
ILFC Aircraft 33A-432 Limited	Ireland
ILFC Aircraft 33A-444 Limited	Ireland
ILFC Aircraft 33A-454 Limited	Ireland
ILFC Aircraft 33A-469 Limited	Ireland
ILFC Aircraft 33A-822 Limited	Ireland
ILFC Aircraft 33A-911 Limited	Ireland
ILFC Aircraft 73B-29344 Limited	Ireland
ILFC Aircraft 73B-29368 Limited	Ireland
ILFC Aircraft 73B-30658 Limited	Ireland
ILFC Aircraft 73B-30665 Limited	Ireland
ILFC Aircraft 73B-30667 Limited	Ireland
ILFC Aircraft 73B-30669 Limited	Ireland
ILFC Aircraft 73B-30672 Limited	Ireland
ILFC Aircraft 73B-30673 Limited	Ireland
ILFC Aircraft 73B-30694 Limited	Ireland
ILFC Aircraft 73B-30695 Limited	Ireland
ILFC Aircraft 73B-30696 Limited	Ireland
ILFC Aircraft 73B-30701 Limited	Ireland
ILFC Aircraft 73B-35275 Limited	Ireland
ILFC Aircraft 73B-38828 Limited	Ireland
ILFC Aircraft 73B-41784 Limited	Ireland
ILFC Aircraft 73B-41785 Limited	Ireland
ILFC Aircraft 73B-41789 Limited	Ireland
ILFC Aircraft 73B-41790 Limited	Ireland
ILFC Aircraft 73B-41791 Limited	Ireland
ILFC Aircraft 73B-41792 Limited	Ireland
ILFC Aircraft 73B-41793 Limited	Ireland
ILFC Aircraft 73B-41802 Limited	Ireland
ILFC Aircraft 73B-41803 Limited	Ireland
ILFC Aircraft 75B-26330 Limited	Ireland
ILFC Aircraft 75B-27208 Designated Activity Company	Ireland
ILFC Aircraft 75B-29381 Limited	Ireland
ILFC Aircraft 76B-27610 Limited	Ireland
ILFC Aircraft 76B-27616 Limited	Ireland
ILFC Aircraft 76B-27958 Limited	Ireland
ILFC Aircraft 76B-28111 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

ILFC Aircraft 76B-28207 Limited	Ireland
ILFC Aircraft 76B-29435 Limited	Ireland
ILFC Aircraft 77B-29908 Limited	Ireland
ILFC Ireland Leasing Limited	Ireland
ILFC Ireland Limited	Ireland
Iridium Funding Limited	Ireland
Jade Aircraft Leasing Limited	Ireland
Jasmine Aircraft Leasing Limited	Ireland
Jasper Aircraft Leasing Limited	Ireland
Leostream Aircraft Leasing Limited	Ireland
Librastream Aircraft Leasing Limited	Ireland
Liffey Aircraft Leasing Limited	Ireland
Limelight Funding Limited	Ireland
Lishui Aircraft Leasing Limited	Ireland
Lyra Aircraft Leasing Limited	Ireland
Mainstream Aircraft Leasing Limited	Ireland
Melodic Aircraft Leasing Limited	Ireland
Menelaus I Limited	Ireland
Menelaus II Designated Activity Company	Ireland
Menelaus III Limited	Ireland
Menelaus IV Limited	Ireland
Menelaus V Limited	Ireland
Menelaus VI Limited	Ireland
Menelaus VII Limited	Ireland
Menelaus VIII Limited	Ireland
Mentes I Ireland Leasing Limited	Ireland
Mentes II Ireland Leasing Limited	Ireland
Mentes III Ireland Leasing Limited	Ireland
Mentes IV Ireland Leasing Limited	Ireland
Mentes V Ireland Leasing Limited	Ireland
Mentes VI Ireland Leasing Limited	Ireland
Mentes VII Ireland Leasing Limited	Ireland
Monophonic Aircraft Leasing Limited	Ireland
Moonlight Aircraft Leasing (Ireland) Limited	Ireland
Moyadda Limited	Ireland
NimbusFunding Limited	Ireland
Philharmonic Aircraft Leasing Limited	Ireland
Platinum Aircraft Leasing Limited	Ireland
Polyphonic Aircraft Leasing Limited	Ireland
Quadrant MSN 38774 Limited	Ireland
Quadrant MSN 5802 Limited	Ireland
Quadrant MSN 5869 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

Quiescent Holdings Limited	Ireland
RainbowFunding Limited	Ireland
Rhodium Funding Limited	Ireland
Riggs Leasing Limited	Ireland
Rouge Aircraft Leasing Limited	Ireland
Scandium Funding Limited	Ireland
Scarlet Aircraft Leasing Limited	Ireland
Serpens Aircraft Leasing Limited	Ireland
Serranus Funding Limited	Ireland
Shrewsbury Aircraft Leasing Limited	Ireland
SkyFunding II Holdings Limited	Ireland
SkyFunding II Limited	Ireland
SkyFunding Leasing 1 Limited	Ireland
SkyFunding Limited	Ireland
Skylease MSN (3365) Limited	Ireland
Skylease MSN (3392) Limited	Ireland
Skylease MSN 3545 Limited	Ireland
Skylease MSN 3564 Limited	Ireland
Skylease MSN 3574 Limited	Ireland
Skylease MSN 3711 Limited	Ireland
Skylease MSN 3778 Limited	Ireland
Skylease MSN 3825 Limited	Ireland
Skylease MSN 3859 Limited	Ireland
Skylease MSN 4241 Limited	Ireland
Skylease MSN 4254 Limited	Ireland
Skylease MSN 4267 Limited	Ireland
Skyscape Limited	Ireland
SoraFunding Limited	Ireland
StratocumulusFunding Limited	Ireland
StratusFunding Limited	Ireland
Streamline Aircraft Leasing Limited	Ireland
Sunflower Aircraft Leasing Limited	Ireland
Symphonic Aircraft Leasing Limited	Ireland
Synchronic Aircraft Leasing Limited	Ireland
Tantalum Funding Limited	Ireland
Temescal Aircraft 32A-2383 Limited	Ireland
Temescal Aircraft 33A-0758 Limited	Ireland
TetraFunding Limited	Ireland
Transversal Aircraft Holdings Limited	Ireland
Transversal Aircraft Leasing Limited	Ireland
Triple Eight Aircraft Holdings Limited	Ireland
Triple Eight Aircraft Leasing Limited	Ireland

29. Subsidiary undertakings (Continued)

Tullycrine Aircraft Leasing Limited	Ireland
Verde Aircraft Finance Limited	Ireland
Verde Aircraft Investment Limited	Ireland
Virgostream Aircraft Leasing Limited	Ireland
Whitney Ireland Leasing Limited	Ireland
XLease MSN 3008 Limited	Ireland
XLease MSN 3420 Limited	Ireland
Acorn Aviation Limited	Isle of Man
AerCap Holding (IOM) Limited	Isle of Man
CRESCENT AVIATION LIMITED	Isle of Man
Stallion Aviation Limited	Isle of Man
Delos Finance S.a.r.l.	Luxembourg
ILFC Labuan ECA Ltd.	Malaysia
ILFC Labuan Ltd.	Malaysia
AerCap A330 Holdings B.V.	Netherlands
AerCap AerVenture Holding B.V.	Netherlands
AerCap Aviation Solutions B.V.	Netherlands
AerCap B.V.	Netherlands
AerCap Dutch Aircraft Leasing I B.V.	Netherlands
AerCap Dutch Aircraft Leasing IV B.V.	Netherlands
AerCap Dutch Aircraft Leasing VII B.V.	Netherlands
AerCap Dutch Global Aviation B.V.	Netherlands
AerCap Group Services B.V.	Netherlands
AerCap International B.V.	Netherlands
AerCap Leasing XIII B.V.	Netherlands
AerCap Leasing XXX B.V.	Netherlands
AerCap Netherlands B.V.	Netherlands
Annamite Aircraft Leasing B.V.	Netherlands
BlowfishFunding B.V.	Netherlands
Clearstream Aircraft Leasing B.V.	Netherlands
FodiatorFunding B.V.	Netherlands
Goldfish Funding B.V.	Netherlands
Harmony Funding B.V.	Netherlands
Harmony Funding Holdings B.V.	Netherlands
ILFC Aviation Services (Europe) B.V.	Netherlands
NimbusFunding B.V.	Netherlands
Sapa Aircraft Leasing B.V.	Netherlands
StratocumulusFunding B.V.	Netherlands
Worldwide Aircraft Leasing B.V.	Netherlands
AerCap Singapore Pte. Ltd.	Singapore
ILFC Singapore Pte. Ltd.	Singapore
32904 Sverige AB	Sweden

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

AerFi Sverige AB	Sweden
International Lease Finance Corporation (Sweden) AB	Sweden
AerCap UK Limited	United Kingdom
Aircraft 32A-3424 Limited	United Kingdom
Aircraft 32A-3454 Limited	United Kingdom
Archytas Aviation Limited	United Kingdom
ILFC UK Limited	United Kingdom
Temescal UK Limited	United Kingdom
Whitney UK Leasing Limited	United Kingdom
AerCap Global Aviation Trust	United States
AerCap Group Services, LLC	United States
AerCap Hangar 52, Inc.	United States
AerCap Leasing USA I, LLC	United States
AerCap Leasing USA II, LLC	United States
AerCap U.S. Global Aviation LLC	United States
AerCap, LLC	United States
AeroTurbine, LLC	United States
Aircraft 32A-1658 Inc.	United States
Aircraft 32A-1905 Inc.	United States
Aircraft 32A-1946 Inc.	United States
Aircraft 32A-2024 Inc.	United States
Aircraft 32A-2594 Inc.	United States
Aircraft 32A-2731 Inc.	United States
Aircraft 32A-585 Inc.	United States
Aircraft 32A-645 Inc.	United States
Aircraft 32A-726 Inc.	United States
Aircraft 32A-760 Inc.	United States
Aircraft 32A-775 Inc.	United States
Aircraft 32A-782 Inc.	United States
Aircraft 32A-993, Inc.	United States
Aircraft 33A-132, Inc.	United States
Aircraft 33A-358 Inc.	United States
Aircraft 34A-395 Inc.	United States
Aircraft 34A-48 Inc.	United States
Aircraft 34A-93 Inc.	United States
Aircraft 73B-26317 Inc.	United States
Aircraft 73B-28252 Inc.	United States
Aircraft 73B-30036 Inc.	United States
Aircraft 73B-30646 Inc.	United States
Aircraft 73B-30661 Inc.	United States
Aircraft 73B-30730 Inc.	United States
Aircraft 73B-32841 Inc.	United States

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Subsidiary undertakings (Continued)

Aircraft 73B-38821 Inc.	United States
Aircraft 73B-41794 Inc.	United States
Aircraft 73B-41806 Inc.	United States
Aircraft 73B-41815 Inc.	United States
Aircraft 74B-27602 Inc.	United States
Aircraft 75B-28834 Inc.	United States
Aircraft 75B-28836 Inc.	United States
Aircraft 76B-26261 Inc.	United States
Aircraft 76B-26327 Inc.	United States
Aircraft 76B-26329 Inc.	United States
Aircraft 76B-27597 Inc.	United States
Aircraft 76B-27613 Inc.	United States
Aircraft 76B-28132 Inc.	United States
Aircraft 76B-28206 Inc.	United States
Aircraft 77B-29404 Inc.	United States
Aircraft 77B-32723 Inc.	United States
Aircraft Andros Inc.	United States
Aircraft B757 29377 Inc.	United States
Aircraft B767 29388 Inc.	United States
Aircraft Lotus Inc.	United States
Aircraft SPC-12, LLC	United States
Aircraft SPC-3, Inc.	United States
Aircraft SPC-4, Inc.	United States
Aircraft SPC-8, Inc.	United States
Aircraft SPC-9, LLC	United States
Apollo Aircraft Inc.	United States
Artemis US Inc.	United States
Brokat Leasing, LLC	United States
CABREA, Inc.	United States
Camden Aircraft Leasing Trust	United States
Charmlee Aircraft Inc.	United States
Cloudbreak Aircraft Leasing Inc.	United States
Diadem Aircraft Inc. (CA)	United States
Diadem Aircraft Inc. (DE)	United States
Doheny Investment Holding Trust	United States
Euclid Aircraft, Inc.	United States
Fleet Solutions Holdings LLC	United States
Flying Fortress Financing, LLC	United States
Flying Fortress Holdings, LLC	United States
Flying Fortress Investments, LLC	United States
Flying Fortress US Leasing Inc.	United States
ILFC Aircraft 32A-10072 Inc.	United States
Grand Staircase Aircraft, LLC	United States

29. Subsidiary undertakings (Continued)

ILFC Aircraft 78B-38799 Inc.	United States
ILFC Aviation Consulting, Inc.	United States
ILFC Dover, Inc.	United States
ILFC Volare, Inc.	United States
Interlease Aircraft Trading Corporation	United States
Interlease Management Corporation	United States
International Lease Finance Corporation	United States
Park Topanga Aircraft, LLC	United States
Pelican 35302, Inc.	United States
Temescal Aircraft, LLC	United States
Whitney US Leasing, Inc.	United States

Participations	
AerDragon Aviation Partners Limited and Subsidiaries (16.7%)	Ireland
Peregrine Aviation Company Limited and Subsidiaries (9.5%)	Ireland
AerLift Leasing Limited and Subsidiaries (39.3%)	Isle of Man
Acsal Holdco LLC (19.4%)	United States
Norwegian Air Shuttle ASA (3%)	Norway

30. Subsequent events

In January 2021, AerCap Trust and AICDC co-issued $1.0 billion aggregate principal amount of 1.75% Senior Notes due 2026. The proceeds from the January Notes Offering will be used for general corporate purposes.

In January 2021, we sold all of our remaining NAS ordinary shares.

In February 2021, AerCap Trust and AICDC completed the redemption of all $544.0 million aggregate principal amount of their outstanding 4.5% Senior Notes due 2021.

AerCap Holdings N.V.

Company Balance Sheets

For the Years Ended December 31, 2020 and 2019

(After proposed profit appropriation)

	Note	As of December 31, 2020	As of December 31, 2019
		(U.S. Dollars in thousands)	
ASSETS			
Fixed assets			
Financial fixed assets			
Subsidiaries	32	$ 8,522,821	$ 11,034,722
Total fixed assets		**8,522,821**	**11,034,722**
Current assets			
Receivables			
Receivable from subsidiaries		2,610	181,934
Other receivables		80,732	78,422
Total receivables		**83,342**	**260,356**
Cash and cash equivalents		4,789	3,375
Total current assets		**88,131**	**263,731**
Total Assets		**$ 8,610,952**	**$ 11,298,453**
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		$ 1,721	$ 1,754
Additional paid-in capital		2,242,234	2,391,437
Treasury shares, at cost		(459,994)	(537,341)
Revaluation reserves		(155,085)	(93,587)
Accumulated retained earnings (a)		6,223,315	7,025,859
Total Equity	33	**7,852,191**	**8,788,122**
Liabilities			
Payable to subsidiaries		—	1,748,676
Debt (b)		740,660	740,064
Negative goodwill		—	3,378
Accounts payable, accrued expenses and other liabilities		18,101	18,213
Total liabilities		**758,761**	**2,510,331**
Total Equity and Liabilities		**$ 8,610,952**	**$ 11,298,453**

(a) Includes $42.1 million and $39.4 million of legal reserves for participations as of December 31, 2020 and 2019, respectively, which are not free to distribute.

(b) Debt, net of $9.3 million and $9.9 million of debt issuance costs as of December 31, 2020 and 2019, respectively. Please refer to the "2079 Junior Subordinated Notes" in Note 13—*Debt.*

The accompanying notes are an integral part of these Company Financial Statements.

AerCap Holdings N.V.

Company Income Statements

For the Years Ended December 31, 2020 and 2019

	Note	Year Ended December 31, 2020	2019
		(U.S. Dollars in thousands)	
Net (loss) income from subsidiaries	32	$ (774,329)	$ 1,134,596
Other income and expenses after taxation		(35,520)	(61)
Net income		**$ (809,849)**	**$ 1,134,535**

The accompanying notes are an integral part of these Company Financial Statements.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. 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 Dutch 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 Company Income Statements are presented in accordance with Part 9, Book 2, Art. 402 of the Dutch Civil Code.

For the Company Financial Statements, we have followed the same presentation as in our Consolidated Financial Statements for consistency purposes.

The principles of valuation and determination of result for AerCap Holdings N.V. and the Consolidated Financial Statements are the same. For these principles, refer to the Consolidated Financial Statements.

Subsidiaries

Subsidiaries are stated at net asset value as we effectively exercise influence over the operational and financial activities of these subsidiaries. The net asset value is determined in accordance with the accounting policies used for the Consolidated Financial Statements. If the valuation of a subsidiary based on the net asset value is negative, it will be stated at nil. If and insofar as AerCap Holdings N.V. can be held fully or partially liable for the debts of the subsidiary, or has the firm intention of enabling the subsidiary to settle its debts, a provision is recognized for this.

Receivables from and payables to subsidiaries

The fair value of receivables from and payables to subsidiaries approximates the carrying amount.

Share-based compensation

Share-based compensation expenses related to employees of subsidiaries are recognized as an investment in subsidiaries.

32. Subsidiaries

Movements in subsidiaries during the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31,	
	2020	2019
Balance at beginning of period	$ 11,034,722	$ 9,986,206
Net income from subsidiaries	(774,329)	1,134,596
Direct equity movements of subsidiaries	(61,498)	(91,763)
Share-based compensation	34,830	5,709
Capital contributions, redemptions, dividends received and other	(1,710,904)	(26)
Balance at end of period	**$ 8,522,821**	**$ 11,034,722**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

33. Equity

As of December 31, 2020 and 2019, the authorized share capital of AerCap Holdings N.V. amounts to ordinary share capital of €0.01 par value and 350,000,000 ordinary shares authorized. As of December 31, 2020 and 2019, issued share capital consists of 138,847,345 and 141,847,345 ordinary shares issued and 130,398,538 and 131,583,489 ordinary shares outstanding (including 2,552,346 and 2,354,318 shares of unvested restricted stock), respectively.

As of December 31, 2020 and 2019, treasury shares at cost were 8,448,807 and 10,263,856 ordinary shares, respectively.

Movements in equity during the years ended December 31, 2020 and 2019 were as follows:

	Number of ordinary shares issued	Ordinary share capital	Additional paid-in capital	Treasury shares	Revaluation reserves (a)	Accumulated retained earnings	Total equity
Balance as of December 31, 2018	**151,847,345**	**$ 1,866**	**$ 2,894,442**	**$ (476,085)**	**$ (1,824)**	**$ 5,894,033**	**$ 8,312,432**
Repurchase of shares	—	—	—	(607,343)	—	—	(607,343)
Share cancellation	(10,000,000)	(112)	(503,005)	503,117	—	—	—
Ordinary shares issued, net of tax withholdings	—	—	—	42,970	—	(72,119)	(29,149)
Share-based compensation	—	—	—	—	—	69,410	69,410
Direct equity movements of subsidiaries	—	—	—	—	(91,763)	—	(91,763)
Net income for the period	—	—	—	—	—	1,134,535	1,134,535
Balance as of December 31, 2019	**141,847,345**	**$ 1,754**	**$ 2,391,437**	**$ (537,341)**	**$ (93,587)**	**$ 7,025,859**	**$ 8,788,122**
Repurchase of shares	—	—	—	(117,302)	—	—	(117,302)
Share cancellation	(3,000,000)	(33)	(149,203)	149,236	—	—	—
Ordinary shares issued, net of tax withholdings	—	—	—	45,413	—	(61,882)	(16,469)
Share-based compensation	—	—	—	—	—	69,187	69,187
Direct equity movements of subsidiaries	—	—	—	—	(61,498)	—	(61,498)
Net income for the period	—	—	—	—	—	(809,849)	(809,849)
Balance as of December 31, 2020	**138,847,345**	**$ 1,721**	**$ 2,242,234**	**$ (459,994)**	**$ (155,085)**	**$ 6,223,315**	**$ 7,852,191**

(a) Revaluation reserves are not free to distribute.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

34. Employees

AerCap Holdings N.V. had four (2019: four) employees, all employed outside the Netherlands, as of December 31, 2020. The disclosure on directors' remuneration is included in Note 28—*Directors' remuneration*.

35. Audit fees

Our auditors charged the following fees for professional services rendered for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Audit fees	$ 5,931	$ 5,530
Tax fees	542	523
All other fees	3	3
	$ 6,476	**$ 6,056**

The fees listed above relate only to the services provided to AerCap Holdings N.V. 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 fees included $0.4 million and $0.5 million, all related to audit fees, which was charged by PricewaterhouseCoopers Accountants N.V. for the years ended December 31, 2020 and 2019, respectively.

36. Fiscal unity

As of February 1, 2016, AerCap Holdings N.V. became a tax resident in Ireland and as a result is subject to corporate income tax in Ireland. The majority of our Dutch subsidiaries form one fiscal unity and are included in one consolidated tax filing.

37. Profit appropriation

Following the appropriation of result proposed by the Board of Directors, the net loss of $809.8 million for the year ended December 31, 2020 is deducted from the accumulated retained earnings and no profits shall be distributed as dividends to the shareholders.

38. Declaration of liability

AerCap Holdings N.V., as the parent company, guarantees certain notes and loans issued by subsidiaries, as disclosed in Note 13—*Debt* to the consolidated financial statements. AerCap Holdings N.V. has issued a declaration of liability as referred to in Article 2:403 of the Dutch Civil Code in respect of a significant number of its Dutch subsidiaries. Pursuant to section 403, AerCap Holdings N.V. has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries.

March 2, 2021

Paul Dacier
Aengus Kelly
Julian (Brad) Branch
Stacey Cartwright
Rita Forst
Richard (Michael) Gradon
James (Jim) Lawrence
Michael Walsh
Robert (Bob) Warden

AerCap Holdings N.V.
AerCap House
65 St. Stephen's Green
Dublin
D02 YX20
Ireland

Other information

Statutory provision

According to article 26 of the articles of association, the Board of Directors determines which amounts from the Company's annual profits are reserved.

Independent auditor's report

To: the general meeting and the Board of Directors of AerCap Holdings N.V.

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of AerCap Holdings N.V. ("the Company") give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at December 31, 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of AerCap Holdings N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the Consolidated and Company Balance Sheets as of December 31, 2020;
- the Consolidated and Company Income Statements for the year ended December 31, 2020; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

Independence

We are independent of AerCap Holdings N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

AerCap Holdings N.V. is an independent aircraft leasing company and its results are affected by the cyclical movements in the aircraft leasing industry, lease rates and aircraft valuation as well as availability of funds and cost of borrowing and changes in interest rates. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

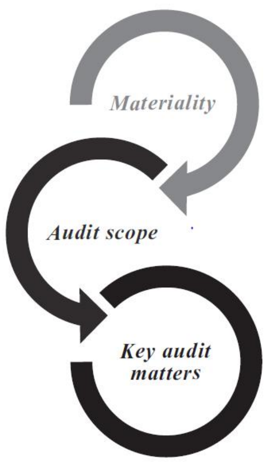
The impact from the COVID-19 pandemic on the worldwide economy, and in particular on the Company's airline customers, characterized the financial year 2020. This affected the Company's financial results and as a consequence our determination of materiality and our audit approach. Management considered the impact of COVID-19 on the Group and Company financial statements. Primarily these considerations related to the possible impairment of flight equipment held for operating leases (see key audit matter below), possible impairment of goodwill and other intangible assets, the recoverability of deferred tax assets, revenue recognition when collectability of lease instalments is no longer deemed probable (see key audit matter below), lease deferrals granted to customers and the Board's going concern assessment. We have considered the impact of the pandemic in the execution of our audit and despite undertaking most of our audit work remotely, we did not encounter any significant difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph two of the financial statements, the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty. We identified the Identification of impairment events and resulting impairment calculations as key audit matter, because of the significant judgment regarding the identification of impairment and the estimate of significant assumptions when projecting future cash flows and residual values as further set out in the section 'Key audit matters' of this report. Furthermore, we identified Revenue recognition on operating lease contracts as key audit matter, because of the increased significant judgment in determining whether operating rentals from a lessee are probable of collection. In order to recognize revenue under Dutch GAAP, management needs to demonstrate that it is probable that the economic benefits associated with the transaction will flow to the Company.

Other areas of focus, that were not considered key audit matters, were the accounting for the Norwegian Air Shuttle transaction, debt extinguishment accounting and the matters listed in the paragraph above on COVID-19. As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a leasing company. We therefore included specialists in the areas of IT, corporate finance & financial instruments and tax in our team.

The outline of our audit approach was as follows:



Materiality
Overall materiality: $37.5 million (2019: $67.0 million)

Audit scope
We conducted audit work in the Netherlands and Ireland
Audit coverage: 100% of consolidated revenue, 100% of consolidated total assets and 100% of consolidated loss before tax

Key audit matters
Identification of impairment events and resulting impairment calculations
Revenue recognition on operating lease contracts

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality......................	$37.5 million (2019: $67.0 million).
Basis for determining materiality..........	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 5% of adjusted profit before tax based on the U.S. GAAP consolidated financial statements as filed on Form 20-F (U.S. GAAP). We adjusted profit before tax for certain non-recurring elements, including impairment (see note 20) and the loss on the Norwegian Air Shuttle transaction.
Rationale for benchmark applied..........	Based on our analysis of the common information needs of users of the financial statements, we believe that adjusted profit before tax is an important metric for the financial performance of the Company. The Company uses two accounting frameworks for calculating adjusted profit before tax: - The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code ('Dutch GAAP'). - The Accounting principles generally accepted in the United States of America have been applied for the quarterly and annual earnings releases and the financial statements filed with the United States Securities and Exchange Commission and are applied in the operational accounting records and are predominantly used by most of the stakeholders. In our judgment, the users of financial information of the Company are primarily interested in the U.S. GAAP financial information. Any user of these financial statements (Dutch GAAP) would likely not review this information in isolation; if users did review this information it would be in supplement to the U.S. GAAP financial information. Therefore, we applied the generally accepted auditing practice benchmark of 5% on the adjusted profit before tax based on U.S. GAAP for the audit of these financial statements.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

We agreed with the Audit Committee of the Board of Directors that we would report to them misstatements identified during our audit above $1.875 million (2019: $3.35million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

AerCap Holdings N.V. is the parent company of a group of entities. The financial information of this Group is included in the consolidated financial statements of AerCap Holdings N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations, the accounting processes and controls, and the markets in which the Group operates. For AerCap Holdings N.V. and all its subsidiaries, the group audit team was able to conduct the audit procedures centrally in the Netherlands and Ireland. No use has been made of other auditors. The audit team has determined per financial statement line item which audit procedures needed to be performed in relation to the audit of the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Audit Committee of the Board of Directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	***Our audit work and observations***
Identification of impairment events and resulting impairment calculations *note 5 and note 20* As described in note 5 and note 20 to the consolidated financial statements, the Company's consolidated flight equipment held for operating leases amounted to $34.4 billion as of December 31, 2020 and the impairment charge recorded on flight equipment held for operating leases amounts to $1.6 billion for the year ended December 31, 2020. Management performs event driven impairment assessments of its flight equipment held for operating leases each quarter. These quarterly impairment assessments are primarily triggered by potential sale transactions, early terminated leases, credit events impacting lessees or forecasted significant and permanent declines in the demand for aircraft types. On an annual basis, management also performs an impairment assessment on all aircraft to identify potential impairment events by reference to estimated future cash flows at asset group level. Management applies significant judgment in assessing whether an impairment is necessary, and in estimating significant assumptions, including the future lease rates, residual values and discount rates applied when performing quantitative impairment tests. The principal considerations for our determination that performing procedures relating to the identification of impairment events and resulting impairment calculations is a key audit matter are management's exercise of significant judgment regarding the identification of potential impairment events and the establishment of significant assumptions of future lease rates, residual values and the discount rate applied. This in turn led to a high degree of auditor subjectivity, judgment and effort in evaluating management's judgments in relation to the significant assumptions and the audit evidence obtained. The audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the significant assumption over the discount rate.	We tested the design and operating effectiveness of controls relating to the identification of impairment events and resulting impairment calculations including controls over the identification of impairment events on a quarterly basis and the reasonableness of significant assumptions used to estimate future cash flows such as future lease rates, residual values and the discount rate. We determined that we could rely on these controls for the purposes of our audit. We evaluated management's process for the identification of aircraft meeting the quarterly impairment triggers. We tested the appropriateness of management's impairment assessment model. We also tested the completeness and accuracy of the underlying data used in the model; evaluated the reasonableness of the significant assumptions used by management relating to future lease rates, residual values and the discount rate and evaluated the reasonableness of the resulting cash flow projections. Evaluating management's assumptions relating to future lease rates involved evaluating whether the assumptions used by management were reasonable considering (1) comparing future lease rate assumptions to existing lease rates, and (2) testing the assumptions were consistent with the evidence obtained in other areas of the audit. We evaluated management's assumptions relating to residual value considering (1) the expected sales price, and (2) comparing the residual values to residual values observed in the industry. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discount rate, by reference to the cost of capital of the Company and comparable businesses. Based on our procedures, we found management's model and assumptions used reasonable within the context of our audit. We assessed the adequacy of disclosures related to impairment in the notes to the financial statements and did not identify material exceptions.

Revenue recognition on operating lease contracts

note 3

As described in note 3 to the consolidated financial statements, the Company concluded that collection of basic lease rent payments was not probable from a number of lessees, resulting in a reduction of basic lease rents of approximately $310.6 million. Management periodically evaluates the collectability of operating lease contracts to determine the appropriate revenue recognition and measurement model to apply to each lessee. Management ceased accrual-based revenue recognition on an operating lease contract when the collection of the rental payments is no longer probable and thereafter recognized rental revenues using a cash receipts basis. In the period management concluded that collection of lease payments is no longer probable, any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, is recognized as a current period adjustment to lease revenue. Subsequently, revenues are recognized based on the lesser of the straight-line rental income or the lease payments collected from the lessee until such time that collection is probable. Management applies significant judgment in assessing at each reporting date whether operating rental payments are probable of collection by reference to the credit status of each lessee, including lessees in bankruptcy type arrangements, the extent of overdue balances and other relevant factors.

The principal considerations for our determination that performing procedures relating to the measurement of operating lease revenue is a key audit matter is the significant judgment exercised by management in determining whether operating rentals from a lessee are probable of collection or if revenue should be recognized on a cash receipts basis. This in turn led to a high degree of auditor subjectivity, judgment and effort in evaluating management's judgments and the audit evidence obtained.

We tested the design and operating effectiveness of controls over the measurement of operating lease revenue on a cash receipts basis. We determined that we could rely on these controls for the purposes of our audit.

We evaluated the reasonableness of management's judgments relating to the collectability of operating lease contracts. We tested the completeness and accuracy of the underlying data used by management in making their assessment. We also tested the completeness and accuracy of the adjustments to revenue. Evaluating the judgments relating to the collectability of operating lease payments involved evaluating whether the assumptions used were reasonable considering (1) examining the quantum of overdue balances, (2) testing the level of security deposit amounts held, (3) agreeing lessees in bankruptcy or similar type restructuring arrangements, (4) reading third party information on lessees, and (5) consistency with evidence obtained in other areas of the audit. Based on our procedures we found management's assumptions used and the resulting calculations reasonable within the context of our audit.

We assessed the adequacy of disclosures related to revenue recognition on operating lease contracts in the notes to the financial statements and did not identify material exceptions.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the Board of Directors;
- Other information; pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Board of Directors and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of AerCap Holdings N.V. following the passing of a resolution by the shareholders in 2006 and the appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 15 years. We have served as the Company's predecessor's auditor since at least 1998. We have not determined the specific year we began serving as auditor of the Company's predecessor.

Services rendered

The services, in addition to the audit, that we have provided to the Company and its controlled entities, for the period to which our statutory audit relates, are disclosed in note 35 to the financial statements. To the best of our knowledge and belief, we have not provided prohibited non-audit services.

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board of Directors should prepare the financial statements using the going-concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Audit Committee of the Board of Directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, March 2, 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by H.C. Wüst RA

Appendix to our auditor's report on the financial statements 2020 of AerCap Holdings N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit 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.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.