AerCap Holdings N.V. Dutch GAAP Annual Report
for the year ended December 31, 2014

INDEX TO ANNUAL REPORT

AerCap Holdings N.V. Annual Report 2014, Amsterdam

TABLE OF DEFINITIONS

AeroTurbine	AeroTurbine, Inc.
AerCap or the Company	AerCap Holdings N.V. and its subsidiaries
AerCap Trust	AerCap Global Aviation Trust and its consolidated subsidiaries
AerLift	AerLift Leasing Ltd.
AerLift Jet	AerLift Leasing Jet Ltd.
AIG	American International Group, Inc.
Airbus	Airbus S.A.S.
ALS II	Aircraft Lease Securitisation II Limited
ALS Transaction	The sale of our equity interest (E-Notes) in Aircraft Lease Securitisation Limited to Guggenheim Partners, LLC on November 14, 2012.
Boeing	The Boeing Company
ECA	Export Credit Agency
ECAPS	Enhanced Capital Advantaged Preferred Securities
Embraer	Embraer S.A.
EOL contract	End of lease contract
Ex-Im	Export-Import Bank of the United States
FASB	Financial Accounting Standards Board
GECC	General Electric Capital Corporation
Genesis Transaction	The all-share acquisition of Genesis on March 25, 2010.
ILFC	International Lease Finance Corporation
ILFC Transaction	AerCap and AerCap Ireland Limited, a wholly-owned subsidiary of AerCap, purchase of 100 percent of ILFC's common share from AIG on May 14, 2014.
IRS	Internal Revenue Service
LIBOR	London Interbank Offered Rates
MR contract	Maintenance reserved contract
Part-out	Disassembly of an aircraft for the sale of its parts
PB	Primary beneficiary
Reorganization	The transfer of substantially all of ILFC's assets to AerCap Trust and AerCap Trust's assumption of substantially all of ILFC's liabilities on May 14, 2014.
SEC	U.S. Securities and Exchange Commission
SPE	Special purpose entity
STJ	Superior Tribunal of Justice

TJSP	The State Appellate Court of Sao Paolo
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America
VASP	Viação Aerea de São Paulo V
VIE	Variable interest entity
Waha	Waha Capital PJSC

DIRECTORS' REPORT

Description of business

We are the world's largest independent aircraft leasing company. We focus on acquiring in-demand aircraft at attractive prices, funding them effectively, hedging interest risk conservatively and using our platform to deploy those assets with the objective of delivering superior risk adjusted returns. We believe that by applying our expertise through an integrated business model, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders. Our ordinary shares are listed on the New York Stock Exchange ("NYSE") (AER) and we are headquartered in Amsterdam with offices in Los Angeles, Shannon, Dublin, Fort Lauderdale, Miami, Singapore, Shanghai, Abu Dhabi and representation offices at the world's largest aircraft manufacturers, Boeing and Airbus in Seattle and Toulouse. As of December 31, 2014, we had 332 permanent employees, relating to our aircraft leasing business, and 104 employees with short-term contracts who are assisting with the integration of ILFC. In addition, AeroTurbine had 390 employees. 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 operate our business on a global basis, leasing aircraft to customers in every major geographical region. As of December 31, 2014, we owned 1,132 aircraft, including 1,100 aircraft under operating lease, 27 aircraft under finance and sales-type lease, four aircraft that met the criteria for being classified as held for sale and one aircraft under contract for part-out but excluding three aircraft that were owned by AeroTurbine. We also managed 147 aircraft, including those owned and on order by AerDragon, and had 380 new aircraft on order, which included 205 A320/A321 neo aircraft, 66 Boeing 787 aircraft, 50 Embraer E-Jets E2 aircraft, 29 A350 aircraft, 25 Boeing 737 aircraft, four A321 aircraft, and one A330 aircraft. The average age of our owned aircraft fleet, weighted by net book value was 7.7 years as of December 31, 2014.

We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk of the residual value of the equipment at the end of the lease. As of December 31, 2014, our owned and managed aircraft were leased to over 200 commercial airline and cargo operator customers in approximately 90 countries.

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, 2014, we executed over 365 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, 2014, our weighted average owned aircraft utilization rate was 99.2%, calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionate to the net book value of the aircraft at the end of the period measured.

We were formed as a Netherlands public limited liability company ("*naamloze vennootschap" or" N.V.*") on July 10, 2006. On November 27, 2006, we completed the initial public offering of 26.1 million of our ordinary shares on the NYSE. On August 6, 2007, we completed the secondary offering of an additional 20.0 million of our ordinary shares on the NYSE.

On May 14, 2014 ("Closing Date"), AerCap successfully completed the ILFC Transaction, pursuant to which AerCap acquired, through a wholly-owned subsidiary, 100% of the common stock of ILFC, a wholly-owned subsidiary of AIG, for consideration consisting of $2.4 billion in cash and 97,560,976 newly issued AerCap ordinary shares. As a result, AIG owns approximately 46% of the combined company as of December 31, 2014. Following the ILFC Transaction, we effected a reorganization of ILFC's corporate structure and assets, pursuant to which ILFC transferred its assets substantially as an entirety to AerCap Global Aviation Trust ("AerCap Trust"), a legal entity formed on February 5, 2014, and AerCap Trust assumed substantially all the liabilities of ILFC, including liabilities in respect of ILFC's indebtedness. As of December 31, 2014, we had 212.3 million shares issued and outstanding.

Our Business Strategy

Manage the Profitability of Our Aircraft Portfolio by Selectively:

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

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

Efficiently Manage Our Liquidity. As of December 31, 2014, we had access to $5.8 billion of committed undrawn credit facilities and $1.5 billion of cash and cash equivalents. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, securitization structures, note issuance and export/import financings including European Export Credit Agencies ("ECA") guaranteed loans, in order to maximize our financial flexibility. We also leverage our long-standing relationships with the major aircraft financers and lenders to secure access to capital. In addition, we attempt to maximize the cash flows and continue to pursue the sale of aircraft to generate additional cash flows.

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

Maintain a Diversified and Satisfied Customer Base. We currently lease our owned and managed aircraft to over 200 different commercial airline and cargo operator customers in approximately 90 countries. We monitor our exposure concentrations by both lessee and country jurisdiction and intend to maintain a well-diversified customer base. We believe we offer a quality product, both in terms of asset and customer service, to all of our customers. We have successfully worked with many airlines to find mutually beneficial solutions to operational and financial challenges. We believe we maintain excellent relations with our customers. We have been able to achieve a high utilization rate on our aircraft assets as a result of our customer reach and quality product offering and strong portfolio management capabilities.

ILFC Integration. Following the completion of the ILFC Transaction, we have focused, and will continue to focus, on integration in the short term while maintaining the efficiency of our operations in order to achieve our operational, financial and strategic objectives. We have continued to execute our business strategy described above. As of the date of this filing, we have completed the transfer of the ILFC aircraft designated to be transferred to our existing operations in Ireland.

Risk Factors

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

Risks Related to Our Business

- We require significant capital to fund our business.
- Despite our substantial indebtedness, we might incur significantly more debt.
- Our level of indebtedness requires significant debt service payments.
- An increase in our cost of borrowing or changes in interest rates may adversely affect our net income.
- The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.
- To service our debt and meet our other cash needs, we will require a significant amount of cash, which may not be available.
- If we are unable to obtain sufficient cash, we might fail to meet our aircraft purchase commitments.
- We may be unable to generate sufficient returns on our aircraft investments.
- Customer demand for certain types of our aircraft may decline.
- The value and lease rates of our aircraft could decline.
- Strong competition from other aircraft lessors could adversely affect our financial results.
- Our financial condition is dependent, in part, on the financial strength of our lessees.
- A return to historically high fuel prices or continued volatility in fuel prices could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us.
- Interruptions in the capital markets could impair our lessees' ability to finance their operations which could prevent the lessees from complying with payment obligations to us.
- A sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall airline industry and the financial health of our lessees.
- If the effects of terrorist attacks and geopolitical conditions adversely affect the financial condition of the airline industry, our lessees might not be able to meet their lease payment obligations to us.
- The effects of epidemic diseases and natural disasters, such as extreme weather conditions, floods, earthquakes and volcano eruptions, may adversely affect our lessees' ability to meet their lease payment obligations to us.

- Airline reorganizations could impair our lessees' ability to comply with their lease payment obligations to us.
- Our lessees may fail to properly maintain our aircraft.
- Our lessees may fail to adequately insure our aircraft.
- If our lessees fail to cooperate in returning our aircraft following lease terminations, we may encounter obstacles and are likely to incur significant costs and expenses conducting repossessions.
- If our lessees fail to discharge aircraft liens for which they are responsible, we may be obligated to pay to discharge the liens.
- In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.
- If our lessees encounter financial difficulties and we restructure or terminate our leases, we are likely to obtain less favorable lease terms.
- The advent of superior aircraft and engine technology or the introduction of a new line of aircraft could cause our existing aircraft portfolio to become outdated and therefore less desirable.
- Airbus and Boeing have launched new aircraft types, which could decrease the value and lease rates of aircraft in our fleet.
- Airbus and Boeing have announced scheduled production increases, which could result in overcapacity and decrease the value and lease rates of aircraft in our fleet.
- There are a limited number of aircraft and engine manufacturers and we depend on their ability to meet their obligations to us.
- Our international operations expose us to geopolitical, economic and legal risks associated with a global business.
- We are indirectly subject to many of the economic and political risks associated with emerging markets.
- Because our lessees are concentrated in certain geographical regions, we have concentrated exposure to the political and economic risks associated with those regions.
- We are subject to various risks and requirements associated with transacting business in many countries.
- Our ability to operate in some countries is restricted by foreign regulations and controls on investments.
- Our aircraft are subject to various environmental regulations.
- Our operations are subject to various environmental regulations.
- If a decline in demand for an aircraft causes a decline in its projected lease rates, or if we dispose of an aircraft for a price that is less than its depreciated book value on our balance sheet, then we will recognize impairments or make fair value adjustments.
- A cyber-attack could lead to a material disruption of our IT systems and the loss of business information, which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

- We could suffer material damage to, or interruptions in, our IT systems as a result of external factors, staffing shortages or difficulties in updating our existing software or developing or implementing new software.

Risks Related to Our Organization and Structure

- If the ownership of our ordinary shares continues to be highly concentrated, it may prevent minority shareholders from influencing significant corporate decisions and may result in conflicts of interest.
- Sales of our ordinary shares may negatively affect their market price.
- We have been advised that Waha has entered into funded collar transactions relating to its AerCap ordinary shares. The effect of purchases and sales of our ordinary shares by the collar counterparties (or their affiliates or agents) to modify or terminate their hedge positions may have a negative effect on the market price of our ordinary shares.
- We are a Netherlands public limited liability company ("naamloze vennootschap" or "N.V.") and it may be difficult to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.
- If our subsidiaries do not make distributions to us we will not be able to pay dividends.
- The ILFC Transaction may not be successful or achieve its anticipated benefits.
- The ILFC Transaction may prove disruptive and could result in the combined business failing to meet our expectations.
- The ILFC Transaction could adversely impact our relationship with our customers and may result in the departure of key personnel.

Risks Related to Taxation

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

2014 Financial and Operating Review

Results of Operations

Net income attributable to AerCap Holdings N.V. for the full year 2014 increased by $0.58 billion, or 322% to $0.76 billion in the year ended December 2014 from $0.18 billion in the year ended December 31, 2013. Our total revenues and other income increased by $2.59 billion, or 247%, to $3.64 billion in the year ended December 31, 2014 from $1.05 billion in the year ended December 31, 2013. The increase in both net income and revenue was primarily a result of the ILFC Transaction. Total basic earnings per share and fully diluted earnings per share for the full year 2014 were $4.34 and

$4.27 respectively. The average number of outstanding basic shares was 175.9 million for the year ended December 31, 2014.

Aviation Assets

We acquired $2.3 billion of aviation assets including 33 aircraft in 2014. In addition, we completed the ILFC Transaction in 2014. Total assets were $43.8 billion as of December 31, 2014. Total assets increased 369% during 2014, which was driven primarily by the ILFC Transaction and the acquisition of new aircraft. As of December 31, 2014, we owned 1,132 aircraft (excluding three aircraft owned by AeroTurbine), managed 147 aircraft, including those owned and on order by AerDragon. We also had 380 new aircraft on order, which included 205 A320/A321neo aircraft, 66 Boeing 787 aircraft, 50 Embraer E-Jets E2 aircraft, 29 A350 aircraft, 25 Boeing 737 aircraft, four A321 aircraft, and one A330 aircraft, but excluding five Boeing purchase rights and 17 spare engines.

Liquidity and Access to Capital

Our cash balance as of December 31, 2014 was $2.2 billion including restricted cash of $0.7 billion. Our unused lines of credit as of December 31, 2014 were $5.8 billion Our total liquidity, including undrawn lines of credit and unrestricted cash, was $7.3 billion as of December 31, 2014. The principal amount of our outstanding indebtedness, which excludes fair value adjustments of $1.3 billion, was approximately $28.9 billion as of December 31, 2014 and the average interest rate on our debt, excluding the effect of mark-to-market movements on our interest rate caps and swaps during the year ended December 31, 2014 was 3.6%. Our debt to equity ratio was 3.4 to 1 as of December 31, 2014.

The table below provides information as of December 31, 2014 regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate caps, swaps, and floors. The table presents the average notional amounts and weighted average interest rates which are contracted for the specified year. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable rates are based on implied forward rates in the yield curve at the applicable date.

	2015	2016	2017	2018	2019	2020	Thereafter	Fair value
				(U.S. dollars in millions)				
Interest rate caps								
Notional amounts	$1,716	$2,148	$1,616	$ 893	$ 468	$ 214	$ 48	$24.5
Weighted average strike rate	1.98%	2.16%	2.40%	2.81%	2.66%	2.65%	2.94%	

	2015	2016	2017	2018	2019	2020	Thereafter	Fair value
				(U.S. dollars in millions)				
Interest rate swaps								
Notional amounts	$ 26	$—	$—	$—	$—	$—	$—	$(1.7)
Weighted average pay rate	3.15%	—	—	—	—	—	—	

	2015	2016	2017	2018	2019	2020	Thereafter	Fair value
				(U.S. dollars in millions)				
Interest rate floors								
Notional amounts	$ 9	$—	$—	$—	$—	$—	$—	$(0.3)
Weighted average pay rate	3.00%	—	—	—	—	—	—	

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

Personnel and Financial Outlook

We had 332 permanent (2013: 163) employees relating to our aircraft leasing business, and 104 employees on short-term contracts, most of which will terminate in fiscal 2015, who are assisting with the integration of ILFC as of December 31, 2014. In addition, AeroTurbine had 390 employees. The number of personnel increased with completion of the ILFC Transaction. Anticipated drivers for our 2015 financial performance, subject to change, in light of highly fluid market conditions and other factor are total revenues of approximately $5.0 billion and expected net income of approximately $0.9 billion, including the impact of expensing the maintenance rights asset during the remaining lease term. For 2015, we had already committed to $3.2 billion of aircraft purchases. Our management analyzes sources of financing based on the 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, and since 2010, we, including ILFC, on a combined basis have raised in excess of $46 billion of new financings, including bank debt, governmental secured debt, securitization and debt capital markets. We believe our existing sources of liquidity will be sufficient to operate our business and cover at least 120% of our debt maturities and contracted capital expenditures for the next 12 months. Our sources of liquidity include available revolving credit facilities, unrestricted cash, estimated operating cash flows and cash flows from contracted asset sales.

Corporate Governance

As we are listed on the NYSE and are a Netherlands public limited company ("naamloze vennootschap or N.V."), we are required to comply with the Sarbanes-Oxley Act and certain corporate governance requirements and best practices set out by NYSE, the U.S. Securities and Exchange Commission (SEC) and Dutch Corporate Governance Code (also referred to herein as the "Code"). We have elected to be exempt from the NYSE rules on Directors independence as a foreign private issuer. For further information and the full text of the Code please refer to: www.commissiecorporategovernance.nl.

At AerCap, we are committed to upholding the highest standard in corporate governance and ethic practices. We believe our numerous internal policies and procedures provide a structure for the operation of the Company that is consistent with the best interests of our shareholders and customers as well as requirements of applicable law and modern standards of corporate governance. We endeavor to ensure our policies and procedures comply with both U.S. and Dutch corporate governance requirements, to the extent possible and desirable. The Code contains principles and best practices for Dutch companies with listed shares. The Code requires companies to either comply with the best practice provisions of the Code or to explain why they deviate from these best practice provisions.

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

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

Board of Directors

Responsibilities

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

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

The current Directors are:

Name	Age	Nationality	Gender	Position
Directors				
Pieter Korteweg	73	The Netherlands	M	Non-Executive Chairman of the Board of Directors
Aengus Kelly	41	Ireland	M	Executive Director and Chief Executive Officer
Salem Al Noaimi	39	United Arab Emirates	M	Non-Executive Director
Homaid Al Shemmari	47	United Arab Emirates	M	Non-Executive Director
James (Jim) Chapman	52	USA	M	Non-Executive Director
Paul Dacier	57	USA	M	Non-Executive Director and Vice Chairman
Richard (Michael) Gradon	55	United Kingdom	M	Non-Executive Director
David Herzog	54	USA	M	Non-Executive Director
Marius Jonkhart	65	The Netherlands	M	Non-Executive Director
Robert (Bob) Warden	42	USA	M	Non-Executive Director

(1) On February 27, 2015 Mr. Robert H. Benmosche, who served as a non-executive director since May 14, 2014, passed away. The Board of Directors is grateful for his valuable contributions.

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

Aengus Kelly. Mr. Kelly was appointed Executive Director and Chief Executive Officer of AerCap on May 18, 2011. Previously he served as Chief Executive Officer of AerCap's U.S. operations since January 2008 and was 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 in 1998 and has continued working with its successors AerFi in Ireland and debis AirFinance and AerCap in Amsterdam. Prior to joining GPA in 1998, he spent three years with KPMG in Dublin. Mr. Kelly is a Chartered Accountant and holds a Bachelor's degree in Commerce and a Master's degree in Accounting from University College Dublin.

Salem Al Noaimi. Mr. Al Noaimi has been a Director of AerCap since May 18, 2011. Mr. Al Noaimi is also Waha Capital's Chief Executive Officer and Managing Director, responsible for leading the company's overall strategy across its business lines. Mr. Al Noaimi has served as Waha's CEO over the past 6 years, with previous roles including Deputy CEO of Waha, and CEO of Waha Leasing. Earlier in his career, Mr. Al Noaimi held various positions at Dubai Islamic Bank, the UAE Central Bank, the Abu Dhabi Fund for Development and Kraft Foods. He chairs and sits on the board of a number of companies, including Abu Dhabi Ship Building, Dunia Finance, Siraj Finance, Anglo Arabian Healthcare and Bahrain's ADDAX Bank. Mr. Al Noaimi is a UAE national with a degree in Finance and International Business from Northeastern University in Boston.

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

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

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

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

David Herzog. Mr. Herzog has been a Director of AerCap since the consummation of the ILFC Transaction on May 14, 2014. Mr. Herzog is Executive Vice President and Chief Financial Officer of AIG. Mr. Herzog has served as a member of the board of directors of International Lease Finance Corporation since October 2008. Mr. Herzog first joined the organization of American General Corporation in February 2000 as Executive Vice President and Chief Financial Officer of the Life Division. Following the acquisition by AIG of American General Corporation in 2001, he was also named Chief Operating Officer and Chief Financial Officer for the combined domestic life insurance companies. He was elected Vice President, Life Insurance for AIG in 2003 before being named Vice President and Chief Financial Officer, Global Life Insurance in 2004. In 2005, Mr. Herzog was named Comptroller, an office he held until October, 2008 when he was appointed to his current position. Prior to joining American General Corporation, Mr. Herzog held numerous positions at General American Life Insurance Company. He was Chief Financial Officer of GenAmerica Corporation, the parent company of General American and Reinsurance Group of America. Prior to joining General American, Mr. Herzog was Vice President, Controller, for Family Guardian Life Insurance Companies, a subsidiary of CitiCorp, and an Audit Supervisor with Coopers & Lybrand. Mr. Herzog holds a bachelor's degree in accountancy from the University of Missouri Columbia and an M.B.A. in Finance and Economics from the University of Chicago's Graduate School of Business. Additionally, he has attained the designations of Certified Public Accountant and Fellow in the Life Office Management Association. Mr. Herzog serves on the University of Missouri Columbia Trulaske College of Business Strategic Development Board. He has also served on the Board of Trustees of the American College, The Logos School and the University of Missouri School of Accountancy Advisory Board.

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

Robert (Bob)Warden. Mr. Warden has been a Director of AerCap since July 26, 2006. He is also currently a Partner at Pamplona Capital Management, a private equity investment firm, which he joined in August 2012. Mr. Warden serves as a director for several private companies affiliated with Pamplona. Prior to joining Pamplona, Mr. Warden was Managing Director at Cerberus Capital Management, L.P.

from February 2003 to August 2012, a Vice President at J.H. Whitney from May 2000 to February 2003, a Principal at Cornerstone Equity Investors LLC from July 1998 to May 2000 and an Associate at Donaldson, Lufkin & Jenrette from July 1995 to July 1998. Mr. Warden received his AB from Brown University.

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 if a quorum of four directors, including our Chief Executive Officer and the Chairman, or, in his absence, the Vice Chairman, are present at the meeting. All resolutions must be passed by an absolute majority of the votes cast. Directors with a conflict of interest are not allowed to vote. If there is a tie, the matter will be decided by the Chairman of our Board of Directors, or in his absence, the Vice-Chairman.

In 2014, the Board of Directors met on 10 occasions. Throughout the year, the Chairman of the Board and individual Non-Executive Directors were in close contact with our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and President & Chief Commercial Officer. During its meetings and contacts with the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and President & Chief Commercial Officer, the Board discussed such topics as AerCap's annual reports and annual accounts for the financial year 2013, topics for the AGM 2014, the financing of the ILFC Transaction, the closing of the ILFC Transaction, integration of the legacy ILFC and AerCap platforms, transfer of operations, assets and key members of legacy ILFC staff from the USA to Ireland, purchase accounting for the ILFC Transaction, governance in the combined AerCap and legacy ILFC company, secured and unsecured financing transactions and AerCap's liquidity position, AerCap's hedging policies, optimization of AerCap's portfolio of aircraft including the sale of the Class A shares in Genesis Funding Limited, global and regional macroeconomic, monetary and political developments and impact on the industry, AerCap key customer developments, AerCap's backlog of new technology orders with aircraft and engine manufacturers, AerCap's corporate and tax structure, AerCap shareholder value, AerCap key shareholder developments, reports from the various Board committees, the budget for 2015, remuneration and compensation, Board rotation, governance and risk management and control, including but not limited to compliance with the Sarbanes-Oxley Act.

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

Conflicts of Interest

As per Best Practice Provision II.3.2 of the Code each Director shall immediately report any potential conflict of interest concerning a Director to the Chairman of the Board of Directors. The Director with such conflict of interests shall in such case provide the Chairman with all information relevant to the conflict. Also, under Dutch Corporate Law, a conflicted Director may not participate in the discussions and/or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with the Company and its enterprise. In 2014, our Non-Executive Directors Mr. Al Noaimi and Mr. Al Shemmari did not participate in the discussions and decision making with respect to the transactions relating to Waha Capital's shares in AerCap and our Executive Director did not participate in discussion and decision making with respect to his remuneration.

Appointment, Suspension and Dismissal

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

The Non-Executive Directors who were appointed in 2006 have been appointed for an indefinite period of time. At the 2007 annual general meeting of shareholders, the general meeting of shareholders confirmed that the initial term of their appointment was four years, ending on the day of our annual general meeting of shareholders in 2010, such in conformity with our articles of association. The Board of Directors has introduced a rotation schedule, which is available on the Company's website, in order to ensure that the terms of the Directors would not all end at the same time. For this purpose, at the 2008 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. P. Korteweg and Mr. R.J. Bolger as Directors for an additional term of four years ending on the day of our 2012 annual general meeting of shareholders. At the 2009 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. J.N. Chapman, Mr. M.J.L. Jonkhart and Mr. D.J. Teitelbaum as Directors for an additional term of four years ending on the day of our 2013 annual general meeting of shareholders. At the 2010 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. W.B. Ingersoll, Mr. R.G. Warden and Mr. G.P. Strong as Directors for an additional term of four years ending on the day of our 2014 annual general meeting of shareholders. Furthermore, at the 2010 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. K. Heinemann as Director for an additional term of 1 year and his renewed term of appointment ended on the day of our 2011 annual general meeting of shareholders. In addition, at the 2010 annual general meeting of shareholders, the general meeting of shareholders has appointed, in connection with the amalgamation with Genesis Lease Limited that took place on 25 March 2010, Mr. P.T. Dacier, Mr. N.B. Greene and Mr. R.M. Gradon as Directors for a term of four years ending on the day of our 2014 annual general meeting of shareholders. At the 2011 annual general meeting of shareholders, the general meeting of shareholders has reappointed Mr. P. Korteweg for an additional term of four years ending on the day of our 2015 annual general meeting of shareholders. Furthermore, at the 2011 annual general meeting of shareholders, the general meeting of shareholders has appointed, in connection with the Waha transaction which closed on 11 November 2010, Mr. Al Shemmari and Mr. Al Naomi as Directors for a term of four years ending on the day of our 2015 annual general meeting of shareholders. In addition, Mr. R.J. Bolger, Mr. W.B. Ingersoll, Mr. D.J. Teitelbaum and Mr. N.B. Greene have voluntarily resigned, before the end of their term of appointment, as Non-Executive Directors effective as of the day that our 2011 annual general meeting of shareholders has been held. No appointments, re-appointments or resignations took place at the annual general meeting of shareholders of the Company held on 31 May 2012. At the 2013 annual general meeting of shareholders, the general meeting of shareholders has re-appointed Mr. J.N. Chapman and Mr. M.J.L. Jonkhart for an additional term of 4 years ending on the day of our annual general meeting of shareholders in 2017. In addition, Mr. G.P. Strong has voluntarily resigned, before the end of his term of appointment, as Non-Executive Director effective as of the day that our 2013 annual general meeting of shareholders has been held. At the extraordinary general meeting (EGM) of shareholders, held on February 13, 2014, the general meeting of shareholders has, amongst other voting items, re-appointed Mr. R.G. Warden, Mr. R.M. Gradon and Mr. P.T. Dacier for an additional term of 4 years ending on the day of our annual general meeting of shareholders in 2018. In addition, at that meeting the general meeting of shareholders has re-appointed Mr. A. Kelly, our Executive Director and Chief Executive Officer, for an additional term of 4 years commencing at the end of his current term in 2015 and ending on the day of our annual general meeting of shareholders in 2019. In addition, at that meeting the general meeting of shareholders has appointed, in connection with the ILFC Transaction, Mr. R.H. Benmosche and Mr. D.L. Herzog as Non-Executive Directors for a term of four years ending on the day of our annual general meeting of shareholders in 2018, which appointments became effective on May 14, 2014. Regretfully, Mr. Benmosche passed away on February 27, 2015.

Directors Remuneration

The general policy for the remuneration of our Board of Directors is determined by the general meeting of shareholders upon proposal by our Nomination and Compensation Committee of the Board of Directors. This remuneration policy is posted on our website. The remuneration of Directors is determined by our Board of Directors in accordance with the general remuneration policy upon proposal by the Nomination and Compensation Committee. With regard to arrangements concerning remuneration in the form of shares, share options, restricted shares, restricted stock units (RSU's) or other equity instruments, the Board of Directors must submit a proposal to the shareholders for approval. This proposal must, at a minimum, state the number of shares, share options, restricted shares, RSU's or other equity instruments that may be granted to Directors and the criteria that apply to the granting or the alteration of such arrangements. On February 13, 2014 our General Meeting of Shareholders approved an equity incentive plan ("Equity Incentive Plan 2014") which provides for the grant of NV Equity Grants to, amongst others, Directors, Officers and employees with a view to align their interests with the Company's ("Equity Incentive Plan 2014"). The Equity Incentive Plan became effective on May 14, 2014 and replaced an equity incentive plan that was implemented in October 2006 ("Equity Incentive Plan 2006"). Prior awards remain in effect pursuant to their terms and conditions. The terms and conditions of both plans are substantially the same. As per December 31, 2014, our Non-Executive Directors hold options to acquire a total of 38,729 shares in AerCap and 13,245 restricted share units, which equity awards have been granted under Equity Incentive Plan 2014 and the Equity Incentive Plan 2006 to our Non-Executive Directors, as further specified below in this report.

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

For information regarding the remuneration of our Directors, reference is made to the remuneration policy as referred to above (available on our website), the Remuneration Report 2014 included in this Annual Report and Note 30 "Directors Remuneration" of our Annual Report.

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

Board Independence

In 2014 our Board of Directors has assessed its independence under the provisions III.2.2 and III.8.4 of the Code and has concluded that it meets the applicable independence requirements.

Committees of the Board of Directors

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

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

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

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

Our Audit Committee met eleven (11) times during 2014. 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 during the meetings and through contacts with our Chief Executive Officer and our Chief Financial Officer included the review of annual and quarterly financial statements and disclosures, review of external auditor's reports, review of activities and results in respect of our continued Sarbanes Oxley compliance, review of the external auditor's audit plan for 2014, review of accounting topics with respect to the closing of the ILFC acquisition, review of internal audit reports, the internal auditor's audit plan for 2015, review of the Company's compliance, risk management policies and integrity and fraud, review as a matter of course of the expenses incurred by the Company's most senior officers in the exercise of their functions, review of the Company's tax planning policies, review of the functioning of the Audit Committee, the Audit Committee charter and the Audit Committee cycle. The Audit Committee had several separate sessions with the externe accountant without management being present.

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

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

Our Nomination and Compensation Committee met five (5) times during 2014. At these meetings it discussed and approved salaries and bonuses of senior members of management, relocation of key staff members to our Dublin office, stock ownership guidelines and other compensation related occurrences and developments within the framework of the Board and Committee Rules and our remuneration policy. In line with the Code, the Company has included the 2014 remuneration report in this Annual Report. In addition, various resolutions were adopted outside of these meetings.

Profile of the Board

Our Board of Directors maintains a profile of the Non-Executive Directors containing guidance and requirements with respect to composition of the Board and competences and experience of its Non-Executive members. The profile is available on the website of the Company. In 2014 the Board has carried out an assessment on the basis of which it has determined that the requirements of the profile of the Non-Executive Directors continue to be met. In addition, any Non-Executive Director's (re)appointment to the Board shall be based on consistency with the profile. With respect to the composition of the Board of Directors, it is noted that the Directors have been and will continue to be selected on the basis of their professional backgrounds and skills in line with the global nature and identity of the Company and its business. Within these parameters, the Board of Directors pays attention to gender diversity in accordance with article 2:166 of the Dutch Civil Code, although so far this has not resulted in increased gender diversity in the Board.

Officers

As described above, the Chief Executive Officer is primarily responsible for managing our day-to-day affairs as well as other duties that have been delegated to the Executive Director in accordance with our Articles of Association and our internal rules for the Board of Directors.

Our Group Executive Committee assists the Chief Executive Officer with regards to 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. The current members of our Group Executive Committee are Aengus Kelly (Chief Executive Officer), Wouter (Erwin) den Dikken (Chief Operating Officer), Keith Helming (Chief Financial Officer) and Philip Scruggs (President & Chief Commercial Officer). 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. The current Officers (in addition to Mr. Kelly who is our Executive Director and Chief Executive Officer, as described above) are:

Name	Age	Nationality	Gender	Position
Officers				
Wouter (Erwin) den Dikken	47	The Netherlands	M	Chief Operating Officer Chief Legal Officer
Keith Helming	56	USA	M	Chief Financial Officer
Philip G. Scruggs	50	USA	M	Chief Commercial Officer & President
Peter Anderson	38	Australia	M	Head of Asia Pacific
Tom Kelly	51	Ireland	M	CEO AerCap Ireland
Edward (Ted) O'Byrne	43	France	M	Chief Investment Officer
Martin Olson	52	USA	M	Head of OEM Relations
Paul Rofe	55	United Kingdom	M	Group Treasurer
Sean Sullivan	45	USA	M	Head of Americas
Joe Venuto	57	USA	M	Chief Technical Officer
Kenneth Wigmore	46	USA	M	Head of EMEA

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

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

Philip Scruggs. Mr. Scruggs assumed the position of President and Chief Commercial Officer of AerCap upon the consummation of the ILFC Transaction, previously serving in the role of Executive Vice President and Chief Marketing Officer at ILFC where he has had a 20 year career. As Chief Marketing Officer of ILFC, Mr. Scruggs oversaw ILFC's worldwide leasing business, including the marketing, pricing, credit, commercial execution, and contracts functions within the company, together with ILFC's fleet management services to third party investors. 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 Anderson. Mr. Anderson assumed the position of Senior Vice President Marketing and Head of Asia Pacific upon the consummation of the ILFC Transaction, previously serving in the role of Vice President Marketing and Deputy Head of APAC at ILFC. Mr. Anderson was responsible for managing ILFC's relationships with key airline customers in South East Asia, Japan and Korea. Prior to ILFC, Mr. Anderson was Asia Pacific Director of Sales and Marketing for Hong Kong Aviation Capital (HKAC), transitioning the Allco Finance Group Ltd. aviation assets into the HKAC business and managing those assets across Asia. Prior to HKAC, Mr. Anderson spent 8 years at Allco Finance Group Ltd. in both Sydney and London, specializing in aircraft leasing, structured finance (for aviation assets) and mortgage and equipment lease securitization. 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.

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 10 years with GECAS where his last roles were as Chief Financial Officer and director of GECAS Limited, GECAS's Irish operation. Mr. Kelly also served as global controller for GECAS in his role as Senior Vice President & Controller. Prior to joining GECAS in 1997, Mr. Kelly spent over eight years with KPMG in their London office, acting as a Senior Manager in their financial services practice. Mr. Kelly is a Chartered Accountant and holds a Bachelor of Commerce degree from University College Dublin.

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

Martin Olson. Mr. Olson assumed the position of Head of OEM Relations upon the consummation of the ILFC Transaction, previously serving in the role of Senior Vice President at ILFC. Mr. Olson headed ILFC's Aircraft Sales and Acquisitions Department, responsible for purchasing new aircraft and engines. Mr. Olson joined ILFC in 1995 after ten years with McDonnell Douglas Aircraft Corporation. Mr. Olson is a graduate of California State University, Fullerton. He also received a Master's Degree in Business Administration from the University of Southern California.

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

Sean Sullivan. Mr. Sullivan assumed the position of Head of Americas from the Closing Date of the ILFC acquisition, previously serving in the role of Senior Vice President and Head of ILFC Americas. In this role, Mr. Sullivan was involved in ILFC's purchase and leaseback business, including strategic direction of the business, pricing and analysis tools, critical support, and customer evaluation and processes. Mr. Sullivan has more than 20 years of experience in negotiating and managing complicated transactions. Prior to ILFC, Mr. Sullivan was Director of Allco Aviation, where he oversaw strategic direction and creation of the business plan, focused on growth through purchase and leaseback transactions. Previously, Mr. Sullivan also held the position of Vice President at the Bank of America in the Leasing and Capital group, focused on aviation finance.

Joe Venuto. Mr. Venuto was appointed Chief Technical Officer of AerCap in February 2012. He previously served in the role of Senior Vice President Operations for the Americas at AerCap for four years. From 2004 to 2008, he was the Senior Vice President Operations at AeroTurbine responsible for all technical related issues. Prior to joining AeroTurbine, 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 & Powerplant technician for Eastern Airlines. Mr. Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

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

Officer Compensation

In 2014, we paid an aggregate of approximately $34.9 million in cash (base salary and bonuses) and benefits as compensation to our Officers during the year, including $1.5 million as part of their retirement and pension plans.

The compensation packages of our Group Executive Committee members (Aengus Kelly, Wouter (Erwin) den Dikken, Keith Helming and Philip Scruggs) and certain other Officers, consisting of base salary, annual bonus and, for some Officers, annual grants of AER equity instruments ("Annual Equity Awards"), along with other benefits, are determined by the Nomination and Compensation Committee upon recommendation of the Chief Executive Officer on an annual basis. The annual compensation package of our Chief Executive Officer, consisting of base salary, bonus and Annual Equity Awards, along with other benefits, is determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee. In addition, the Nomination and Compensation Committee (or, in the case of our Chief Executive Officer: the Board of Directors, upon recommendation of the Nomination and Compensation Committee) may grant AER equity incentive awards to our Officers on a non-recurring basis ("Other Equity Awards") under our equity incentive plans, as further outlined below.

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

The Other Equity Awards granted to our Officers during 2012, 2013 and 2014 have vesting periods ranging between three years and five years and are subject to vesting criteria based on our average performance, relative to our internal budget, over a number of years in order to promote and encourage good performance over a prolonged period of time, except one equity award to one Officer not being a Group Executive Committee member, which equity award is only subject to time based vesting criteria. All equity awards contain change of control provisions causing immediate vesting of all equity awards, to the extent not yet forfeited, in case of a change of control as defined in the respective equity award agreements as per customary practice.

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

AerCap Equity Incentive Plans

Under our equity incentive plans we have granted restricted stock units, restricted stocks and stock options, to members of our senior management and Board of Directors and to employees in order to enable us to attract, retain and motivate such people and to align their interests with ours, including but not limited to retention and motivation in relation to the implementation of the ILFC acquisition.

In March 2012, we implemented an equity incentive plan (''Equity Incentive Plan 2012'').which provides for the grant of stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock awards (''NV Equity Grants'') to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Effective May 14, 2014, the Equity Incentive Plan 2012 was expanded and the maximum number of equity awards available to be granted under the plan is equivalent to 8,064,081 Company 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 (''Equity Incentive Plan 2014'') which provides for the grant of NV Equity Grants to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. The maximum number of equity awards available to be granted under the plan is equivalent to 4,500,000 Company shares. The Equity Incentive Plan 2014 is open for equity awards to our Directors.

The Equity Incentive Plan 2014 replaced an equity incentive plan that was implemented in October 2006 (''Equity Incentive Plan 2006''). Prior awards remain in effect pursuant to their terms and conditions. The terms and conditions of both plans are substantially the same.

Please refer to Note 18 to our Consolidated Financial Statements included in this annual report for more details on our equity incentive plans.

Risk Management and Control Framework

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

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

Planning and Control Cycle

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

Risk Management and Internal Controls

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

Controls and Procedures Statement Under the Sarbanes-Oxley Act

As of December 31, 2014, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation pursuant to section 302 of the U.S. Sarbanes-Oxley Act and Rule 13a-15 promulgated under the U.S. Securities Exchange Act of 1934, as amended of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the U.S. Securities Exchange Act on 1934, as amended is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

Disclosure Controls and Procedures

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

Code of Conduct and Whistleblower Procedure

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

Compliance Procedures

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

Corporate Social Responsibility

During 2014 the Board has discussed and reviewed our corporate social responsibility (CSR) objectives and activities. Although it is acknowledged that our aircraft are generally used for high impact activities when it comes to the environment, we maintain a fleet of young and fuel efficient aircraft and engines that are relatively less pollutive in comparison with other, older aircraft and engines that use more fuel and produce higher noise levels. In addition the Board has discussed and reviewed our activities and conduct as it relates to ethics, labor environment, citizenship and transparency and financial reporting.

External Auditors

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

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

Internal Auditors

We have an internal audit function in place to provide assurance, to the Audit Committee and the Company's Executive Officers, with respect to the Company's key processes. The internal audit function independently and objectively carries out audit assignments in accordance with the annual internal audit plan, as approved by the Audit Committee. The head of the internal audit function reports, in line with professional standards of the Institute of Internal Auditors, to the Audit Committee (functional reporting line) and to our Chief Executive Officer (administrative reporting line). The work of the internal audit department is fully endorsed by the Audit Committee and the Company's executive officers and is considered a valuable part of the Company's system of control and risk management.

Ordinary Share Capital

As of December 31, 2014, we had 350,000,000 authorized ordinary shares, par value €0.01 per share, of which 212,318,291 were issued and outstanding.

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

Issuance of Ordinary Shares

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

At the Annual General Meeting held in 2011, pursuant to our articles of association, our shareholders authorized our Board of Directors to issue ordinary shares or grant rights to subscribe for ordinary shares up to the maximum amount of our authorized share capital from time to time, which authorization is valid for a period of five years.

On May 14, 2014, we issued 97,560,976 ordinary shares in the capital of AerCap to AIG in connection with the ILFC Transaction.

Preemptive Rights

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

The General Meeting of Shareholders may limit or exclude preemptive rights and also delegate the power to limit or exclude preemptive rights to our Board of Directors with respect to ordinary shares, the issuance of which has been authorized by our shareholders. At the Annual General Meeting held in 2011, pursuant to our articles of association, our Board of Directors has been authorized to limit or exclude preemptive rights, which authorization is valid for a period of five years.

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.

In the year ended December 31, 2011 our Board of Directors approved a $100.0 million share repurchase program under which we purchased 9.4 million shares at an average price of $10.64 per share. The repurchase program was completed in December 2011.

In the year ended December 31, 2012 our Board of Directors approved a $320.0 million share repurchase program under which we purchased 26.5 million shares at an average price of $12.06 per share. The repurchase program was completed in December 2012.

At the Annual General Meeting held in 2014, pursuant to our articles of association our shareholders authorized our Board of Directors to acquire ordinary shares up to a maximum of 20% of the issued share capital at the date of the authorization, which authorization is valid for 18 months. During 2014, we did not repurchase any shares.

On February 23, 2015 our Board of Directors approved a $250.0 million share repurchase program which will run through December 31, 2015. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of shares of common stock to be purchased will be determined by the Company's management and Board of Directors, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

Capital Reduction; 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 Annual General Meeting held in 2014 our shareholders resolved to cancel the ordinary shares which may be acquired under the repurchase authorizations described above, subject to determination by our Board of Directors of the exact number to be cancelled. During 2014, we did not cancel any shares.

General Meetings of Shareholders

At least one General Meeting of Shareholders must be held every year (AGM). Shareholders can exercise their voting rights through submitting their proxy forms or equivalent means prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders. Shareholders may exercise their meeting rights in person after notifying us prior to a set date and providing us with appropriate evidence of ownership of the shares and authority to vote prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders.

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 Netherlands 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 a (i) statutory merger whereby AerCap is the acquiring entity, or (ii) a legal demerger, with certain limited exceptions, must be approved by the shareholders.

On February 13, 2014, AerCap held an extraordinary General Meeting of Shareholders (EGM). The EGM approved, among other things, the ILFC Transaction, and voted for all other items which required a vote. The Annual General Meeting of shareholders was held on April 30, 2014. The Annual General Meeting of shareholders adopted the 2013 annual accounts and voted for all other items which required a vote.

Protective Measures

There are no protective devices against takeovers in place.

Remuneration Report

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

Non-Executive Directors

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

In addition our Non-Executive Directors receive an annual equity award, as provided for in the Company's remuneration policy for members of the Board of Directors and in accordance with the terms of the Company's Equity Incentive Plan 2014 (previously Equity Incentive Plan 2006). As a result of the equity awards stated above, per December 31, 2014 our current Non-Executive Directors hold options to acquire a total of 38,729 shares in the Company and 13,245 restricted stock units. Although strictly not in line with the best practice provisions of the Code, we believe these relatively small numbers of equity awards are an effective means to further complement our Non-Executive Directors' remuneration, whereas they do not go against the spirit of the corresponding provision in the Code. In addition, it should be noted that granting equity to Non-Executive Directors is consistent with corporate practice in the United States, the jurisdiction where our shares are publicly listed which, to a certain extent, drives our corporate governance in addition to Dutch corporate governance rules.

Executive Director

During 2014, we paid Mr. Kelly, our only Executive Director, an annual compensation consisting of base salary, cash bonus and a deferred equity bonus in the form of restricted stock units. Mr. Kelly's compensation package was derived based on our understanding of comparable compensation packages for competitors of similar size and profitability in the aircraft leasing industry and the overall financial services industry. Mr. Kelly's compensation package has been disclosed in the proxy materials for the extraordinary General Meeting of Shareholders held on February 13, 2014. The annual bonuses are paid in arrears. The actual bonus amounts will not exceed target bonus levels as long as our budget for the relevant year has not been met, subject to exceptions which, if so, will be disclosed in this annual report. As a matter of policy, the actual bonuses will be determined below target level in years that our budget is not met, unless specific circumstances require otherwise which, if so, will be disclosed in this annual report. The annual equity bonus is time based with a three-year vesting period. The bonus targets are based on earnings per share. We believe that the ratio of fixed and variable/incentive compensation is reasonable and provides an appropriate level of incentive compensation to promote the achievement of established targets.

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

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

For further details on Mr. Kelly's remuneration we refer to Note 31 to the consolidated financial statements in this report.

AerCap Holdings N.V. Equity Incentive Plans

Reference is made to the paragraph in respect of the AerCap Holdings N.V. Equity Incentive Plans in this report.

Amsterdam, March 30, 2015

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

AerCap Holdings N.V. and Subsidiaries
Consolidated Balance Sheets
As of December 31, 2013 and 2014
(After proposed profit appropriation)

	Note	As of December 31, 2014	As of December 31, 2013
		(U.S. dollars in thousands except share and per share amounts)	
Assets			
Cash and cash equivalents		$ 1,490,369	$ 295,514
Restricted cash	5	717,388	272,787
Trade receivables		160,412	5,203
Flight equipment held for operating leases, net	6	32,007,819	8,068,585
Maintenance rights intangible and lease premium, net	8	3,906,026	—
Flight equipment held for sale		14,082	—
Net investment in finance and sales-type leases	7	347,091	31,995
Prepayments on flight equipment	28	3,486,514	223,815
Other intangibles, net	9	551,509	9,354
Deferred income tax assets	16	239,796	168,663
Other assets	10	843,127	256,548
Total Assets		**$43,764,133**	**$9,332,464**
Liabilities and Shareholders' Equity			
Accounts payable, accrued expenses and other liabilities	13	1,195,880	$ 164,222
Accrued maintenance liability	14	3,396,153	549,712
Lessee deposit liability		848,332	92,660
Debt	15	30,198,427	6,088,577
Deferred income tax liabilities	16	283,863	61,842
Negative goodwill	35	29,090	29,551
Total Liabilities		35,951,745	6,986,564
Ordinary share capital, €0.01 par value (350,000,000 ordinary shares authorized, 212,318,291 ordinary shares issued and outstanding at December 31, 2014 and 113,783,799 ordinary shares issued and outstanding at December 31, 2013)	18	2,559	1,199
Additional paid-in capital		5,434,328	878,034
Revaluation reserves		(6,895)	(9,890)
Accumulated retained earnings(1)		2,303,625	1,472,697
Total AerCap Holdings N.V. shareholders' equity		7,733,617	2,342,040
Non-controlling interest, net of taxes	17	78,771	3,860
Total Equity		7,812,388	2,345,900
Total Liabilities and Equity		**$43,764,133**	**$9,332,464**

(1) This includes $35.2 million and $31.4 million of legal reserves in the year ended December 31, 2014 and 2013 respectively, which are not free to distribute.

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

AerCap Holdings N.V. and Subsidiaries
Consolidated Income Statements
For the Years Ended December 31, 2014 and 2013

	Note	Year ended December 31, 2014	Year ended December 31, 2013
		(U.S. dollars in thousands, except share and per share amounts)	
Revenues and other income			
Lease revenue	20,23	$ 3,498,300	$ 976,147
Net gain on sale of assets		37,497	41,873
Other income	22	104,491	32,046
Total Revenues and other income		**3,640,288**	**1,050,066**
Expenses			
Depreciation and amortization	6	1,285,506	337,730
Asset impairment	24	(19,890)	64,201
Interest expense	15	780,349	226,329
Leasing expenses		308,670	77,885
Selling, general and administrative expenses	19,21	417,606	100,038
Total Expenses		**2,772,241**	**806,183**
Income before income taxes and income of investments accounted for at net asset value		**868,047**	**243,883**
Provision for income taxes	16	(135,350)	(70,469)
Equity in net earnings of investments accounted for at net asset value		28,973	10,637
Net Income		**$ 761,670**	**$ 184,051**
Non-controlling interest, net of taxes	17	1,949	(2,992)
Net Income attributable to AerCap Holdings N.V.		**$ 763,619**	**$ 181,059**
Basic earnings per share	25	$ 4.34	$ 1.60
Diluted earnings per share	25	$ 4.27	$ 1.57
Weighted average shares outstanding—basic		175,912,662	113,463,813
Weighted average shares outstanding—diluted		178,684,989	115,002,458

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	Note	Year ended December 31, 2014	Year ended December 31, 2013(a)
		(U.S. dollars in thousands)	
Net income attributable to AerCap Holdings N.V.	19	$ 763,619	$ 181,059
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-controlling interest	16	(1,949)	2,992
Depreciation and amortization	6	1,285,506	337,730
Asset impairment	23	(19,890)	64,201
Amortization of debt issuance costs and debt discounts	14	86,184	47,442
Amortization of lease premium intangibles	9	17,967	8,746
Accretion of fair value adjustments on debt		(330,924)	—
Accretion of fair value adjustments on deposits and maintenance reserves		71,806	—
Maintenance rights expense		128,919	—
Net gain on sale of assets		(37,497)	(41,873)
Deferred income taxes	15	113,836	65,629
Other		3,706	(2,513)
Changes in operating assets and liabilities:			
Trade receivables		102,547	2,854
Other assets	11	(18,374)	(32,760)
Accounts payable, accrued expenses and other liabilities	13	131,243	59,162
Net cash provided by operating activities		**2,296,699**	**692,669**
Purchase of flight equipment	6	(2,088,444)	(1,782,839)
Proceeds from sale or disposal of assets	6	569,633	664,415
Prepayments on flight equipment	27	(458,174)	(213,320)
Acquisition of ILFC, net of cash acquired	4	(195,311)	—
Capital contributions to equity investments	8	—	(13,180)
Collections of finance and sales-type leases	8	57,958	2,209
Movement in restricted cash		282,523	7,866
Net cash used in investing activities		**(1,831,815)**	**(1,334,849)**
Issuance of debt	14	5,411,602	2,299,706
Repayment of debt	14	(4,826,775)	(1,889,194)
Debt issuance costs paid	14	(134,963)	(45,213)
Maintenance payments received		561,558	100,708
Maintenance payments returned		(286,041)	(56,909)
Security deposits received		107,332	23,364
Security deposits returned		(98,656)	(15,032)
Net cash provided by financing activities		**734,057**	**417,430**
Net increase (decrease) in cash and cash equivalents		1,198,941	(224,750)
Effect of exchange rate changes		(4,086)	(137)
Cash and cash equivalents at beginning of period		295,514	520,401
Cash and cash equivalents at end of period		**$ 1,490,369**	**$ 295,514**

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

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, 2014 and 2013

	Note	Year ended December 31, 2014	2013
		(U.S. dollars in thousands)	
Supplemental cash flow information(b):			
Interest paid, net of amounts capitalized	15	1,103,512	211,075
Taxes paid		37,630	4,966

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

Non-Cash Investing and Financing Activities

2014:

Flight equipment in the amount of $108.3 million was reclassified to Net investment in finance and sales-type leases of $124.7 million with $16.4 million recognized as a gain.

Flight equipment in the amount of $51.6 million was reclassified to Other assets.

2013:

Flight equipment in the amount of $32.9 million was reclassified to Net investment in finance and sales-type leases with no gain or loss.

2012:

Flight equipment in the amount of $6.0 million was reclassified to Other assets.

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

AerCap Holdings N.V. and Subsidiaries
Consolidated Statements of Shareholders' Equity
For the Years Ended December 31, 2014 and 2013

	Number of Shares	Share capital	Additional paid-in capital	Treasury stock	Retained earnings	Revaluation reserves	Total shareholders' equity
	(U.S. dollars in thousands, except share amounts)						
Year ended December 31, 2013							
Balance at January 1, 2013	113,363,535	$1,193	$ 878,034	$—	$1,285,231	$(14,401)	$2,150,057
Share-based compensation	420,264	6	—	—	6,407	—	6,413
Net change in fair value of derivatives (Note 10), net of $(711) tax(a)	—	—	—	—	—	4,975	4,975
Net change of pension obligations (Note 25), net of $117 tax(b)	—	—	—	—	—	(464)	(464)
Net income for the period	—	—	—	—	181,059	—	181.059
Total result	—	—	—	—	181,059	4,511	185,570
Balance at December 31, 2013	**113,783,799**	**$1,199**	**$ 878,034**	**$—**	**$1,472,697**	**$ (9,890)**	**$2,342,040**
Year ended December 31, 2014							
Balance at January 1, 2014	113,783,799	$1,199	$ 878,034	$—	$1,472,697	$ (9,890)	$2,342,040
Net change in fair value of derivatives (Note 10), net of $(711) tax(a)	—	—	—	—	—	4,542	4,542
Net change of pension obligations (Note 25), net of $117 tax(b)	—	—	—	—	—	(1,547)	(1,547)
Share-based compensation	973,516	13		—	67,309	—	67,322
ILFC Transaction	97,560,976	1,347	4,556,294	—		—	4,557,641
Net income for the period				—	763,619	—	763,619
Total result	—	—	—	—	763,619	2,995	766,614
Balance at December 31, 2014	**212,318,291**	**$2,559**	**$5,434,328**	**$—**	**$2,303,625**	**$ (6,895)**	**7,733,617**

(a) In 2014 we reclassified $3.1 million from revaluation reserves to interest expense in the income statement. In 2013 we entered into interest rate swaps for which we applied cash flow hedge accounting treatment. During 2013 no amounts were reclassified from revaluation reserves to the income statement.

(b) As part of a component of revaluation reserves we recognize a direct movement in equity for the actuarial gains or losses that arise during the period.

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

1. General

The Company

We are an independent aircraft leasing company with $43.8 billion of total assets on our balance sheet mainly consisting of 1,132 owned aircraft as of December 31, 2014. Our ordinary shares are listed on the New York Stock Exchange (AER) and we have our headquarters in Amsterdam with offices in Los Angeles, Shannon, Dublin, Fort Lauderdale, Miami, Singapore, Shanghai, Abu Dhabi and representation offices at the world's largest aircraft manufacturers, Boeing and Airbus in Seattle and Toulouse.

These consolidated financial statements include the accounts of AerCap Holdings N.V. and its subsidiaries ("AerCap" or the "Company"). AerCap Holdings N.V. is a Netherlands public limited liability company ("*naamloze vennootschap" or "N.V.*") formed on July 10, 2006.

On April 22, 2014, we completed the sale of 100% of the class A common shares in Genesis Funding Limited ("GFL") to GFL Holdings, LLC, an affiliate of Wood Creek Capital Management, LLC. GFL had 37 aircraft in its portfolio with a net book value of $727 million ("GFL Transaction").

On May 14, 2014, AerCap successfully completed the ILFC Transaction, as further described in Note 4: *ILFC Transaction*.

Risks and uncertainties

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

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 on our balance sheet—flight equipment held for operating leases—is subject to fluctuations in the values of commercial aircraft worldwide. A material decrease in aircraft values could have a downward effect on lease rentals and residual values and may require that the carrying value of our flight equipment be materially reduced.

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

We have significant tax losses carried forward in some of our subsidiaries, which are recognized as tax assets on our balance sheet. The recoverability of these assets is dependent upon the ability of the related entities to generate a certain level of taxable income in the future. If those entities cannot

1. General (Continued)

generate such taxable income, we will not realize the value of those tax assets and a corresponding valuation allowance and tax charge will be required.

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

Related parties

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

Note to the cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash and cash equivalents. Cash flows denominated in currencies other than the U.S. dollars are translated at average exchange rates.

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

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

2. Basis for presentation

General

The consolidated financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in U.S. dollars, which is our functional and reporting currency.

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

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

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

2. Basis for presentation (Continued)

Use of estimates

The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For us, the use of estimates is or could be a significant factor affecting acquisition accounting in a business combination, the reported carrying values of flight equipment, intangibles, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management considers information available from professional appraisers, where possible, to support estimates, particularly with respect to flight equipment. Despite management's best efforts to accurately estimate such amounts, actual results could materially differ from those estimates.

In the years ended December 31, 2014 and December 31, 2013, we changed our estimates of useful lives and residual values of certain older aircraft. The change in estimates is a result of the current market conditions that have negatively affected the useful lives and residual values for such aircraft. The effect on net income from continuing operations for the year ended December 31, 2014 was to reduce net income by $4.4 million, or $0.02 basic and diluted earnings per share. The effect on net income from continuing operations for the year ended December 31, 2013 was to reduce net income by $8.0 million, or $0.07 basic and diluted earnings per share.

Reclassifications

Collection for finance and sales type lease—The Consolidated Statements of Cash Flows for the years ended December 31, 2013, include a reclassification, as compared to the financial statements in our 2013 Dutch GAAP Annual Reports, of $2.2 million to reduce net cash provided by operating activities and to increase net cash provided by investing activities with respect to collection for finance and sales type lease which was previously included in change in other assets. There were no changes to the Consolidated Balance Sheets, Net Income or Total Equity as a result of this reclassification in the period. Management does not believe that the reclassification is material to the financial statements taken as a whole.

3. Summary of significant accounting policies

Foreign currencies

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

3. Summary of significant accounting policies (Continued)

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 profit are disclosed separately.

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

Since the income statement for 2014 of AerCap Holdings N.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Dutch Civil Code.

For a listing of the consolidated companies refer to Note 31.

Cash and cash equivalents

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

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 service the aircraft securing the debt and to make principal and interest payments on the debt.

Trade receivables

Trade receivables represent unpaid, current lessee obligations under existing lease contracts and are initially recognized at fair value, and subsequently measured at amortized cost. Allowances are provided for doubtful accounts where the risk of non-recovery is probable. The risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

3. Summary of significant accounting policies (Continued)

Flight equipment held for operating leases, net

Flight equipment held for operating leases, including aircraft, is stated at cost less accumulated depreciation and impairment. Flight equipment is depreciated to its estimated residual value using the straight-line method over the assets' useful life, generally 25 years from the date of manufacture, or different period depending on the disposition strategy. The costs of improvements to flight equipment are normally expensed unless the improvement increases the long-term value of the flight equipment or extends the useful life of the flight equipment. The capitalized cost is depreciated over the estimated remaining useful life of the aircraft. The current estimates for the residual values of most aircraft types are 15 percent of original manufacture cost, in line with industry standards, except where more recent industry information indicates a different value is appropriate.

We review estimated useful lives and residual values of aircraft periodically based on our knowledge and external factors coupled with market conditions to determine if they are appropriate and record adjustments to depreciation prospectively on an aircraft by aircraft basis as necessary.

On a quarterly basis, we evaluate the need to perform a recoverability assessment when events or changes in circumstances indicate that the carrying value of our long-lived assets may not be recoverable. When a recoverability assessment is required, the review for 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. In relation to flight equipment on operating lease, the impairment assessment is performed on each individual aircraft, including lease related assets and liabilities. If the sum of the expected discounted future cash flows is less than the carrying amount of the asset, an impairment is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its fair value.

Fair value reflects the present value of cash expected to be generated from the aircraft in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft, appraisal data and industry trends. Annually, we perform an impairment assessment for all of our aircraft, including a review of the discounted cash flows for aircraft 15 years or older, as the cash flows supporting the carrying value of such older aircraft are more dependent upon current lease contracts, which leases are more sensitive to weaknesses in the global economic environment. 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 trigger impairments.

Capitalization of interest

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

3. Summary of significant accounting policies (Continued)

Net investment in finance and sales-type leases

We recognize the lease in Net investment in finance and sales-type leases on our Consolidated Balance Sheets and de-recognize the aircraft from Flight equipment held for operating leases. For sales-type leases, we recognize the difference between the aircraft carrying value, and the Net investment in finance and sales-type leases as a gain on sale of assets or an impairment. The amounts recognized for finance and sales-type leases consist of lease receivables and the estimated unguaranteed residual value of the leased flight equipment on the lease termination date, less the unearned income. Expected unguaranteed residual values of leased flight equipment are based on our assessment and independent appraisals of the values of the leased flight equipment at expiration of the lease terms. The unearned income is recognized in Lease revenue on our Consolidated Income Statement, over the lease term, in a manner that produces a constant rate of return on the lease.

Definite-lived intangible assets

We recognize intangible assets acquired in a business combination which are recorded at fair value on the date of acquisition. The rate of amortization of definite-lived intangible assets is calculated with reference to the period over which we expect to derive economic benefits from such assets.

Maintenance rights intangible and lease premium, net

The maintenance rights intangible asset arose from the application of the acquisition method of accounting to aircraft and leases which were acquired in the ILFC Transaction, and represented the fair value of our contractual aircraft return rights under our leases at the Closing Date. The maintenance rights intangible asset represents the fair value of our contractual aircraft return right under our leases to receive the aircraft in a specified maintenance condition at the end of the lease (EOL contracts) or our right to an aircraft in better maintenance condition by virtue of our obligation to contribute towards the cost of the maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held (MR contracts), or through a lessor contribution to the lessee. The maintenance rights intangible arose from the application of the acquisition method of accounting to aircraft and leases which were acquired in the ILFC Transaction, and represented the fair value of our contractual aircraft return rights under our leases at the Closing Date. The maintenance rights represented the difference between the specified maintenance return condition in our leases and the actual physical condition of our aircraft at the Closing Date.

For EOL contracts, maintenance rights expense is recognized upon lease termination, to the extent the lease end cash compensation paid to us is less than the maintenance rights intangible asset. Maintenance rights expense is included in Leasing expenses in our Consolidated Income Statement. To the extent the lease end cash compensation paid to us is more than the maintenance rights intangible asset, revenue is recognized in Lease revenue in our Consolidated Income Statement, upon lease termination. For MR contracts, maintenance rights expense is recognized at the time the lessee provides us with an invoice for reimbursement relating to the cost of a qualifying maintenance event that relates to pre-acquisition usage.

3. Summary of significant accounting policies (Continued)

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

Other definite-lived intangible assets (including goodwill)

These primarily represent customer relationships recorded at fair value and goodwill as a result of the ILFC Transaction. The rate of amortization of these definite-lived intangible assets including goodwill is estimated based on the period over which we expect to derive economic benefits from such assets. The amortization expense is recorded in Depreciation and amortization on our Consolidated Income Statements. We evaluate all definite-lived intangible assets for impairment when events or changes in circumstances indicate that an intangible asset value may not be recoverable.

Other assets

Other assets consist of inventory, investments, derivative instruments, lease incentives, prepaid expenses, notes receivable, other receivables and other tangible fixed assets.

Inventory

Inventory consists primarily of engine and airframe parts we sell through our subsidiary, AeroTurbine. Inventory is valued at the lower of cost or market value. Cost is primarily determined using the specific identification method for individual part purchases and on an allocated basis for engines and aircraft purchased for disassembly and for bulk purchases. Costs are allocated using the relationship of the cost of the engine, aircraft, or bulk inventory purchase to the estimated retail sales value at the time of purchase. At the time of sale this ratio is applied to the sales price of each individual part to determine its cost. We periodically evaluate this ratio and, if necessary, update sales estimates and make adjustments to this ratio. Generally, inventory that is held for more than four years is considered excess inventory and its carrying value is reduced to zero.

Notes receivable

Notes receivable represent amounts advanced in the normal course of our operations and also arise from the restructuring and deferral of trade receivables from lessees experiencing financial difficulties. Allowances are made for doubtful accounts where the risk of non-recovery is probable. The assessment of the risk of non-recovery where lessees are experiencing financial difficulties is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of the debtor and the economic conditions persisting in the debtor's operating environment. The note receivable as a result of the ALS Transaction was recorded at fair value and is subsequently measured at amortized cost using the retrospective effective interest method.

Investments

Investments over which we have significant influence but not a controlling interest, joint ventures or SPEs for which we are not the PB are reported using net asset value. Under net asset value, we

3. Summary of significant accounting policies (Continued)

include our share of earnings and losses of such investments in Equity in net earnings of investments accounted for at net asset value.

Derivative financial instruments

We may use derivative financial instruments to manage our exposure to interest rate risks and foreign currency risks. Derivatives are recognized on the balance sheet at their fair value which includes consideration of the credit rating and risk attaching to the counterparty of the derivative contract. We have considered both the quantitative and qualitative factors when determining our counterparty credit risk.

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

We discontinue hedge accounting prospectively when (i) we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (ii) the derivative expires or is 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 carry the derivative at its fair value on the balance sheet, recognizing changes in the fair value in current-period earnings. The remaining balance in revaluation reserves at the time we discontinue hedge accounting is not recognized in the income statement unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in earnings when earnings are affected by the hedged transaction.

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

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

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.

Other tangible fixed assets

Other tangible fixed assets consist of computer equipment, motor vehicles and office furniture and are valued at acquisition cost and depreciated at various rates between 16 percent to 33 percent per annum over the assets' useful lives using the straight-line method. Depreciation expense on other tangible fixed assets is recorded in Depreciation and amortization in the Consolidated Income Statements.

3. Summary of significant accounting policies (Continued)

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. We measure the fair value of our derivatives on a recurring basis and measure the fair values of aircraft, investment in finance and sales-type leases and asset value guarantees on a non-recurring basis. See Note 28—Fair Value Measurements.

Income taxes

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.

Deferred tax assets and liabilities

We report deferred taxes 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. Deferred tax assets attributable to unutilized losses carried forward or other timing differences are reduced by a valuation allowance if it is more likely than not that such losses will not be utilized to offset future taxable income.

Accrued maintenance liability

Under our aircraft leases, the lessee is responsible for maintenance and repairs and other operating expenses related to our flight equipment during the term of the lease. In certain instances, such as 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 in our Consolidated Income Statements, 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 existing at the inception of the lease (“lessor maintenance contributions”). For all lease contracts, except for those acquired as part of the ILFC Transaction, we expense planned major maintenance activities, such as lessor maintenance contributions, when incurred. The charge is recorded in Leasing expenses in our Consolidated Income Statements. 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 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 is recorded as an increase to Interest expense in our Consolidated Income Statements.

3. Summary of significant accounting policies (Continued)

Debt and deferred debt issuance costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts and premiums and fair value adjustments, 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 discount or premium 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 Interest expense over the life of the debt using the effective interest method. The coupon liability as a result of the ALS Transaction was recorded at fair value and is subsequently measured at amortized cost using the retrospective effective interest method.

Lessee security deposits

For all lessee deposits assumed as part of the ILFC Transaction, we discounted our lessee security deposits to their respective present values. We accrete these discounted amounts to their respective nominal values, over the period we expect to refund the security deposits to each lessee, using the effective interest method, recognizing an increase to Interest expense.

Revenue recognition

We lease flight equipment principally under operating leases and recognize rental 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 step rent clauses on a straight-line basis. The difference between rental revenue recognized and the cash received is included in Other assets, and in the event it is a liability in Account payables, accrued expenses and other liabilities. In certain cases, leases provide for rentals contingent on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. Revenue contingent on usage is recognized at the time the lessee reports the usage to us.

Lease agreements for which base rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate existing at the inception of the lease; any increases or decreases in lease payments that result from subsequent changes in the floating interest rate are contingent rentals and are recorded as increases or decreases in Lease revenue in the period of the interest rate change.

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 cease revenue recognition on a lease contract when the collectability of such rentals is no longer reasonably assured. For past-due rentals that exceed related security deposits held, which have been recognized as revenue, provisions are established on the basis of management's assessment of collectability. Such provisions are recorded in Selling, general and administrative expenses on the Consolidated Income Statements.

Revenues from Net investment in finance and sales-type leases are included in Lease revenue in our Consolidated Income Statements and are recognized using the interest method to produce a constant yield over the life of the lease.

3. Summary of significant accounting policies (Continued)

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

Under our aircraft leases, the lessee is responsible for maintenance and repairs of our flight equipment and related 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 revenue all supplemental maintenance rent receipts not expected to be reimbursed to lessees. We estimate the total amount of maintenance reimbursements for the entire lease and only record revenue after we have received enough maintenance rents under a particular lease to cover the total amount of estimated maintenance reimbursements during the remaining lease term. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft, we make a payment to the lessee to compensate for the cost of the maintenance, up to the maximum of the supplemental maintenance rent payments made with respect to the lease contract.

In most lease contracts not requiring the payment of supplemental maintenance rents, the lessee is generally required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is generally EOL cash compensation for the difference at redelivery. We recognize receipts of EOL cash compensation as Lease revenue when received to the extent those receipts exceed the EOL contract maintenance rights intangible asset, and receipts of EOL compensation as Leasing expenses to the extent those receipts do not exceed EOL contract maintenance intangible asset.

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

Net gain (loss) on sale of assets originates primarily from the sale of aircraft and engines and are recognized when the delivery of the relevant asset is complete and the risk of loss has transferred to the buyer.

Other income consists of interest income, management fees, lease termination penalties, inventory part sales and net gains on sale of equity interest in investments accounted for under equity method. Income from secured loans, notes receivable and other interest bearing instruments is recognized using the effective yield method as interest accrues under the associated contracts. Lease management fees are recognized as income as they accrue 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 collection is reasonably assured.

3. Summary of significant accounting policies (Continued)

Pension

We operate a defined benefit pension plan for our Dutch employees and some of our Irish employees. As of June 30, 2009, the Irish defined benefit plan was closed to new participants, but will continue to accrue benefits for existing participants. As required by ASC 715 under US GAAP, we recognize net periodic pension costs associated with these plans in Selling, general and administrative expenses and recognize the unfunded status of the plan, if any, in Accounts payable, accrued expenses and other liabilities. The change in fair value of the funded pension liability that is not related to the net periodic pension cost is recorded in revaluation reserves. The projection of benefit obligation and fair value of plan assets require the use of assumptions and estimates, including discount rates. Actual results could differ from those estimates. Furthermore, we operate a defined contribution plan for the Irish employees who do not fall under the defined benefit pension plan and a company savings scheme for ILFC employees with unvested balances in the AIG non-qualified pension plan. We expense contributions to the defined contribution plan and the company savings scheme in Selling, general and administrative expenses in the period the contribution is made.

Share-based compensation

Certain employees received AerCap share-based awards, consisting of restricted stock units and restricted stocks. The amount of such expense is determined by reference to the fair value of the restricted stock units or restricted stocks on the grant date. The share-based compensation expense is recognized over the vesting period using the straight-line method.

Foreign currencies

Foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at the time the transaction took place. Receivables or payables arising from such foreign currency transactions are remeasured into U.S. dollars at the exchange rate on each subsequent balance sheet date. All resulting exchange gains and losses are recorded in Selling, general and administrative expenses on the Consolidated Income Statements.

Earnings per share

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

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.

3. Summary of significant accounting policies (Continued)

Negative goodwill

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

Shareholders' equity

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

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. Transactions between the AerCap and its non-controlling interests are eliminated. Gains and losses arising from acquisitions and disposals of non-controlling interests are recognized through shareholder's equity.

Provisions

Provisions are recognized for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as of the balance sheet date.

Provisions are stated at the present value of the expenditure expected to be required to settle the obligations. If the expenditure to settle obligations is expected to be recovered from third parties, the recovery is carried as an asset on the balance sheet if it is likely to be received upon settlement of the obligation.

Financial instruments and risk management

Our primary market risk exposure is interest rate risk associated with short and long-term borrowings bearing variable interest rates and lease payments under leases tied to floating interest rates. To manage this interest rate exposure, we enter into interest rate swap and cap agreements. We are also exposed to foreign currency risk, which can adversely affect our operating profits. To manage this risk, we enter into forward exchange contracts.

The following discussion should be read in conjunction with Notes 2, 3 and 10 to the audited consolidated financial statements which provide further information on our derivative instruments.

3. Summary of significant accounting policies (Continued)

Interest Rate Risk—The rentals we receive under our leases are based on fixed and variable interest rates. We fund our operations with a mixture of fixed and floating rate debt and finance lease obligations. An interest rate exposure arises to the extent that the mix of these obligations is not matched with our assets. This exposure is primarily managed through the use of interest rate caps, swaps and interest rate floors using a cash flow based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates.

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

Our Board of Directors is responsible for reviewing and approving our overall interest rate management policies and transaction authority limits. Specific hedging contracts are approved by the treasury committee acting within the overall policies and limits. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that some of our interest rate derivatives, require two-way cash collateralization. Our counterparties are subject to the prior approval of the treasury committee.

Foreign Currency Risk and Foreign Operations—Our functional currency is the U.S. dollar. We incur Euro-denominated expenses in connection with our offices in The Netherlands and Ireland. We enter into foreign exchange contracts based on our projected exposure to foreign currency risks in order to protect ourselves from the effect of period over period exchange rate fluctuations. Mark-to-market gains or losses on such contracts are recorded as part of selling, general and administrative expenses since most of our non-U.S. denominated payments relate to such expenses. Currently, we do not believe that a change in foreign exchange rates will have material impact on our results of operations. However, the portion of our business conducted in foreign currencies could increase in the future, which could increase our exposure to losses arising from currency fluctuations.

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

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

Liquidity—As of December 31, 2014, we had access to $5.8 billion of committed undrawn credit facilities and $1.5 billion of cash and cash equivalents. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, securitization structures, note issuance and export/import financings including European Export Credit Agencies (“ECA”) guaranteed loans, in order to maximize our financial flexibility. We also leverage our long-standing relationships with the major aircraft financers and lenders to secure access to capital. In addition, we attempt to maximize the cash flows and continue to pursue the sale of aircraft to generate additional cash flows. We believe our existing sources of liquidity will be sufficient to operate our business and cover at least 120% of our debt maturities and contracted capital expenditures for the

3. Summary of significant accounting policies (Continued)

next 12 months. Our sources of liquidity include available revolving credit facilities, unrestricted cash, estimated operating cash flows and cash flows from contracted asset sales.

4. ILFC Transaction

On the Closing Date, AerCap and AerCap Ireland Limited, a wholly-owned subsidiary of AerCap, completed the purchase of 100 percent of ILFC's common share from AIG (the "ILFC Transaction"). The total consideration paid to AIG on the Closing Date consisted of $2.4 billion in cash and 97,560,976 newly issued AerCap common shares. Prior to the consummation of the ILFC Transaction, ILFC paid a special distribution to AIG in the amount of $600.0 million.

The total consideration paid to AIG, excluding the special distribution of $600.0 million paid by ILFC to AIG on May 13, 2014, had a value of approximately $7.0 billion based on AerCap's closing price per share of $46.59 on May 14, 2014. On the Closing Date, immediately after completing the ILFC Transaction, all of ILFC's assets were transferred substantially as an entirety to AerCap Trust, a legal entity formed on February 5, 2014, and AerCap Trust assumed substantially all of the liabilities of ILFC. AerCap Ireland Capital Limited, a wholly-owned subsidiary of AerCap Ireland Limited, and ILFC, an indirect subsidiary of AerCap Trust, are the sole beneficiaries of AerCap Trust.

In connection with the ILFC Transaction, on the Closing Date, AerCap Trust and AerCap Ireland Capital Limited, issued $2.6 billion aggregate principal amount of senior notes (the "Acquisition Notes"), consisting of three tranches of notes of varying tenor in a private placement, of which $2.4 billion was used to satisfy the cash consideration of the ILFC Transaction, and the remaining proceeds were used for expenses related to the ILFC Transaction and general corporate purposes. The Acquisition Notes are fully and unconditionally guaranteed on a senior unsecured basis by AerCap and certain of its subsidiaries, including ILFC. Additionally, in December 2013, our subsidiary, AerCap Ireland Capital Limited entered into a credit agreement for a senior unsecured revolving credit facility with AIG. The revolving credit facility provides for an aggregate commitment of $1.0 billion and may be used for AerCap's general corporate purposes. AerCap Trust and ILFC are unconditional guarantors of the facility.

As a result of the ILFC Transaction, AIG owns approximately 46 percent of AerCap. A portion of the AIG shares remain subject to a lockup agreement providing for the staggered expiration of lockup periods beginning nine months and ending 15 months after the Closing Date. To date, no shares have been sold by AIG. AIG has entered into agreements with AerCap regarding voting restrictions, standstill provisions and certain registration rights.

4. ILFC Transaction (Continued)

The consideration transferred to effect the ILFC Transaction consisted of the following:

	(U.S. dollars in thousands)
Cash consideration(a)	$2,400,000
97,560,976 AerCap common shares issued multiplied by AerCap closing share price per share of $46.59 on May 14, 2014	4,545,366
Share compensation	12,275
Consideration transferred	$6,957,641

(a) Excludes the $600.0 million special distribution paid by ILFC to AIG prior to the Closing Date.

The following is a summary final allocation of the purchase price to the estimated fair values of the identifiable assets acquired, the liabilities assumed and non-controlling interest at the Closing Date.

As of December 31, 2014, we had finalized all known measurement period adjustments.

	Final Amounts Recognized as of the Closing Date (U.S. dollars in thousands)
Assets	
Cash and cash equivalents and restricted cash(a)	$ 2,958,809
Flight equipment held for operating leases, net	24,038,423
Prepayments on flight equipment	3,176,322
Maintenance rights intangible and lease premium(b)	4,082,029
Other intangibles	489,805
Accrued maintenance liability	(2,575,118)
Debt	(24,339,842)
Other assets and liabilities	(853,834)
Non-controlling interest	(77,047)
Estimate of fair value of net assets acquired	6,899,547
Transaction expenses directly related to the ILFC Transaction	31,078
Consideration transferred	6,957,641
Goodwill	$ 89,172

(a) Includes $0.8 billion of Restricted cash.

(b) Includes $4.0 billion maintenance rights intangible, and the remaining amount relates to lease premium

4. ILFC Transaction (Continued)

Application of the Acquisition Method of Accounting:

We applied the acquisition method of accounting and measured the identifiable assets acquired, the liabilities assumed, and non-controlling interest at fair value on the Closing Date. These fair values were determined using the market and income approaches and were primarily based on inputs and assumptions that are not observable in the market, other than certain debt financing arrangements assumed in the ILFC Transaction. The fair value measurement of each major asset acquired and liability assumed is discussed separately below:

Flight equipment: We determined the fair value of our Flight equipment as of the Closing Date using an income approach based on the present value of the expected future cash flows.

We measured the fair value of our Flight equipment as if unencumbered by any existing contractual lease terms and based on the estimated physical maintenance condition as of the Closing Date. The expected cash flows were estimated using current market lease rates for the remainder of the terms of the existing leases and future market lease rates for additional leases and an estimated residual value based on the aircraft type, age, and airframe and engine configuration of the aircraft. The aggregate cash flows were then discounted to present value. The discount rates were based on the type and age of aircraft (including the remaining useful life of the aircraft), and incorporated market participant assumptions regarding the likely debt and equity financing components and the required returns of those financing components. Key inputs and assumptions underlying the income approach and the projected cash flows were contracted leases, lease extensions and new lease assumptions, residual values and appropriate discount rates and are discussed further below:

(a) The contracted leases were adjusted to current market rents as appropriate, and accounted for approximately 50% of the flight equipment's fair value.

(b) For in-production, younger aircraft, residual values were assumed after the extension of the existing lease or new lease. The residual value assumption was based on inputs from third party appraisers. The residual values accounted for approximately 30% of the flight equipment's fair value.

(c) For most aircraft, an extension of the existing lease or a new lease was assumed based on our knowledge of the lessee's fleet plans and expected market lease rents. The extensions or new leases accounted for approximately 15% of the flight equipment's fair value.

(d) Out-of-production, older aircraft residual values that were at the end of their economic life were assumed to be sold for parts at the conclusion of their respective leases. The residual value assumptions for sales of parts were based on market data and inputs from AeroTurbine, our wholly owned subsidiary that specializes in sales of aircraft parts. Sales of parts residual values accounted for approximately 5% of the flight equipment's fair value.

(e) The discount rate assumptions are based on our knowledge of market returns and leverage, which vary depending on the type and age of the aircraft, and range between 6% and 10%. The average discount rate, weighted by the fair value of ILFC's fleet, was approximately 7%.

Forward order book: The fair value of the forward order book, which is included in Prepayments on flight equipment on the Consolidated Balance Sheet, was estimated based on the present value of

4. ILFC Transaction (Continued)

the cash flows expected to be generated by the asset. Under this approach, fair value was determined by discounting the difference between the estimated fair value, as indicated by third party aircraft appraiser forward base values, and the contractual purchase prices for each forward order aircraft, at the respective future delivery dates. The difference was discounted at a required market rate of return that reflects the relative risk of achieving the asset's expected cash flows and the time value of money.

Prepayments on flight equipment at the Closing Date included the fair value of the forward order book of ILFC of 317 aircraft, many of which were placed at favorable prices compared to the current market. The positions that were subject to a fair value adjustment relate to contracts for 64 Boeing 787 aircraft, 27 Boeing 737-800 aircraft, 206 Airbus A320 series aircraft (models A320neo, A321neo, A321-200), and 20 Airbus A350-900 aircraft. We determined that the remainder of our forward order book was at market terms and therefore no fair value adjustment was recorded for these positions.

Maintenance rights intangible asset and lease premium, net: The fair value of the maintenance rights intangible assets associated with EOL contracts was determined based on the present value of the expected cash flows, measured as the difference between the aircraft physical maintenance condition at the Closing Date and the specified contractual return condition at the end of the respective lease term adjusted for the credit risk of the lessee. The fair value of the maintenance rights intangible assets associated with MR contracts was determined based on the present value of reimbursements to lessees for maintenance events relating to pre-acquisition usage expected during the remaining post-acquisition lease term. The expected cash flows of the EOL and MR contracts are discounted at a required market rate of return that reflects the relative risk of achieving the expected cash flows of the assets and the time value of money.

The fair value of the lease premium was determined based on the present value of the expected cash flows calculated as the difference between the contractual lease payments, adjusted for the credit risk of the lessee, and the lease payments that the aircraft could generate over the remaining lease term based on current market rates.

Other intangible assets: Primarily includes customer relationship intangible assets and other intangible assets. The fair value of the customer relationship intangible assets was determined using the excess earnings method. This method measures the value of an intangible asset by calculating the residual profit after subtracting the appropriate returns for all other complementary assets that benefit the business.

Accrued maintenance liability: Under our aircraft leases, the lessee is responsible for all operating expenses during the term of the lease, as well as for normal maintenance and repairs and major aircraft component maintenance events. Under the provisions of many of our leases, the lessee is required to make payments of supplemental maintenance rentals based on hours or cycles of utilization. If a lessee pays supplemental maintenance rentals, we are generally obligated to reimburse the lessee for costs they incur for certain qualified maintenance events. In connection with a lease of a used aircraft, we generally agree to contribute to certain maintenance events that the lessee incurs during the lease term (Lessor Contributions).

We determined the fair value of our maintenance liability relating to pre-acquisition usage based on the present value of expected cash outflows during the remaining lease term consisting of

4. ILFC Transaction (Continued)

(i) expected reimbursements of supplemental maintenance rentals at the time of the forecasted maintenance event, and (ii) expected Lessor Contributions at time of the forecasted maintenance event. These two cash flows were discounted to their respective present values using a market rate of return that reflects the relative risk of the cash flows and the time value of money.

Debt: The fair value of debt was estimated using quoted market prices where available. The fair value of certain debt without quoted market prices is estimated using discounted cash flow analyses based on current market prices for similar type debt instruments.

Non-controlling interest: Non-controlling interest consists of Market Auction Preferred Stock (“MAPS”) securities issued by ILFC. The MAPS are not convertible, and have a liquidation value of $100,000 per share, with 500 shares issued and outstanding for each of the MAPS Series A and B securities. The dividend rate, other than the initial rate, for each dividend period for each series is to be reset approximately every seven weeks (49 days) on the basis of orders placed in an auction, provided such auctions are able to occur. At December 31, 2014, the dividend rate for both Series A MAPS and Series B MAPS was 0.333%. MAPS fair values were estimated using discounted cash flow analysis based on estimated market yield for similar instruments.

Income taxes: AerCap and AIG made an election under Section 338(h)(10) of the IRS code, which resulted in the ILFC Transaction being treated as a sale of the assets of ILFC and its subsidiaries for U.S. federal and state income tax purposes, except for our wholly-owned subsidiary, AeroTurbine, which was treated as a taxable share purchase. As a result of this election, the tax adjusted purchase price was allocated to our net assets which changed the tax basis used to derive the deferred tax assets and liabilities. At the Closing Date, but prior to the Reorganization, we had a net deferred tax liability of $23.3 million compared to ILFC’s net deferred tax liability of $4.1 billion immediately preceding the Closing Date. Immediately after consummation of the ILFC Transaction, the plan of Reorganization was executed and ILFC immediately began transferring its assets and liabilities to AerCap Trust, the majority of whose earnings are subject to Irish tax. We transferred a mix of assets and liabilities with various book tax basis differences to Ireland from May 14, 2014 to December 31, 2014. The U.S. federal and state tax liabilities for tax years prior to the Closing Date, including the assumed liabilities related to unrecognized tax benefits, remain with AIG.

5. Restricted cash

The Restricted cash balance was $717.4 million and $272.8 million at December 31, 2014 and December 31, 2013, respectively, and primarily related to our ECA facility agreement entered into in 2004, our Ex-Im financings, our AerFunding revolving credit facility and other debt. See Note 14—Debt.

6. Flight equipment held for operating leases, net

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

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
Net book value at beginning of period	$ 8,068,585	$ 7,287,759
ILFC Transaction	24,038,423	—
GFL Transaction (note 1)	(726,985)	—
Additions	2,314,908	1,825,937
Depreciation	(1,256,619)	(342,064)
Impairment (note 24)	21,979	(63,662)
Disposals	(306,985)	(606,495)
Transfers to investment in finance and sales-type leases/ inventory/held for sale	(145,487)	(32,890)
Net book value at end of period	**$32,007,819**	**$ 8,068,585**
Accumulated depreciation at December 31, 2014 and 2013	$(2,622,295)	$(1,365,675)

7. Net investment in finance and sales-type leases

The following lists the components of the net investment in finance and sales-type leases:

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
Total lease payments to be received	$ 409,282	$31,680
Estimated residual values of leased flight equipment (unguaranteed)	98,994	5,000
Less: Unearned income	(161,185)	(4,685)
	$ 347,091	$31,995
Less: Allowance for credit losses	—	—
Net investment in finance and sales-type leases	**$ 347,091**	**$31,995**

7. Net investment in finance and sales-type leases (Continued)

At December 31, 2014, minimum future lease payments on finance and sales-type leases are as follows:

	Minimum future receipts
	(U.S. dollars in thousands)
2015	$ 74,239
2016	71,295
2017	59,919
2018	58,401
2019	50,015
Thereafter	95,413
	$409,282

8. Maintenance rights intangible and lease premium, net

Maintenance rights intangible and lease premium consisted of the following at December 31, 2014 and 2013:

	Year ended December 31, 2014	
	2014	2013
	(U.S. dollars in thousands	
Maintenance rights intangible	$3,812,259	$ —
Lease premium	93,767	9,354
	$3,906,026	**$9,354**

Movements in maintenance rights intangible during the year ended December 31, 2014 were as follows:

	Year ended December 31, 2014
	(U.S. dollars in thousands)
Maintenance rights intangible, net at beginning of period	$ —
ILFC Transaction	3,975,286
EOL contract cash receipt	(27,571)
EOL and MR contract maintenance rights expense	(103,236)
Transfer to lease incentives	(32,220)
Maintenance rights intangible, net at end of period	**$3,812,259**

8. Maintenance rights intangible and lease premium, net (Continued)

The following table presents details of lease premium and related accumulated amortization at December 31, 2014 and 2013.

	Weighted-average amortization period (in years)	Year ended December 31, 2014		
		Gross carrying amount	Accumulated amortization	Net
		(U.S. dollars in thousands)		
Lease premium	5.6	$119,763	$(25,996)	$93,767

	Weighted-average amortization period (in years	Year ended December 31, 2013		
		Gross carrying amount	Accumulated amortization	Net
		(U.S. dollars in thousands)		
Lease premium	1.7	$35,461	$(26,107)	$9,354

Lease premiums that are fully amortized are removed from the gross carrying amount and accumulated amortization column in the table above.

Amortization of the lease premium for the year ended December 31, 2014 was $18.0 million and $8.7 million for the year ended December 31, 2013.

The estimated amortization of the lease premium for the next five years is as follows:

	Future amortization
	(U.S. dollars in thousands)
2015	$23,116
2016	19,759
2017	13,633
2018	11,220
2019	10,466

9. Other intangibles, net

Other intangibles consisted of the following at December 31, 2014 and 2013:

	Year ended December 31,	
	2014	2013
	(U.S. dollars in thousands)	
Goodwill	$ 85,894	$—
Customer relationships	346,647	—
Contractual vendor intangible assets	47,580	—
Tradename and other intangible assets	71,388	—
	$551,509	**$—**

9. Other intangibles, net (Continued)

Amortization expense for goodwill for the year ended December 31, 2014 was $3.3 million.

The following table presents details of goodwill, customer relationships and tradename and other intangible assets and related accumulated amortization at December 31, 2014.

	Weighted-average amortization period (in years)	Year ended December 31, 2014		
		Gross carrying amount	Accumulated amortization	Net
		(U.S. dollars in thousands)		
Goodwill	16.4	$ 89,172	$ (3,278)	$ 85,894
Customer relationships	16.4	360,000	(13,353)	346,647
Tradename and other intangible assets	9.9	79,365	(7,977)	71,388
		$528,537	**$(24,608)**	**$503,929**

Amortization expense for goodwill, customer relationships and tradename and other intangible assets for the year ended December 31, 2014 was $24.6 million.

The estimated amortization expense of goodwill, customer relationships and tradename and other intangible assets for the next five years are as follows:

	Future amortization
	(U.S. dollars in thousands)
2015	$39,099
2016	39,110
2017	39,110
2018	32,804
2019	29,110

10. Other assets

Other assets consist of the following at December 31:

	Year ended December 31,	
	2014	2013
	(U.S. dollars in thousands)	
Inventory	$315,532	$ —
Notes receivable	135,154	75,788
Other receivables	75,819	27,223
Investments (Note 11)	115,554	112,380
Lease incentives	116,061	—
Derivative assets (Note 12)	24,549	32,673
Other tangible fixed assets	21,028	2,427
Straight-line rents, prepaid expenses and other	39,430	6,057
	$843,127	**$256,548**

10. Other assets (Continued)

During the years ended December 31, 2014 and 2013, we did not have any activity in our allowance for credit losses on notes receivable.

11. Investments

Investments consist of the following at December 31:

	Ownership as of December 31, 2014 (%)	Year ended December 31,	
		2014	2013
		(U.S. dollars in thousands)	
Equity investment in unconsolidated entity (AerDragon)(a)	16.7	$ 51,450	$ 47,672
Equity investment in unconsolidated entity (AerLift)	39.3	53,639	54,457
Equity investment in unconsolidated entity (AerData)(b)	—	—	882
Equity investment in unconsolidated entity (ACSAL)(a)	19.4	10,459	9,175
Other investments at cost	n/a	6	194
		$115,554	**$112,380**

(a) AerDragon and ACSAL are SPEs for which we are not the PB but do have significant influence, therefore they are accounted for at net asset value.

(b) As of December 31, 2013, we had a 42.3% equity interest in AerData, which was sold during the year ended December 31, 2014.

The undistributed earnings of investments in which our ownership interest is less than 50 percent were $35.2 million and $31.4 million at December 31, 2014 and 2013 respectively. Our equity investment in our unconsolidated joint ventures, AerDragon, AerLift and ACSAL, are accounted for at net asset value.

12. Derivative assets and liabilities

The objective of our hedging policy is to adopt a risk adverse position with respect to changes in interest rates and foreign currencies. We have entered into a number of interest rate derivatives to hedge the current and future interest rate payments on our variable rate debt. Furthermore from time to time we enter into foreign currency derivatives to hedge the current and future Euro /U.S. dollar exposure to our business. These derivative products can include interest rate swaps, caps, floors, options and forward contracts.

As of December 31, 2014, we had interest rate swaps, caps and floors, with a combined notional amount of $1.8 billion and a combined positive fair value of $22.3 million. The positive fair value as of December 31, 2014, is recorded in the balance sheet as derivative assets of $24.5 million and derivative liabilities of $2.2 million. As of December 31, 2013, we had interest rate swaps, caps and floors with a combined notional amount of $1.9 billion and a combined positive fair value of $25.5 million. The positive fair value as of December 31, 2013 is recorded in the balance sheet as derivative asset of

12. Derivative assets and liabilities (Continued)

$32.7 million and derivative liabilities of $7.2 million. The variable benchmark interest rates associated with these instruments ranged from one to three-month U.S. dollar LIBOR.

Pursuant to the ILFC Transaction, we acquired 15 swaps that are subject to a master netting agreement, which would allow the netting of derivative assets and liabilities in the case of default under any one contract. See Note 27—Related party transactions.

We have not applied hedge accounting to any of the above mentioned caps and floors, the 15 acquired interest rate swaps. The change in fair value of these derivatives, therefore, is recorded in the income statement as interest expense (income) as specified below:

	Year ended December 31,	
	2014	2013
	(U.S. dollars in thousands)	
Change in fair value of interest rate caps and floors	$17,862	$(11,709)
Change in fair value of interest rate swaps	(1,167)	—
	$16,695	**$(11,709)**

As of December 31, 2014, we had one interest rate swap to hedge forecasted monthly LIBOR-based interest payments, for which we applied cash flow hedge accounting treatment. The one interest rate swap had a notional amount of $39.0 million and a negative fair value of $0.4 million which has been recorded as part of derivative liabilities in the consolidated balance sheet as of December 31, 2014. As of December 31, 2013, we had five interest rate swaps for which cash flow hedge accounting treatment is applied. The five interest rate swaps had a combined notional amount of $0.5 billion and a combined negative fair value of $5.6 million which has been recorded as part of derivative liabilities in the consolidated balance sheet as of December 31, 2013. The change in fair value related to the effective portion of these five interest rate swaps is recorded, net of tax, revaluation reserves. We do not expect to reclassify amounts from revaluation reserves to net interest over the next 12 months. Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values.

As of December 31, 2014 and 2013, the Company had received cash collateral of $8.1 and $4.9 million, respectively, from various counterparties and the obligation to return such collateral is recorded in Accounts payable, accrued expenses and other liabilities. The Company had not advanced any cash collateral to counterparties as of December 31, 2014 or 2013.

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

13. Accounts payable, accrued expenses and other liabilities

Accounts payable, accrued expenses and other liabilities consist of the following at December 31:

	Year ended December 31,	
	2014	2013
	(U.S. dollars in thousands)	
Accounts payable and accrued expenses	$ 349,632	$ 64,375
Deferred revenue	391,573	47,698
Accrued interest	318,967	44,916
Asset value guarantees	133,500	—
Derivative liabilities (Note 12)	2,208	7,233
	$1,195,880	**$164,222**

14. Accrued maintenance liability

Movements in accrued maintenance liability during the periods presented were as follows:

	Year ended December 31,	
	2014	2013
Accrued maintenance liability at beginning of period	$ 549,712	$476,388
ILFC Transaction	2,575,118	—
GFL Transaction	(88,523)	—
Maintenance payments received	561,558	100,708
Maintenance payments reimbursed	(286,041)	(56,909)
Release to income	(92,296)	(13,479)
Lessor contribution and top ups	123,939	43,004
Interest accretion	52,686	—
Accrued maintenance liability at end of period	**$3,396,153**	**$549,712**

15. Debt

As of December 31, 2014, the principal amount of our outstanding indebtedness totaled $29.1 billion, which excludes fair value adjustments of $1.3 billion, of which approximately $13.1 billion was secured, and our unused lines of credit as of December 31, 2014 were approximately $5.8 billion, subject to certain conditions, including compliance with certain financial covenants.

Our outstanding indebtedness primarily consists of senior unsecured, subordinated and senior secured notes, export credit facilities, commercial bank debt, revolving credit debt and securitization debt. As a result of applying the acquisition method of accounting, we adjusted the carrying amounts of the debt assumed as part of the ILFC Transaction to fair value and eliminated any deferred debt discounts and premiums as of the Closing Date. Any debt issue cost capitalized by ILFC was also eliminated as of the Closing Date. These fair value adjustments are being amortized over the life of each associated debt instrument using the effective interest method.

15. Debt (Continued)

The following table provides a summary of our indebtedness as of December 31, 2014 and 2013.

	2014(a)	2013	Weighted average interest rate December 31, 2014(b)	Maturity
	(U.S. dollars in thousands)			
Unsecured Debt				
Unsecured Notes				
ILFC Legacy Notes	$11,230,020	$ —	6.67%	2015 - 2022
AerCap Aviation Notes	300,000	300,000	6.38%	2017
AerCap Trust & AerCap Ireland Capital Limited Notes	3,400,000	—	4.17%	2017 - 2021
Unsecured Revolving Credit Facilities				
DBS revolving credit facility	—	150,000	—	2018
Citi revolving credit facility	—	—	—	2018
AIG revolving credit facility	—	—	—	2019
Other unsecured debt	53,101	73,124	5.50%	2022
Fair value adjustment	999,869	—	—	
TOTAL UNSECURED	**15,982,990**	**523,124**		
Secured Debt				
Export credit facilities	2,691,316	1,594,137	2.22%	2015 - 2025
Senior secured notes	2,550,000	—	6.94%	2018
Institutional secured term loans	3,355,263	—	3.34%	2017 - 2021
ALS II debt	325,920	450,045	2.01%	2038
GFL securitization debt(c)	—	533,064	—	2014
AerFunding revolving credit facility(d)	887,385	967,094	2.41%	2019
AeroTurbine revolving credit agreement	302,142	—	2.67%	2019
Other secured debt	2,781,801	2,145,687	3.44%	2026
Boeing 737 800 pre-delivery payment facility	174,306	47,458	2.98%	2015
Fair value adjustment	287,227	(87,997)	—	
TOTAL SECURED	**13,355,360**	**5,649,488**		
Subordinated Debt				
ECAPs subordinated debt	1,000,000	—	5.12%	2065
Subordinated debt joint ventures partners	64,280	64,280	1.96%	2022
Fair value adjustment	(238)	—		
TOTAL SUBORDINATED	**1,064,042**	**64,280**		
Debt issuance cost	(203,965)	(148,315)		
	$30,198,427	**$6,088,577**		

(a) As of the balance sheet date, we remain in compliance with the respective financial covenants across the Company's various debt obligations.

15. Debt (Continued)

(b) The weighted average interest rate is calculated based on the U.S. dollar LIBOR rate as of December 31, 2014, and excludes the impact of related derivative instruments which we hold to hedge our exposure to interest rates as well as any amortization of the debt issuance costs.

(c) As a result of the Genesis Funding Limited Transaction the GFL securitization debt was no longer consolidated as of December 31, 2014.

(d) As of December 31, 2014, approximately $1.27 billion was undrawn under this facility.

As of December 31, 2014, all debt was guaranteed by us with the exception of ALS II debt, AerFunding revolving credit facility and $42 million included in export credit facilities. A further $337.9 million included in other Secured debt are limited recourse in nature, which includes the Camden facility and the AerCap Partners facility.

Maturities of debt financing (excluding fair value adjustments) at December 31, 2014 are as follows:

	Debt maturing
	(U.S. dollars in thousands)
2015	$ 3,594,895
2016	3,937,822
2017	4,502,795
2018	3,547,336
2019	4,553,522
Thereafter	8,979,164
	$29,115,534

Unsecured Notes

As of December 31, 2014, we had an aggregate outstanding principal amount of unsecured notes of approximately $14.9 billion.

ILFC Legacy Notes

As of December 31, 2014, we had an aggregate outstanding principal amount of senior unsecured notes of approximately $8.5 billion issued by ILFC pursuant to shelf registration statements prior to the ILFC Transaction (the "ILFC Legacy Notes"). The ILFC Legacy Notes have maturities ranging through 2022. The fixed rate notes bear interest at rates ranging from 3.875% to 8.875%, and the floating rate notes bear interest at three-month LIBOR plus a margin of 1.95%, with the interest rate resetting quarterly. The notes are not subject to redemption prior to their stated maturity and there are no sinking fund requirements.

15. Debt (Continued)

The indentures governing the ILFC Legacy Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries' ability to (i) incur liens on assets; (ii) declare or pay dividends or acquire or retire shares of our capital share during certain events of default; (iii) designate restricted subsidiaries as non-restricted subsidiaries or designate non-restricted subsidiaries; (iv) make investments in or transfer assets to non-restricted subsidiaries; and (v) 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 notes, the failure to comply with covenants and agreements specified in the indenture, 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.

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 and certain of its subsidiaries became guarantors of the notes.

AerCap Aviation Notes

In May 2012, AerCap Aviation Solutions B.V. issued $300.0 million of 6.375% senior unsecured notes due 2017 (the "AerCap Aviation Notes"). The proceeds from the offering were used for general corporate purposes. The AerCap Aviation Notes are guaranteed by AerCap and AerCap Ireland.

The AerCap Aviation Notes contain customary covenants that, among other things, limit our ability to incur additional indebtedness, enter into certain mergers or consolidations, incur certain liens and engage in certain transactions with our affiliates. In addition, the indenture governing the notes restricts our ability to pay dividends or make certain restricted payments, subject to certain exceptions, unless certain conditions are met.

AerCap Trust & AerCap Ireland Capital Limited Senior Unsecured Notes

In May 2014, AerCap Trust and AerCap Ireland Capital Limited co-issued $2.6 billion aggregate principal amount of senior unsecured notes, consisting of $400.0 million of 2.75% notes due 2017, $1.1 billion of 3.75% notes due 2019, and $1.1 billion of 4.50% notes due 2021 (collectively, the "Acquisition Notes"). The proceeds from the offering were used to finance in part the consideration payable in connection with the ILFC Transaction.

In September 2014, AerCap Trust and AerCap Ireland Capital Limited co-issued $800.0 million aggregate principal amount of 5.00% senior notes (the "5.00% Notes," and together with the Acquisition Notes, the "AGAT/AICL Notes"). The proceeds from the offering were used for general corporate purposes. The final maturity date of the 5.00% Notes will be October 1, 2021.

The AGAT/AICL Notes are guaranteed by AerCap and certain of its subsidiaries. The AGAT/AICL Notes are not subject to redemption prior to their stated maturity and there are no sinking fund requirements.

The indenture governing the AGAT/AICL Notes contains customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to (i) incur liens on assets; (ii) declare or pay

15. Debt (Continued)

dividends or acquire or retire shares of our capital share during certain events of default; (iii) designate restricted subsidiaries as non-restricted subsidiaries or designate non-restricted subsidiaries; (iv) make investments in or transfer assets to non-restricted subsidiaries; and (v) consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets. The indenture also provides for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the notes, the failure to comply with covenants and agreements specified in the indenture, 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 indenture may immediately become due and payable.

Redemption of Unsecured Notes: We may redeem each series of our unsecured 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 "make-whole" premium is the excess of:

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

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

Unsecured Revolving Credit Facilities

DBS Revolving Credit Facility

In October 2013, AerCap entered into a $180.0 million unsecured revolving credit facility (the "DBS Revolver"), with an accordion feature to permit increases to a maximum size of $250.0 million. In October 2014, we increased the size of the facility to $300.0 million. The DBS Revolver is a five year facility, split between a three year revolving period followed by a two year term loan. The interest rates for borrowings under the DBS Revolver is LIBOR plus a margin of 2.25% during the revolving period, with the margin increasing to 2.50% during the first year of the term loan with a further increase to 2.75% during the second year.

As of December 31, 2014, the facility was undrawn.

The outstanding principal amount of any loans under the DBS Revolver at the end of the three-year revolving period will be amortized over the remaining two-year term out period of the facility. One third of the balance is to be repaid in October 2017 and the remaining two thirds in October 2018.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

The DBS Revolver contains covenants customary for unsecured financings, including financial covenants that require us to maintain compliance with a maximum ratio of consolidated indebtedness to shareholder's equity and a maximum ratio of unencumbered assets to certain financial indebtedness.

15. Debt (Continued)

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

Citi Revolving Credit Facility

In March 2014, AerCap Ireland Capital Limited entered into a $2.75 billion four-year senior unsecured revolving credit facility (the "Citi Revolver"), which became effective upon the ILFC Transaction. The facility has an accordion feature option permitting increases to a maximum size of $4.0 billion. The interest rates for borrowings under the Citi Revolver are based on a base rate or LIBOR plus a margin currently of 2.25%. The facility matures in May 2018. The Citi Revolver replaced the $2.3 billion three-year senior unsecured revolving credit facility entered into by ILFC in October 2012, which was simultaneously terminated. The obligations under the Citi Revolver are guaranteed by AerCap and certain of its subsidiaries.

In September 2014, we increased the size of the facility to $2.925 billion and in October 2014, we further increased the size of the facility to $2.955 billion.

As of December 31, 2014, the facility was undrawn.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

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

AIG Revolving Credit Facility

In December 2013, AerCap Ireland Capital Limited entered into a $1.0 billion five-year senior unsecured revolving credit facility (the "AIG Revolver"), with AIG as lender and administrative agent, which became effective upon the ILFC Transaction. The interest rate for borrowings under the facility is, at our option, either (i) LIBOR plus 3.75% or (ii) 2.75% plus the greatest of (x) the U.S. federal funds rate plus 0.5%, (y) the rate of interest publicly announced from time to time by Citibank, N.A. as its "base rate" and (z) one-month LIBOR plus 1%. The facility matures in May 2019. The obligations under the AIG Revolver are guaranteed by AerCap and certain of its subsidiaries.

As of December 31, 2014, there were no loans outstanding under the facility.

All borrowings under the facility are subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portion of the commitment amount.

(U.S. dollars in thousands)

15. Debt (Continued)

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

Export Credit Facilities

As of December 31, 2014, 34 Airbus A330 aircraft, 78 Airbus A320 family aircraft, two Boeing 737-800 aircraft, two Boeing 777 aircraft, one Airbus A340 aircraft and four CRJ aircraft have been financed in export credit facilities with Banks and financial institutions ("ECA debt").

As of December 31, 2014, $2.69 billion of ECA debt was outstanding as set out below. The net book value of aircraft pledged to the ECA lenders was approximately $5.55 billion at December 31, 2014.

The following table summarizes the terms of our outstanding ECA debt.

	Number of aircraft	Amount outstanding December 31, 2014	Tranche	Weighted average interest rate December 31, 2014	Maturity
2003 Airbus ECA Facility	18	$ 263,294	Floating Rate	Three-month LIBOR + 0.33%	2015 - 2020
2004 Airbus ECA Facility(a)	58	855,048	Floating Rate	Six-month LIBOR + 1.09%	2015 - 2019
	8	183,946	Fixed Rate	4.12%	2018 - 2020
2008 Airbus ECA Facility	1	52,152	Floating Rate	Three-month LIBOR + 1.48%	2022
	16	538,392	Fixed Rate	3.20%	2015 - 2022
2009 Airbus ECA Facility	2	47,976	Floating Rate	Three-month LIBOR + 1.11%	2022
	3	72,807	Fixed Rate	4.22%	2021 - 2022
Airbus ECA Capital Markets Facilities	3	149,092	Fixed Rate	3.60%	2021
2012 Airbus ECA Facilities	3	203,764	Fixed Rate	2.29%	2018 - 2024
2012 US Ex-Im Capital Markets Facility(a)	2	244,750	Fixed Rate	1.49%	2025
2010 US Ex-Im Facilities	2	38,173	Fixed Rate	2.95%	2022
EDC Facilities	4	41,922	Fixed Rate	4.50%	2020
Total		**$2,691,316**			

(a) Legacy ILFC export credit facilities detailed further below.

General : The principal amounts under the ECA debt facilities amortize over 10- to 12-year terms. The ECA debt facilities require that special purpose companies controlled by the respective

15. Debt (Continued)

lenders hold legal title to the financed aircraft. The ECA debt obligations are secured by, among other things, a pledge of the shares of the special purpose companies.

The ECA debt facilities contain affirmative covenants customary for secured financings, in addition to customary events of default and restrictive covenants. The facilities also contain net worth financial covenants. As of December 31, 2014, AerCap was in compliance with its financial covenants under the ECA debt facilities.

The obligations under ECA debt facilities are guaranteed by AerCap and certain of its subsidiaries, as well as various export credit agencies.

2004 Airbus ECA Facility

In 1999 and 2004, ILFC entered into ECA facility agreements through certain wholly-owned subsidiaries. The 1999 and 2004 ECA facilities were used to fund purchases of certain Airbus family aircraft through 2001 and 2010, respectively. Each aircraft purchased was financed by a ten-year fully amortizing loan. New financings are no longer available under either ECA facility. The obligations of the subsidiary borrower were originally guaranteed by ILFC and upon consummation of the ILFC Transaction, AerCap and certain of its subsidiaries were added as additional guarantors.

As of December 31, 2014, approximately $1.04 billion was outstanding under the 2004 ECA facility and no loans were outstanding under the 1999 ECA facility.

In February 2015, we entered into an amendment to the 2004 ECA facility allowing funds that previously were required to be segregated to be replaced by letters of credit, and releasing the security interest in respect of certain aircraft for which the associated loans had been repaid. Prior to entering into this amendment, we were required to segregate security deposits and overhaul rentals received under the leases related to the aircraft funded under the facility to the extent amounts remained outstanding under the relevant aircraft loan. The segregated funds were deposited into separate accounts pledged to and controlled by the security trustee of the 2004 ECA facility.

We must register mortgages on certain aircraft funded under the 2004 ECA facility in the local jurisdictions in which the respective aircraft are registered. The mortgages are required to be filed only with respect to aircraft that have outstanding loan balances.

2012 Ex-Im Capital Markets Facility

On December 19, 2012, ILFC issued through a consolidated entity pre-funded amortizing notes with an aggregate principal amount of $287.0 million. The notes mature in January 2025 and scheduled principal payments commenced in April 2013. The notes bear interest at a rate per annum equal to 1.492%. During the year ended December 31, 2013, ILFC used the proceeds from the notes to finance two Boeing 777-300ER aircraft, which serve as collateral for the notes. Upon consummation of the ILFC Transaction, AerCap and certain of its other subsidiaries guaranteed the Ex-Im financings. The Ex-Im financings are also guaranteed by the Export-Import Bank of the United States.

15. Debt (Continued)

Senior Secured Notes

In August 2010, ILFC issued $3.9 billion of senior secured notes (the "Senior Secured Notes"), with $1.35 billion that matured in September 2014 and bore interest of 6.5%, $1.275 billion maturing in September 2016 and bearing interest of 6.75%, and $1.275 billion maturing in September 2018 and bearing interest of 7.125%. Upon consummation of the ILFC Transaction, AerCap Trust became the successor issuer under the indenture governing the Senior Secured Notes. ILFC also agreed to continue to be a co-obligor. In addition, AerCap and certain of its other subsidiaries became guarantors of the Senior Secured Notes. We can redeem the Senior Secured Notes at any time prior to their maturity, subject to a penalty of the greater of 1% of the outstanding principal amount and a "make-whole" premium. There is no sinking fund for the Senior Secured Notes.

The Senior Secured Notes are secured by a designated pool of aircraft, initially consisting of 174 aircraft, and cash collateral when required. In addition, two of our subsidiaries, which either own or hold leases attached to the aircraft included in the pool securing the Senior Secured Notes, have guaranteed the notes. Following repayment of the $1.35 billion on the 6.5% Senior Secured Notes due 2014, certain collateral was released and as of December 31, 2014, 146 aircraft secured the notes.

The indenture and the aircraft mortgage and security agreement governing the Senior Secured Notes contain customary covenants that, among other things, restrict our and our restricted subsidiaries' ability to (i) create liens; (ii) sell, transfer or otherwise dispose of the assets serving as collateral for the Senior Secured Notes; (iii) declare or pay dividends or acquire or retire shares of our capital share during certain events of default; (iv) designate restricted subsidiaries as non-restricted subsidiaries or designate non-restricted subsidiaries; and (v) make investments in or transfer assets to non-restricted subsidiaries.

The indenture also restricts our and the subsidiary guarantors' ability to consolidate, merge, sell or otherwise dispose of all, or substantially all, of our assets. The indenture also provides for customary events of default, including but not limited to, the failure to pay scheduled principal and interest payments on the notes, the failure to comply with covenants and agreements specified in the indenture, 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 Senior Secured Notes may immediately become due and payable.

Institutional Secured Term Loans

Hyperion facility

In March 2014, one of ILFC's indirect wholly-owned subsidiaries entered into a secured term loan agreement in the amount of $1.5 billion. The loan bears interest at LIBOR plus a margin of 2.75% with a 0.75% LIBOR floor, or, if applicable, a base rate plus a margin of 1.75%. The loan matures in March 2021. We can voluntarily prepay the loan at any time, subject to certain conditions.

The obligations of the subsidiary borrower were originally guaranteed by ILFC and certain of its subsidiaries, and upon consummation of the ILFC Transaction, AerCap and certain of its subsidiaries were added as additional guarantors.

15. Debt (Continued)

The loan is secured by the equity interests in the borrower and certain SPE subsidiaries of the borrower. The SPEs hold title to 84 aircraft with an appraised value of approximately $2.28 billion as of December 31, 2014, representing a loan-to-value ratio of approximately 65.7%. The loan requires a loan-to-value ratio of no more than 70%. If the maximum loan-to-value ratio is exceeded, we will be required to prepay portions of the outstanding loans, deposit an amount in the cash collateral account or transfer additional aircraft to SPEs, subject to certain concentration criteria, so that the ratio is equal to or less than 70%.

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

Vancouver facility

In February 2012, one of ILFC's indirect wholly-owned subsidiaries entered into a secured term loan agreement in the amount of $900.0 million. In April 2013, ILFC amended the agreement and simultaneously prepaid $150.0 million of the outstanding principal amount. The remaining outstanding principal amount of $750.0 million bears interest at an annual rate of LIBOR plus 2.75%, with a LIBOR floor of 0.75%, or, if applicable, a base rate plus a margin of 1.75%. The loan initially bore interest at LIBOR plus a margin of 4.0% with a 1.0% LIBOR floor, or, if applicable, a base rate plus a margin of 3.0%. The loan matures in June 2017. We can voluntarily prepay the loan at any time, subject to certain conditions.

The obligations of the subsidiary borrower were originally guaranteed by ILFC and certain of its subsidiaries, and upon consummation of the ILFC Transaction, AerCap and certain of its subsidiaries were added as additional guarantors.

The loan is secured by the equity interests in certain SPEs of the subsidiary borrower. The SPEs initially held title to 62 aircraft with an appraised value of approximately $1.66 billion as of December 31, 2011, equaling an initial loan- to-value ratio of approximately 54%. After giving effect to the 2013 amendment, certain collateral that had served as security for the secured term loan was released. As of December 31, 2014, the SPEs collectively own a portfolio of 56 aircraft with an appraised value of approximately $1.23 billion, equaling a loan-to-value ratio of approximately 61.2%. The loan requires a loan- to-value ratio of no more than 63%. If the maximum loan-to-value ratio is exceeded, we will be required to prepay a portion of the outstanding loan, deposit an amount in the cash collateral account or transfer additional aircraft to SPEs, subject to certain concentration criteria, so that the ratio is equal to or less than 63%.

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

15. Debt (Continued)

Temescal Facility

In March 2011, one of ILFC's indirect wholly-owned subsidiaries entered into a secured term loan agreement with lender commitments in the amount of approximately $1.3 billion, which was subsequently increased to approximately $1.5 billion. As of December 31, 2014, approximately $1.1 billion was outstanding. The loan bears interest at LIBOR plus a margin of 2.75%, or, if applicable, a base rate plus a margin of 1.75%. The loan matures in March 2018. We can voluntarily prepay the loan at any time, subject to certain conditions.

The obligations of the subsidiary borrower were originally guaranteed by ILFC and certain of its subsidiaries, and upon consummation of the ILFC Transaction, AerCap and certain of its subsidiaries were added as additional guarantors.

The loan is secured by a portfolio of 54 aircraft and the equity interests in certain SPEs that own the pledged aircraft. The 54 aircraft had an initial appraised value of approximately $2.4 billion, representing a loan-to-value ratio of approximately 65%. The subsidiary borrower is required to maintain compliance with a maximum loan-to-value ratio, which declines over time, as set forth in the term loan agreement. If the maximum loan-to-value ratio is exceeded, we will be required to prepay portions of the outstanding loans, deposit an amount in the cash collateral account or transfer additional aircraft to the SPEs, subject to certain concentration criteria, so that the ratio is equal to or less than the maximum loan-to-value ratio.

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

ALS II debt

In June 2008, we completed a securitization in which ALS II issued securitized class A-1 notes and class A-2 notes to holders who committed to advance funds in connection with the purchase of certain aircraft. Advances made by the commitment holders were used to purchase 30 Airbus A320 and A330 aircraft. The net book value of 30 aircraft, which are pledged as collateral for the securitization debt, was $934.4 million as of December 31, 2014. ALS II also issued class E-1 notes, which were used, among other things, to cover certain expenses of ASL II. The final maturity date of the notes will be June 15, 2038. ALS II's financial results are consolidated into our financial statements.

AerFunding revolving credit facility

AerFunding 1 Limited ("AerFunding") is a special purpose company whose share capital is owned 95% by a charitable trust and 5% by AerCap Ireland Limited. AerFunding is a consolidated subsidiary formed for the purpose of acquiring new and used aircraft assets. In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility in the aggregate amount of up to $1.0 billion. The facility was subsequently amended in 2010, 2011, 2013 and 2014.

(U.S. dollars in thousands)

15. Debt (Continued)

In December 2014, the AerFunding facility was amended to allow for a three-year revolving period to December 2017, and a two year term-out period to December 2019. The maximum facility size was amended from $1.3 billion to $2.16 billion.

As of December 31, 2014, we had approximately $887.4 million of loans outstanding under the AerFunding revolving credit facility, relating to 29 aircraft. The net book value of aircraft pledged to lenders under the credit facility was approximately $1.1 billion as of December 31, 2014.

Borrowings under the AerFunding revolving credit facility can be used to finance between 73.5% and 80.0% of the lower of the purchase price and the appraised value of the eligible aircraft. Eligible aircraft include A320 family aircraft, Boeing 737-700, -800 and 900ER aircraft, Boeing 777, Boeing 787 aircraft and A330 aircraft. In addition, value enhancing expenditures and required liquidity reserves are also funded by the lenders. All borrowings under the AerFunding revolving credit facility are subject to the satisfaction of customary conditions and restrictions on the purchase of aircraft that would result in our portfolio becoming too highly concentrated, with regard to both aircraft type and geographical location. The borrowing period during which new advances may be made under the facility will expire in December 2017.

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

	Applicable Margin
Borrowing period(a)	2.25%
Period from December 10, 2017 to December 9, 2018	3.25%
Period from December 10, 2018 to December 9, 2019	3.75%

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

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

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

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

- Upon the sale of certain assets by a borrower, including any aircraft or aircraft engines financed or refinanced with proceeds from the AerFunding revolving credit facility;

15. Debt (Continued)

- Upon the occurrence of an event of loss with respect to an aircraft or aircraft engine financed with proceeds from the AerFunding revolving credit facility from the proceeds of insurance claims; and
- Upon the securitization of any interests or leases with respect to aircraft or aircraft engines financed with proceeds from the AerFunding revolving credit facility.

The maturity date of the AerFunding revolving credit facility is December 9, 2019.

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

AeroTurbine revolving credit agreement

In November 2014, AeroTurbine entered into an amended and restated credit facility providing for a maximum aggregate available amount of $550.0 million, subject to availability determined by a calculation utilizing AeroTurbine's aircraft assets and accounts receivable. As of December 31, 2014, AeroTurbine had approximately $302.1 million outstanding under the facility. Borrowings under the facility bear interest determined, with certain exceptions, based on LIBOR plus a margin of 2.5%. The facility will expire in November 2019.

AeroTurbine's obligations under the facility are guaranteed by AerCap and certain of its subsidiaries, including AeroTurbine's subsidiaries (subject to certain exclusions). AeroTurbine's obligations are secured by substantially all of the assets of AeroTurbine and its subsidiary guarantors.

The credit agreement contains customary events of default and covenants, including certain financial covenants. Additionally, the credit agreement imposes limitations on AeroTurbine's ability to pay dividends to us (other than dividends payable solely in common share).

Other Secured Debt

AerCap has entered into various other commercial bank financings to fund the purchase of aircraft and for general corporate purposes in respect of which the aggregate principal outstanding as of

(U.S. dollars in thousands)

15. Debt (Continued)

December 31, 2014 was approximately $2.78 billion. These financings are summarized in the following table:

	Number of aircraft	Tranche	Amount outstanding December 31, 2014	Weighted average interest rate December 31, 2014	Maturity
SkyFunding I facility	6	Floating rate	$ 160,106	Three-month LIBOR plus 2.85%	2021 - 2022
	6	Fixed rate	158,954	4.43%	2017 - 2019
SkyFunding II facility	6	Floating rate	170,704	Three-month LIBOR plus 3.15%	2022 - 2023
	3	Fixed rate	81,952	4.43%	2020
Camden facility	7	Fixed rate	155,168	4.63%	2018
TUI portfolio acquisition facility	11	Floating rate	138,771	One-month LIBOR plus 1.75%	2015
StratusFunding facility	2	Floating rate	177,368	Three-month LIBOR plus 1.95%	2026
	2	Fixed rate	177,332	3.93%	2021
CieloFunding facility	3	Fixed rate	141,722	3.48%	2016
CieloFunding II facility	2	Fixed rate	80,990	2.80%	2016
Genesis Portfolio Funding facility	11	Floating rate	124,202	One-month LIBOR plus 1.75%	2015
CloudFunding facilities	5	Fixed rate	165,427	4.23%	2026
LimelightFunding facility	2	Fixed rate	179,813	4.70%	2020
Secured commercial bank financings	9	Fixed rate	213,771	4.23%	2015 - 2020
	32(a)	Floating rate	655,521	LIBOR plus 2.70%	2015 - 2024
Total			**$2,781,801**		

(a) Additional 7 engines pledged as collateral in addition to the aircraft

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

Boeing 737-800 pre-delivery payment facility

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

Under the purchase agreement, AerCap agreed to make scheduled pre-delivery payments to Boeing prior to the physical delivery of each aircraft. In connection with the scheduled delivery of the

15. Debt (Continued)

ten firm aircraft, AerCap entered into a facility in December 2012 with DBS Bank Ltd., as lender, to finance up to $200.3 million of the pre-delivery payments to Boeing.

As of December 31, 2014, we had approximately $174.3 million loans outstanding under the facility and the undrawn commitment available for drawdown under the facility was approximately $26.0 million.

Subordinated Debt

ECAPS subordinated notes

In December 2005, ILFC issued two tranches of subordinated notes in an aggregate principal amount of $1.0 billion. The $400.0 million tranche has a call option date of December 21, 2015 and has a fixed interest rate of 6.25% until the 2015 call option date. If we do not exercise the call option, the interest rate will change to a floating rate, reset quarterly, based on a margin of 1.80% plus the highest of three-month LIBOR, 10-year constant maturity treasury, and 30-year constant maturity treasury. We can call the $600.0 million tranche at any time. The interest rate on the $600.0 million tranche is a floating rate with a margin of 1.55% plus the highest of three-month LIBOR, 10-year constant maturity treasury, and 30-year constant maturity treasury. The interest rate resets quarterly. As of December 31, 2014, the interest rate was 4.37%.

In July 2013, ILFC amended the financial tests in both tranches of notes by changing the method of calculating the ratio of equity to total managed assets and the minimum fixed charge coverage ratio, making it less likely that we will fail to comply with such financial tests. 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 or ILFC's capital share 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.

Upon consummation of the ILFC Transaction, the notes were assumed by AerCap Trust, and AerCap and certain of its subsidiaries became guarantors. ILFC remains a co-obligor under the indentures governing the notes.

Subordinated debt in joint venture partners

In 2008 and 2010, AerCap and our joint venture partners each subscribed a total of approximately $64.3 million of subordinated loan notes. The subordinated debt held by AerCap is eliminated in consolidation of the joint ventures. Interest on the subordinated loan notes accrues at a rate of 15% per annum in the case of the 2010 joint venture. In the case of the 2008 joint venture, interest originally accrued on the subordinated loan notes at a rate of 20%, and following an amendment entered into in June 2013, the interest rate was reduced to 0% effective from January 1, 2013. Where (i) the amount which, pursuant to the terms of the senior facility, is available to the joint ventures to make payments in respect of, amongst other things, the subordinated loan notes is insufficient to meet

15. Debt (Continued)

the interest payments or (ii) the terms of the senior facility prohibit the payment in full of interest on the relevant payment date, then the joint venture partners must pay the maximum amount of interest that can properly be paid to the note holders on the relevant interest payment date and the unpaid interest carries interest at a rate of 19.5% per annum until paid.

The collateral granted in respect of the subordinated loan notes also secures the senior facility. The rights of the holders of subordinated loan notes in respect of this security are subordinated to the rights of the senior facility lenders, amongst others. The subordinated loan notes are fully subordinated in all respects including in priority of payment to, amongst other debts of the joint ventures, a senior debt facility. As is the case in respect of the senior facility, the obligation of the joint ventures to make payments in respect of the subordinated loan notes is limited in recourse to certain amounts actually received by the joint ventures.

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

16. Income taxes

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

	Year ended December 31,	
	2014	2013
	(U.S. dollars in thousands)	
Deferred tax expense (benefit)		
The Netherlands	$ 3,587	$47,344
Ireland	82,876	14,942
United States of America	26,267	3,686
Other	1,106	(344)
	113,836	65,629
Current tax expense (benefit)		
The Netherlands	5,290	4,840
Ireland	229	—
United States of America	15,553	—
Other	442	—
	21,514	4,840
Provision for income taxes	**$135,350**	**$70,469**

16. Income taxes (Continued)

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

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
Income tax expense at statutory income tax rate(a)	$ 217,012	$ 60,971
Valuation allowance		—
Income arising from non-taxable items (permanent differences)(b)	24,426	(128)
Reassessment of prior year deferred tax asset(c)	—	42,392
Tax on global activities and non taxable items(d)	(106,088)	(32,766)
	(81,662)	9,498
Actual income tax expense	**$ 135,350**	**$ 70,469**

(a) The statutory income tax rate in the Netherlands was 25.0% for the year ended December 31, 2013 and 2014.

(b) Relates to non-taxable income arising from aircraft with a higher tax basis in general. The 2014 non-taxable income also included the non-deductible intercompany interest allocated to the US, non-deductible share based compensation in the Netherlands and the non-deductible transaction cost from the ILFC Transaction. The 2012 non- taxable income also included an imputed gain for tax purposes that offsets all remaining taxable losses for the period 2006 through 2012 in The Netherlands. This offset of the taxable losses was already foreseen in the Dutch tax filing position and included in the valuation allowance of previous years. The imputed gain results from a revaluation of the tax asset base as well as the retrospective revisions of certain intercompany obligations between the Netherlands and Isle of Man jurisdictions.

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

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

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

(U.S. dollars in thousands)

16. Income taxes (Continued)

The following tables describe the principal components of our deferred tax assets and (liabilities) by jurisdiction at December 31, 2014 and 2013:

	December 31, 2014				
	The Netherlands	Ireland	U.S.	Other	Total
Depreciation/Impairment	$5,328	$(576,576)	$(28,964)	$ (3,189)	$(603,401)
Debt	—	(355)	1,681	—	1,326
Intangibles	—	(3,548)	(36,960)	—	(40,508)
Interest expense	—	—	6,008	—	6,008
Accrued maintenance liability	—	(7,673)	19,816	—	12,143
Obligations under capital leases and debt obligations	—	(3,725)	—	—	(3,725)
Investments	—	2,500	(5,446)	—	(2,946)
Losses and credits forward	—	514,757	3,586	43,949	562,292
Deferred losses	—	—	49,787	—	49,787
Accrued expenses	—	—	26,532	—	26,532
Other	3,210	17,519	2,870	(13,241)	10,358
Valuation allowance	—	—	(25,000)	(36,933)	(61,933)
Net deferred tax asset (liability)	**$8,538**	**$ (57,101)**	**$ 13,910**	**$ (9,414)**	**$ (44,067)**

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

The net deferred tax liability as of December 31, 2014, of $44.1 million is recognized in the Consolidated Balance Sheet as a deferred income tax asset of $239.8 million and as a deferred income tax liability of $283.9 million. The net deferred tax asset as of December 31, 2013, of $106.8 million is recognized in the Consolidated Balance Sheet as a deferred income tax asset of $168.7 million and as a deferred income tax liability of $61.8 million.

16. Income taxes (Continued)

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

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
Valuation allowance at beginning of period	$ —	$—
ILFC Transaction	55,083	
Increase of allowance to income tax provision	6,850	—
Valuation allowance at end of period	**$61,933**	**$—**

The valuation allowance as of December 31, 2014 of $61.9 million included $36.9 million related to losses and credit forwards in Australia and $25.0 million related to deferred losses in the United States. Valuation allowance in 2012 related to losses and credit forwards in our Dutch tax jurisdiction, the cumulative amount of which was cancelled at the end of 2012.

We did not have any unrecognized tax benefits as of December 31, 2013 or 2012. As of December 31, 2014, we had $12.4 million of unrecognized tax benefits. As of the Closing Date we had $5.4 million of unrecognized tax benefits and in the current period $7.0 million was added. Substantially all of the unrecognized tax benefits as of December 31, 2014, 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 the Netherlands, United States, and Ireland. Our tax returns in The Netherlands are open for examination from 2009 forward, in Ireland from 2010 forward, and in the United States from 2011 forward. In the United States, the 2013 federal income tax return for AerCap, Inc. and its subsidiaries is currently subject to examination. None of our other tax returns are currently subject to examination.

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

The Netherlands

The majority of our Netherlands subsidiaries are part of a single Netherlands fiscal unity and are included in a consolidated tax filing. Due to the existence of interest bearing intercompany liabilities with different jurisdictions, current tax expenses are limited with respect to the Netherlands subsidiaries. Deferred income tax is calculated using the Netherlands corporate income tax rate (25.0%).

Ireland

Since 2006, the enacted Irish tax rate is 12.5%. Some of our Irish tax-resident operating subsidiaries have significant losses carry forward at December 31, 2014 which give rise to deferred tax

16. Income taxes (Continued)

assets. The availability of these losses does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are entitled to accelerated aircraft depreciation for tax purposes and shelter net taxable income with the surrender of losses on a current year basis within the Irish tax group. Accordingly, no Irish tax charge arose during the year. Based on projected taxable profits in our Irish subsidiaries, we expect to recover the full value of our Irish tax assets and have not recognized a valuation allowance against such assets as of December 31, 2014.

United States of America

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. Since the ILFC Transaction, we no longer file one consolidated federal income tax return. We have two distinct groups of U.S. companies that each file a consolidated return and various individual subsidiaries that file single company returns. The blended federal and state tax rate applicable to our combined U.S. group is 38.3% for the year ended December 31, 2014. Due to a change in control event as determined under Section 382 of the Tax Code, we have partially written off our deferred tax asset that existed in AerCap prior to the ILFC Transaction. Due to the Reorganization, we don't expect to generate sufficient source of taxable income to fully realize our deferred tax asset in the U.S. which we recognized as part of the opening balance. Thus, we have recorded a partial valuation allowance against our U.S. tax asset of $25.0 million as of December 31, 2014. Based on projected taxable profits in our U.S. subsidiaries, we expect to recover the full value of our remaining U.S. tax assets and have not recognized a valuation allowance against such assets as of December 31, 2014. We had $10.1 million U.S. federal net operating losses as of December 31, 2014, which expires between 2025 and 2034.

17. Non-controlling interest, net of tax

The movement in non-controlling interest, net of tax, can be summarized as follows:

	2014	2013
	(U.S. dollars in thousands)	
Balance January 1,	$ 3,860	$ 868
Movements		
Non-controlling interest (loss) income for the year	(1,949)	2,992
ILFC Transaction	77,047	—
Dividends paid	(187)	—
Balance December 31,	**$78,771**	**$3,860**

18. Share capital

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

18. Share capital (Continued)

On May 14, 2014, AerCap consummated the ILFC Transaction, pursuant to which AerCap acquired, through a wholly-owned subsidiary, 100% of the common shares of ILFC, a wholly-owned subsidiary of AIG, for consideration consisting of $2.4 billion in cash and 97,560,976 newly issued AerCap common shares. As a result, AIG owns approximately 46% of the combined company.

As of December 31, 2014, our authorized share capital consists of 350,000,000 ordinary shares with a par value of €0.01. Our outstanding ordinary share capital as per December 31, 2014 included 212,318,291 ordinary shares.

On February 23, 2015, we announced a new share repurchase program which will run through December 31, 2015 and will allow total repurchases of up to $250 million. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of shares of common stock to be purchased will be determined by the Company's management and board, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

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

19. Share-based compensation

Under our equity incentive plans we have granted restricted stock units, restricted stocks and stock options, to members of our senior management and Board of Directors and to employees in order to enable us to attract, retain and motivate such people and to align their interests with ours, including but not limited to retention and motivation in relation to the implementation of the ILFC Transaction.

Cerberus Funds Equity Grants

Effective June 30, 2005, companies controlled by Cerberus ("Cerberus Funds") which, at the time, indirectly owned 100% of our equity interests, put into place an Equity Incentive Plan ("Cerberus Funds Equity Plan") under which members of our senior management, Board of Directors and an employee of Cerberus (the "participants") were granted certain direct or indirect rights (stock options) to the Company's shares held by the Cerberus Funds. There were 27,734 options outstanding under the Cerberus Funds Equity Plan as of December 31, 2013 and 2014, none of which are subject to future vesting criteria.

AerCap Holdings NV Equity Grants

In March 2012, we implemented an equity incentive plan ("Equity Incentive Plan 2012") which provides for the grant of stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock awards ("NV Equity Grants") to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Effective May 14, 2014, the Equity Incentive Plan 2012 was expanded and the maximum number of equity awards available to be granted under the plan is equivalent to 8,064,081 Company shares. The Equity Incentive Plan 2012 is not open for equity awards to our Directors.

(U.S. dollars in thousands)

19. Share-based compensation (Continued)

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

The Equity Incentive Plan 2014 replaced an equity incentive plan that was implemented in October 2006 ("Equity Incentive Plan 2006"). Prior awards remain in effect pursuant to their terms and conditions. The terms and conditions of both plans are substantially the same.

The terms and conditions, including the vesting conditions, of the equity awards granted under AerCap's equity incentive plans, are determined by the Nomination and Compensation Committee and, for our Directors, by the Board of Directors in line with the remuneration policy approved by the General Meeting of Shareholders. The vesting periods of the equity awards range between three years and five years, subject to limited exceptions. Certain awards are subject to long term performance vesting criteria, based on the average earnings per share over the specified periods, in order to promote and encourage superior performance over a prolonged period of time. Some of our officers receive annual equity awards as part of their compensation package. Annual equity awards are granted after the year end and the number of granted awards is dependent on the performance of AerCap and the relevant individual officer during the previous financial year.

The following table summarizes outstanding restricted stock units and restricted stocks under the AerCap Holdings N.V. Equity Plans:

	December 31, 2014			
	Number of time based restricted stock units and restricted stocks	Number of performance based restricted stock units and restricted stocks	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	1,922,581	720,000	$13.52	$13.06
Granted(a)	2,700,424	5,246,990	46.40	46.55
Vested(b)	(225,663)	—	13.49	NA
Cancelled	(21,581)	(43,169)	46.59	46.59
Number at end of period	**4,375,761**	**5,923,821**	**$33.65**	**$42.48**

(a) 145,000 restricted stocks were granted under the Equity Incentive Plans, of which 92,220 restricted stocks were issued with the remaining restricted stocks being withheld and applied to pay the wage taxes involved.

(b) 225,663 restricted stock units, which were previously granted under the Equity Incentive Plans, vested. In connection with the vesting of the restricted stock units, the Company issued, in full satisfaction of its obligations, 210,403 ordinary shares to the holder of these restricted stock units.

19. Share-based compensation (Continued)

The following table summarizes outstanding stock options under the Equity Incentive Plan 2006 (no options were granted under the Equity Incentive Plan 2012 or Equity Incentive Plan 2014), and vested stock options that rolled over from the amalgamation of Genesis in 2010:

	Number of options	Weighted Average Exercise Price ($)
Options outstanding at January 1, 2014(a)	1,708,757	$19.61
Forfeited	—	NA
Exercised(b)	(1,176,534)	$19.93
Issued	—	NA
Options outstanding at December 31, 2014	**532,223**	**$18.91**

(a) Including 131,475 AER options granted to former Genesis directors and employees at the closing of the amalgamation with Genesis on March 25, 2010; these options were issued pursuant to a separate board resolution, so not under any of AerCap Equity Incentive Plans.

(b) Including 6,939 AER options granted to former Genesis directors and employees; refer to footnote (a).

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

We have incurred share based compensation expenses of $68.2 million, $9.3 million, and $7.1 million during each of 2014, 2013 and 2012. The following table summarizes the expected share based compensation expenses assuming that the established performance criteria are met and that no forfeitures occur:

	Share based compensation expenses
	(U.S. dollars in millions)
2015	$97.5
2016	93.8
2017	86.3
2018	38.4
2019	3.0

(U.S. dollars in thousands)

20. Geographic information

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

	2014	2013
China	12.3%	8.0%
United States of America	10.8%	17.3%

The following table sets forth the percentage of long-lived assets attributable to individual countries representing at least 10% of total long-lived assets in 2014 based on each airline's principal place of business for the years indicated:

	2014	2013
United States of America	13.5%	22.2%
China	12.7%	2.5%

We lease and sell aircraft to airlines and others throughout the world and our trade and notes receivable are from entities located throughout the world. We generally obtain deposits on leases and obtain collateral in flight equipment on notes receivable. During the year ended December 31, 2014 we had no lessees that represented more than 10% of total revenue. During the year ended December 31, 2013 we had one lessee, American Airlines, that represented 10.9% of total lease revenue.

During the year ended December 31, 2014, $60.8 million of lease revenue and $616.7 million of long-lived assets were attributable to The Netherlands, our country of domicile. In the year ended December 31, 2013, no lease revenue and no long-lived assets were attributable to The Netherlands.

21. Selling, general and administrative expenses

As of December 31, 2014, we had 332 permanent employees relating to our aircraft leasing business, and 104 employees with short-term contracts who are assisting with the integration of ILFC. In addition, AeroTurbine had 390 employees. We had 163 persons in employment as of December 31, 2013.

21. Selling, general and administrative expenses (Continued)

Selling, general and administrative expenses include the following expenses:

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
Personnel expenses(1)	$179,152	$ 50,110
Social securities	6,558	2,076
Pensions	5,836	2,965
Other personnel expenses	6,860	503
Travel expenses	17,501	6,728
Professional services	32,359	13,253
Office expenses	21,678	3,443
Directors expenses	3,441	3,393
Mark-to-market on derivative instruments and foreign currency results	3,735	115
Transaction and integration related expenses	117,714	10,959
Other expenses	22,772	6,493
	$417,606	**$100,038**

(1) Includes share-based compensation of $68.2 million and $9.3 million in the years ended December 31, 2014 and 2013, respectively.

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

Location	December 31, 2014	December 31, 2013
Amsterdam, The Netherlands	89	79
Shannon, Ireland	64	55
Dublin, Ireland	65	—
Singapore	32	5
Los Angeles, CA	63	—
Other(a)	19	24
Total	**332**	**163**

(a) We lease small offices in Shanghai (China), the United Arab Emirates and throughout the United States.

(b) Eight out of our total of 332 employees are part-time employees.

In addition to the above, we have 390 employees mainly located in Miami, Florida and Goodyear, Arizona relating to AeroTurbine, a subsidiary we acquired as part of the ILFC Transaction, and we have 104 employees on short-term contracts who are assisting with the integration of ILFC.

22. Other income

Other income includes the following:

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
AeroTurbine		
Engines, airframes, parts and supplies revenue	$ 275,315	$ —
Cost of goods sold	(234,478)	—
Gross profit	40,837	—
Management fees, interest and other(a)	63,654	32,046
	$ 104,491	**$32,046**

(a) Includes a $19.9 million gain from the sale of an investment accounted for under the net asset value method in the year ended December 31, 2014.

23. 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 equipment on non-cancelable operating leases at December 31, 2014 are as follows:

	Contracted minimum future lease receivables
	(U.S. dollars in thousands)
2015	$ 4,459,834
2016	3,857,719
2017	3,157,366
2018	2,390,909
2019	1,771,627
Thereafter	5,034,180
	$20,671,635

The titles to certain aircraft leased in the United States are held by a U.S. trust company as required by U.S. law. We are the beneficial owner of these aircraft and the aircraft are recorded under flight equipment held for operating lease on the consolidated balance sheets. The trust company is administered by a bank. The aircraft are segregated from the bank's assets and will not be considered part of the bank's bankruptcy estate in the event of a trustee bankruptcy.

24. Asset impairment

Asset impairment includes the following expenses:

	Year ended December 31, 2014	Year ended December 31, 2013
	(U.S. dollars in thousands)	
Impairment of flight equipment	$ 33,996	$72,381
Reversal of impairment of flight equipment	(53,886)	(8,719)
Notes receivable	—	539
	$(19,890)	**$64,201**

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

We periodically performed impairment analyses of our long-lived assets during the year and as of December 31, 2014. In this impairment analysis, we focused on aircraft 15 years or older, since the cash flows supporting our carrying values of those aircraft are more dependent upon current lease contracts, which leases are more sensitive to impairments. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment. If conditions again worsen significant uncertainties may cause a potential adverse impact on our business. In particular, our estimates and assumptions regarding forecasted cash flows from our long-lived assets would need to be reassessed. This includes the duration of the economic downturn along with the timing and strength of the pending recovery, both of which are important variables for purposes of our long-lived asset impairment tests. Any of our assumptions may prove to be inaccurate which could adversely impact forecasted cash flows of certain long-lived assets, especially for aircraft 15 years or older.

Based on our estimate of fair value as of December 31, 2014, we recorded an impairment on our flight equipment of $34.0 million and a reversal of $53.9 million. Our estimate of fair value was based on the available market information or discounted cash flows.

The following assumptions drive the discounted cash flows: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information, the discount rate (2014: 5.7%) and residual values based on current market transactions. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Further deterioration of the global economic environment and a further decrease of aircraft values might have a negative effect on the discounted cash flows of older aircraft and might trigger further impairments.

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

(U.S. dollars in thousands)

25. Earnings per ordinary share

Basic earnings per share (EPS) is calculated by dividing net income by the weighted average of our ordinary shares outstanding. For the calculation of diluted EPS, net income attributable to common shareholders for basic EPS is adjusted by the effect of dilutive securities, including awards under our equity compensation plans. The number of shares excluded from diluted shares outstanding were zero, 1.3 million and 1.5 million for the years ended December 31, 2014, 2013 and 2012, respectively, because the effect of including those shares in the calculation would have been anti-dilutive. The computations of basic and diluted earnings per ordinary share for the periods indicated below are shown in the following table:

	Year ended December 31, 2014	Year ended December 31, 2013
Net income for the computation of basic earnings per share	$ 763,619	$ 181,059
Weighted average ordinary shares outstanding—basic	175,912,662	113,463,813
Basic earnings per ordinary share	**$ 4.34**	**$ 1.60**

	Year ended December 31, 2014	Year ended December 31, 2013
Net income for the computation of diluted earnings per share	$ 763,619	$ 181,059
Weighted average ordinary shares outstanding—diluted	178,684,989	115,002,458
Diluted earnings per ordinary share	**$ 4.27**	**$ 1.57**

26. Special purpose entities

Our leasing and financing activities require us to use many forms of entities to achieve our 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 the activities, and being the sole shareholder of the SPE.

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Holding Company (“CAS”) and affiliates of Crédit Agricole Corporate and Investment Bank (“CA-CIB”) establishing AerDragon (“AerDragon”) with initial registered capital of $50.0 million. The registered capital of AerDragon was increased to $120.0 million in 2010, to $130.0 million in 2011, to $183.5 million in 2013 and to $223.5 million in early 2014. During 2013 the joint venture agreement was amended to include East Epoch Limited which agreed to become a shareholder in AerDragon. As of December 31, 2014, CAS owned 50% of AerDragon, with the other 50% owned equally by us, CA-CIB, and East Epoch Limited. We provide certain aircraft- and accounting-related services to the joint venture, and act as guarantor to the lenders of AerDragon, related to debt secured by the aircraft which AerDragon purchased directly from us. This joint venture enhances our presence in the increasingly important Chinese market and will enhance our ability to lease our aircraft and engines

26. Special purpose entities (Continued)

throughout the entire Asia/Pacific region. In December 2013, AerDragon signed a purchase agreement with Boeing for ten new B737-800 aircraft, four of which were delivered in December 2014, with the remaining six aircraft to be delivered in the years 2015 to 2016. AerDragon had 25 narrowbody aircraft and one widebody aircraft on lease to 11 airlines as of December 31, 2014. In addition to the aircraft on lease as of December 31, 2014, AerDragon had six new B737-800 aircraft yet to be delivered and two narrowbody aircraft contracted for sale in the first quarter of 2015.

We have reassessed our ownership and determined that AerDragon remains a SPE, in which we continue to not have control and are not to be primary beneficiary of AerDragon. Accordingly, we account for our investment in AerDragon under net asset value. With the exception of certain debt for which we act as guarantor, the obligations of AerDragon are non-recourse to us.

AerCap Partners I. In June 2008, AerCap Partners I Holding Limited ("AerCap Partners I"), a 50% joint venture entered into between us and Deucalion Aviation Funds, acquired a portfolio of 19 aircraft from TUI Travel. The aircraft acquired were leased back to TUI Travel for varying terms. As of December 31, 2014, six Boeing 757-200 aircraft have been sold, and 11 Boeing 737-800 and two Boeing 767-300ER remain in the portfolio. The initial aircraft portfolio was financed through a $425.7 million senior debt facility and $125.6 million of subordinated debt consisting of $62.8 million from us and $62.8 million from our joint venture partner. AerCap can be required to purchase the aircraft from the joint venture for a price equal to the outstanding senior debt facility balance plus certain expenses and taxes related to the purchase on the applicable maturity date under the senior debt facility, or earlier, in case of an AerCap insolvency and if the joint venture partners do not make additional subordinated capital available to the joint venture. The current maturity date under the senior debt facility for the first tranche is in April 2015, and between October 2018 and November 2019 for the second tranche. We expect to refinance the first tranche prior to maturity in April 2015. We have also entered into agreements to provide management and marketing services to AerCap Partners I. At December 31, 2014, AerCap Partners I had $138.8 million outstanding under its senior debt facility.

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

We have determined that AerCap Partners I and AerCap Partners 767 are variable interest entities in which we have control and are the PB. As such, we have consolidated AerCap Partners I's and AerCap Partners 767's financial results in our consolidated financial statements.

Joint ventures with a US-based aircraft leasing company (formerly with Waha). In 2010, we entered into two joint ventures with Waha Capital PJSC ("Waha"), with us owning 50% in AerLift Leasing Jet Ltd. ("AerLift Jet") and 39% in AerLift Leasing Ltd. ("AerLift"). On April 6 2014, Waha sold its stake in AerLift to a newly-established US-based aircraft leasing company. AerLift Jet owned four CRJ aircraft, and AerLift owned six aircraft and two engines as of December 31, 2014. Subsequent to

26. Special purpose entities (Continued)

December 31, 2014, Aerlift completed the sale of two engines to AeroTurbine. We have determined that the joint ventures are variable interest entities. For AerLift Jet we do have control and are the PB. As such, we consolidate the financial results of AerLift Jet in our consolidated financial statements. For AerLift we do not have control and are not the PB and accordingly, we account for our investment in AerLift under net asset value.

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

As further discussed in Note 15, we hold equity and subordinated debt investments in ALS II and AerFunding. ALS II and AerFunding are variable interest entities in which we have control and we are the PB. As such, we consolidate the financial results of these entities in our consolidated financial statements.

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

In April 2014, we sold our 42.3% equity interest in AerData, an integrated software solution provider for the aircraft leasing industry. AerData continues to provide software services to us.

We guarantee debt obligations on behalf of joint venture entities in the total amount of $267.3 million as of December 31, 2014.

As a result of the ILFC Transaction, we acquired interests in the following SPE's:

Non-Recourse Financing Structures. We consolidate one entity in which we have a variable interest and was established to obtain secured financing for the purchase of aircraft. We have determined that we are the PB of the entity because we control and manage all aspects of the entity, including directing the activities that most significantly affect the economic performance of the entity, and we absorb the majority of the risks and rewards of the entity.

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. The 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. We control and manage all aspects of these entities, including directing the activities that most significantly affect the entity's economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities. These entities are therefore consolidated into our Consolidated Financial Statements.

26. Special purpose entities (Continued)

Other Secured Financings. We have created a number of wholly-owned subsidiaries for the purpose of obtaining secured financings. The 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. We control and manage all aspects of these entities, including directing the activities that most significantly affect the entity's economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities. These entities are therefore consolidated into our Consolidated Financial Statements.

Wholly-Owned Leasing Entities. We have created wholly-owned subsidiaries for the purpose of facilitating aircraft leases with airlines. The 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 loans, which serve as equity. We control and manage all aspects of these entities, including directing the activities that most significantly affect the entity's economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of the entities. These entities are therefore consolidated into our Consolidated Financial Statements.

Other Variable Interest Entities. We have variable interests in the following 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 entity's economic performance: (i) one entity that we have previously sold aircraft to and for which we manage the aircraft, in which our variable interest consists of the servicing fee we receive for the management of those aircraft; and (ii) two affiliated entities, Castle Trusts, we sold aircraft to in 2003 and 2004, which aircraft we continue to manage, in which our variable interests consist of the servicing fee we receive for the management of those aircraft.

27. Related party transactions

As described in Note 4—*ILFC Transaction*, on December 16, 2013, AerCap and AerCap Ireland, a wholly-owned subsidiary of AerCap, entered into an agreement with AIG for the purchase of 100 percent of the common share of ILFC for consideration consisting of $2.4 billion in cash and 97,560,976 newly issued AerCap common shares. In addition, ILFC paid a special distribution of $600.0 million to AIG prior to the consummation of the ILFC Transaction. As a result, AIG holds a significant ownership interest in AerCap subsequent to the sale of ILFC. Consequently, AIG and its subsidiaries are considered related parties after the Closing Date.

Debt: On December 16, 2013, AerCap Ireland Capital Limited, entered into a $1.0 billion five year senior unsecured revolving credit facility with AIG as lender and administrative agent. The facility became effective on May 14, 2014, upon the completion of the ILFC Transaction. We paid fees of $14.9 million for the year ended December 31, 2014. As of December 31, 2014, there was no amount outstanding under the facility.

Derivatives: The counterparty of some of our interest rate swap agreements, which were acquired as part of the ILFC Transaction, was AIG Markets, Inc., a wholly-owned subsidiary of AIG, and these swap agreements are guaranteed by AIG. The net effect in our Consolidated Income Statements for the year ended December 31, 2014 from derivative contracts with AIG Markets, Inc., was nil, as the cash expense of $4.3 million was offset by a mark-to-market gain of $4.3 million. See also Note 12—Derivative assets and liabilities.

27. Related party transactions (Continued)

Management fees: We received management fees of $4.9 million in the year ended December 31, 2014 from Castle Trusts, affiliates of AIG.

Related party receivable: As of December 31, 2014, we had a receivable from AIG of $5.7 million relating to reimbursements on compensation programs as part of the ILFC Transaction.

As at December 31, 2014, AerDragon was owned 50.0% by China Aviation Supplies Holding Company, with the other 50% owned equally by us, CA-CIB, and East Epoch Limited. In 2007 AerCap sold an A320 aircraft that was subject to a lease with an airline to AerDragon and guaranteed AerDragon's performance under the debt which was assumed by AerDragon from AerCap in the transaction. During 2013 AerCap sold one B737-800 aircraft and contracted to sell one A330 aircraft to AerDragon. The A330 aircraft was delivered in the second quarter of 2014. AerCap provides insurance management and cash administrative services to AerDragon. All of these transactions were executed at terms, which we believe reflected market conditions at the time. AerCap charged AerDragon a total of $0.4 million and $0.5 million as a guarantee fee and for these management services during 2014 and 2013, respectively. We apply equity accounting for our investment in this joint venture company. Accordingly, the income statement effect of all sale transactions with either of the joint venture companies is eliminated in our financial statements.

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

On November 11, 2010, we acquired a 39% interest in a joint venture company, AerLift. We provide a variety of management services to AerLift for which we received a fee of $4.0 million and $6.9 million in the years ended December 31, 2014 and 2013, respectively.

AerCo is an aircraft securitization vehicle from which we hold all of the most junior class of subordinated notes and some notes immediately senior to those junior notes. Historically, the investment in AerCo has been written down to zero, because we do not expect to realize any value. We consolidated AerCo through March 2003, but we deconsolidated the vehicle in accordance with ASC 810 at that time. Subsequent to the deconsolidation of AerCo, we received interest from AerCo on its D note investment of $1.7 million and $0.4 million for the years ended December 31, 2006 and December 31, 2007, respectively. In addition, we provide a variety of management services to AerCo for which we received fees of $1.5 million, and $1.9 million in the years ended December 31, 2014 and 2013 respectively.

28. Commitments and contingencies

Aircraft on order

At December 31, 2014, we had commitments to purchase 380 new aircraft, and 17 new spare engines scheduled for delivery through 2022 with aggregate estimated total remaining payments

28. Commitments and contingencies (Continued)

(including adjustments for certain contractual escalation provisions) of approximately $24.3 billion. The majority of these commitments to purchase new aircraft and engines are based upon agreements with each of Boeing, Airbus, Embraer and Pratt and Whitney.

The Boeing aircraft (models 737 and 787), the Airbus aircraft (models A320neo, A321neo, A321 and A350XWB), and the Embraer E-Jets E2 aircraft are primarily being purchased pursuant to the terms of purchase agreements executed by us and Boeing, Airbus, or 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, 2014, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately $689.3 million, $259.4 million, and $7.5 million with Boeing, Airbus, and Embraer, respectively.

Management anticipates that 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 upon the final purchase price of the aircraft, which can vary due to a number of factors, including inflation.

Movements in prepayments on flight equipment and capitalized interest during the periods presented were as follows:

	Year ended December 31,	
	2014	2013
	(U.S. dollars in thousands)	
Prepayments on flight equipment and capitalized interest at beginning of period	$ 223,815	$ 53,594
Prepayments made during the period	320,396	205,865
ILFC Transaction	3,176,322	—
Interest capitalized during the period	80,328	7,455
Prepayments and capitalized interest applied to the purchase of flight equipment	(314,347)	(43,099)
Prepayments on flight equipment and capitalized interest at end of period	**$3,486,514**	**$223,815**

The following table indicates our contractual commitments for the prepayment and purchase of flight equipment in the periods indicated as of December 31, 2014, excluding any potential capitalized interest:

	2015	2016	2017	2018	2019	Thereafter	Total
	(U.S. dollars in thousands)						
Capital expenditures(a)	$2,772,193	$3,457,023	$4,343,948	$4,531,870	$2,749,924	$3,892,854	$21,747,812
Pre-delivery payments	452,792	642,927	651,919	430,571	279,804	119,266	2,577,279
	$3,224,985	**$4,099,950**	**$4,995,867**	**$4,962,441**	**$3,029,728**	**$4,012,120**	**$24,325,091**

(a) Includes 351 forward orders, 29 sales-leaseback transactions, and commitments to purchase 17 new spare engines. Excludes purchase options.

(U.S. dollars in thousands)

28. Commitments and contingencies (Continued)

Leases

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

2015	$15,989
2016	8,948
2017	8,966
2018	7,273
2019	5,356
Thereafter	27,827
	$74,359

Asset Value Guarantees

As part of the ILFC Transaction, we assumed the potential obligation of contracts that guarantee a portion of the residual value of aircraft owned by third parties. These guarantees expire at various dates through 2023 and generally obligate us to pay the shortfall between the fair market value and the guaranteed value of the aircraft and, in certain cases, provide us with an option to purchase the aircraft for the guaranteed value. As of December 31, 2014, 13 guarantees were outstanding, of which three were exercised. In October 2014, we entered into agreements to sell two of those aircraft in 2015. Subsequent to December 31, 2014, two of the remaining outstanding asset value guarantees with an aggregate maximum exposure of $18.1 million were terminated by the guaranteed party. The terminations had no impact on our consolidated results or cash flows.

Management regularly reviews the underlying values of the aircraft collateral to determine our exposure under asset value guarantees. We did not record any provisions for losses on asset value guarantees during the year ended December 31, 2014.

At December 31, 2014, the carrying value of the asset value guarantee liability was $133.5 million was included in Accounts payable, accrued expenses and other liabilities on the Consolidated Balance Sheets. The maximum aggregate potential commitment that we were obligated to pay under these guarantees, including those exercised, and without any offset for the projected value of the aircraft or other contractual features that may limit our exposure, was approximately $316.6 million.

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 the applicable indemnities and insurance coverage. Based on information currently available, we believe the potential outcome of these cases, and our estimate of the reasonably possible losses exceeding amounts already recognized on an

28. Commitments and contingencies (Continued)

aggregated basis is immaterial to our consolidated financial condition, results of operations or cash flows.

VASP litigation

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

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

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

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

28. Commitments and contingencies (Continued)

order ratifying the English judgment. Although VASP appealed that order, it is fully effective pending a resolution of VASP's appeal of the order ratifying the English judgment.

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

In addition to our claim in the English courts, AerCap also brought actions against VASP in the Irish courts to recover damages incurred as a result of VASP's default under nine leases governed by Irish law. The Irish courts granted an order for service of process, and although VASP opposed service in Brazil, the STJ ruled that service of process had been properly completed. After some additional delay due to procedural issues related to VASP's bankruptcy, the Irish action went forward. Upon VASP's failure to appear, the High Court entered default judgment in favor of AerCap, finding VASP liable for breach of its obligations under the leases. On October 24, 2014, the High Court entered judgment in favour of AerCap, awarding us damages in the amount of approximately $36.9 million. We are presently seeking to have the Irish judgement ratified by the STJ in Brazil.

Transbrasil litigation

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

Transbrasil brought a lawsuit against the Lessors in February 2001 (the "Transbrasil Lawsuit"), claiming that the Notes had in fact been paid at the time GECC brought the enforcement action. In 2007, the trial judge ruled in favor of Transbrasil. That decision was appealed. In April 2010, the appellate court published a judgment (the "2010 Judgment") rejecting the Lessors' appeal, ordering them to pay Transbrasil statutory penalties equal to double the face amount of the Notes (plus interest and monetary adjustments) 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. These special appeals were subsequently admitted for hearing.

In July 2011, Transbrasil brought three actions for provisional enforcement of the 2010 Judgment (the "Provisional Enforcement Actions"): one to enforce the award of statutory penalties; a second to recover attorneys' fees related to that award, and a third to enforce the Indemnity Claim. Transbrasil

28. Commitments and contingencies (Continued)

submitted its alleged calculation of statutory penalties, which, according to Transbrasil, amounted to approximately $210 million in the aggregate against all defendants, including interest and monetary adjustments. AerCap and its co-defendants opposed provisional enforcement of the 2010 judgment, arguing, among other things, that Transbrasil's calculations were greatly exaggerated.

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

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.

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

In February 2014, Transbrasil appealed the STJ's ruling of October 2013 to another panel of the STJ.

In the light of the STJ's ruling of 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 State Appellate Court of Sao Paolo ("TJSP") has since affirmed the dismissals of those actions. Transbrasil's Provisional Enforcement Action with respect to the Indemnity Claim remains pending; however, the action has currently been stayed pending a final decision in the Transbrasil Lawsuit.

Yemen Airways-Yemenia litigation

ILFC is named in a lawsuit in connection with the 2009 crash of an Airbus A310-300 aircraft owned by ILFC and on lease to Yemen Airways-Yemenia, a Yemeni carrier ("Hassanati Action"). The Hassanati plaintiffs are families of deceased occupants of the flight and seek unspecified damages for wrongful death, costs, and fees. The Hassanati Action commenced in January 2011 and is pending in the United States District Court for the Central District of California. On February 18, 2014, the district court granted summary judgment in ILFC's favor and dismissed all of the Hassanati plaintiffs' remaining claims. The Hassanati plaintiffs have appealed the judgment. On August 29, 2014, a new group of plaintiffs filed a lawsuit against ILFC in the United States District Court for the Central District of California (the "Abdallah Action"). The Abdallah Action claims unspecified damages from ILFC on the same theory as does the Hassanati Action. We believe that ILFC has substantial defenses on the merits and is adequately covered by available liability insurance in respect of both the Hassanati Action and the Abdallah Action.

28. Commitments and contingencies (Continued)

Air Lease litigation

On April 24, 2012, ILFC and AIG filed a lawsuit in the Los Angeles Superior Court against ILFC's former CEO, Steven Udvar Hazy, Mr. Hazy's current company, Air Lease Corporation (ALC), and a number of ALC's officers and employees who were formerly employed by ILFC. The lawsuit alleges that Mr. Hazy and the former officers and employees, while employed at ILFC, diverted corporate opportunities from ILFC, misappropriated ILFC's trade secrets and other proprietary information, and committed other breaches of their fiduciary duties, all at the behest of ALC.

The complaint seeks monetary damages and injunctive relief for breaches of fiduciary duty, misappropriation of trade secrets, unfair competition, and various other violations of state law.

On August 15, 2013 ALC filed a cross-complaint against ILFC and AIG. Relevant to ILFC, ALC's cross-complaint alleges that ILFC entered into, and later breached, an agreement to sell aircraft to ALC. Based on these allegations, the cross-complaint asserts a claim against ILFC for breach of contract. The cross-complaint seeks significant compensatory and punitive damages. We believe we have substantial defenses on the merits and will vigorously defend ourselves against ALC's claims.

On April 23, 2014, ILFC filed an amended complaint adding as a defendant Leonard Green & Partners, L.P. The complaint adds claims against Leonard Green & Partners, L.P. for aiding and abetting the individual defendants' breaches of their fiduciary duties and duty of loyalty to ILFC and for unfair competition.

29. Fair values of financial instruments

The fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information. However, considerable management judgment is required in interpreting market data to arrive at estimates of fair values. Accordingly, the estimates presented herein may not be indicative of the amounts that we could realize in a current market exchange. The carrying amounts and fair values of our most significant financial instruments at December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
	(U.S. dollars in thousands)			
Assets				
Restricted cash	$ 717,388	$ 717,388	$ 267,847	$ 267,847
Derivative assets	24,549	24,549	32,673	32,673
Notes receivable	135,134	135,134	75,788	75,788
Cash and cash equivalents	1,490,369	1,490,369	295,514	295,514
	$ 2,367,440	**$ 2,367,440**	**$ 671,822**	**$ 671,822**
Liabilities				
Debt	$30,198,427	$30,391,702	$6,088,577	$6,288,446
Derivative liabilities	2,208	2,208	7,233	7,233
Guarantees	133,500	131,814	—	—
	$30,334,135	**$30,525,724**	**$6,095,810**	**$6,295,679**

30. Pension plans

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

Defined benefit plans:

We provide an insured defined benefit pension plan covering our Dutch employees ("Dutch Plan") based on years of service and career average pay. The Dutch plan is funded through a guaranteed insurance contract, and we determine the funded status of this plan with the assistance of an actuary. In the year ended December 31, 2014, we recognized a $1.6 million, net of tax, actuarial gain in revaluation reserves. Based on ASC 715, this was calculated assuming a discount rate of 2.4% (2013: 4.0%), and various assumptions regarding the future funding and pay out. At December 31, 2014, we recorded a liability in Accrued expenses and other liabilities of $2.9 million which covers our projected benefit obligation exceeding the plan assets.

We provide a defined benefit pension plan covering some of our Irish employees ("Irish Plan") based on years of service and final pensionable pay. The Irish plan is funded through contributions by the Company and invested in trustee administered funds, which was closed to new participants, as of June 30, 2009, but will continue to accrue benefits for existing participants. We determine the funded status of this plan with the assistance of an actuary. In the year ended December 31, 2014 we recognized a $3.1 million, net of tax, actuarial loss in revaluation reserves. Based on ASC 715, this was calculated assuming a discount rate of 2.4% (2013: 3.9%), and various assumptions regarding the future funding and pay out. At December 31, 2014, we recorded a liability in Accrued expenses and other liabilities of $7.0 million which covers our projected benefit obligation exceeding the plan assets.

Defined contribution plan:

We provide a defined contribution pension plan for the Irish employees that are not covered by the defined benefit plan. In the year ended December 31, 2014 we contributed $0.3 million (2013: $0.2 million). No amounts were outstanding in respect of pension contributions at December 31, 2014.

ILFC Transaction:

Prior to the ILFC Transaction, ILFC set up its own voluntary savings plan ("ILFC 401(k) plan"). As part of the ILFC Transaction, ILFC employees who complete one year of service subsequent to the Closing Date will receive an additional contribution to their ILFC 401(k) plan. In addition, prior to the ILFC Transaction, AIG sponsored a non-qualified unfunded defined benefit plan ("AIG Non-qualified Retirement Plan") for certain employees, including key executives, designed to supplement pension benefits provided by the ILFC 401(k) plan. In June 2014, we paid AIG $19.8 million for the liability associated with plan participants who were fully vested in the AIG Non-qualified Retirement Plan as of May 13, 2014. As a result of this payment, these plan participants' benefit obligation will be managed directly by AIG. The obligation for the participants with unvested balances in the AIG Non-qualified Retirement Plan was transferred to an AerCap non-qualified savings scheme.

(U.S. dollars in thousands)

31. Directors' remuneration

Our remuneration policy for Non-Executive and the Executive director can be found in our Remuneration Policy (available on our website) and in the Remuneration Report 2014 included in this Annual Report. The table below indicates the total remuneration paid to our Non-Executive directors as per December 31, 2014:

	2014	2013
	Directors fee (EUR *1,000)	
Mr. P. Korteweg	274.5	299.4
Mr. S. Al Noaimi	166.5	175.3
Mr. H. Al Shemmari	110.0	108.0
Mr. J. Chapman	167.0	181.0
Mr. P. Dacier	161.5	163.9
Mr. M. Gradon	165.0	162.0
Mr. D Herzog(a)	—	—
Mr. M. Jonkhart	166.8	201.4
Mr. R. Warden	176.3	169.6
Total	**1,387.6**	**1,460.6**

(a) Mr Herzog has waived his entitlement to remuneration (directors' fees and equity awards) as Non-Executive director.

In addition, we incurred USD 134.5 of expenses related to restricted stock units and stock options that were granted to the Non-Executive directors in 2014 and prior years.

We paid Mr. Kelly, our only Executive director and Chief Executive Officer, a total remuneration of EUR 2,131.9, consisting of an annual base salary of EUR 687.5, an annual cash bonus of EUR 1,012.5 and EUR 431.9 as contributions to his defined benefit plan and other employment benefits such as health insurance and a company car allowance in 2014. In addition, we recognized USD 19,492 of expenses related to restricted stock units that were granted to him in 2014 and prior years.

(U.S. dollars in thousands)

31. Directors' remuneration (Continued)

The following table sets forth beneficial ownership of our shares which are held by our Directors as of December 31, 2014:

	Ordinary shares underlying options(a)	Restricted stock units(b)	Ordinary shares	Fully Diluted Ownership Percentage(c)
Directors:				*
Salem Al Noaimi	3,954	1,593	—	*
Homaid Al Shemmari	—	—	—	*
James (Jim) Chapman	5,728	1,593	8,015	*
Paul Dacier (Vice Chairman)	5,728	1,927	10,109	*
Richard (Michael) Gradon	3,954	1,593	592	*
David Herzog	—	—	—	*
Marius Jonkhart	5,728	1,593	5,000	*
Aengus Kelly(d) (CEO)	—	3,289,499	399,128	1.7%
Pieter Korteweg (Chairman)	7,909	3,353	20,000	*
Robert (Bob) Warden	5,728	1,593	—	*
Total	**38,729**	**3,302,744**	**442,844**	

* Less than 1.0%.

(a) 7,096 of these options expire on December 31, 2020 and carry a strike price of $14.12 per option. 17,209 of these options expire on December 31, 2021 and carry a strike price of $11.29 per option. The remaining 14,424 options expire on December 31, 2022 and carry a strike price of $13.72 per option.

(b) All restricted stock units are subject to time-based or performance-based vesting conditions. 46,988 of these restricted share units will vest, subject to the vesting conditions, on February 16, 2015. 500,000 of these restricted share units will vest, subject to the vesting conditions, on the earlier of May 31, 2015 and the day of the 2015 Annual General Meeting of shareholders). 43,018 of these restricted share units will vest, subject to the vesting conditions, on February 14, 2016. 300,000 of these restricted share units are expected to vest, subject to the vesting conditions, in February 2016. 7,085 of these restricted share units will vest, subject to the vesting conditions, on January 1, 2017. 22,575 of these restricted share units will vest, subject to the vesting conditions, on February 13, 2017. 6,160 of these restricted share units will vest, subject to the vesting conditions, on January 1, 2018. 1,584,691 of these restricted share units will vest, subject to the vesting conditions, on May 31, 2018. 792,227 of these restricted share units will vest, subject to the vesting conditions, on May 31, 2019.

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

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

31. Directors' remuneration (Continued)

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

32. Subsidiary undertakings

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

Subsidiary name	Jurisdiction of incorporation
AerCap AerVenture Holding B.V.	The Netherlands
AerCap B.V.	The Netherlands
AerCap Group Services B.V.	The Netherlands
AerCap Dutch Aircraft Leasing I B.V.	The Netherlands
AerCap Dutch Aircraft Leasing IV B.V.	The Netherlands
AerCap A330 Holdings B.V.	The Netherlands
AerCap Leasing XIII B.V.	The Netherlands
AerCap Dutch Aircraft Leasing VII B.V.	The Netherlands
AerCap Leasing XXX B.V.	The Netherlands
Worldwide Aircraft Leasing B.V.	The Netherlands
Clearstream Aircraft Leasing B.V.	The Netherlands
AerCap Aviation Solutions B.V.	The Netherlands
Worldwide Aircraft Leasing II B.V.	The Netherlands
Harmony Funding B.V.	The Netherlands
Harmony Funding Holdings B.V.	The Netherlands
NimbusFunding B.V.	The Netherlands
AerCap Dutch Global Aviation B.V.	The Netherlands
ILFC Aviation Services B.V.	The Netherlands
ILFC Aruba A.V.V.	Aruba
AerCap Celtavia 4 Limited	Republic of Ireland
AerCap Celtavia 5 Limited	Republic of Ireland
AerCap Administrative Services Limited	Republic of Ireland
AerCap Cash Manager Limited	Republic of Ireland
AerCap Cash Manager II Limited	Republic of Ireland
AerCap Financial Services (Ireland) Limited	Republic of Ireland
AerCap Ireland Limited	Republic of Ireland
AerFi Group Limited	Republic of Ireland
Skyscape Limited	Republic of Ireland
Sunflower Aircraft Leasing Limited	Republic of Ireland
Jasmine Aircraft Leasing Limited	Republic of Ireland
Jasper Aircraft Leasing Limited	Republic of Ireland
AerCap Engine Leasing Limited	Republic of Ireland
AerCap Partners 2 Holding Limited and subsidiary (50%)	Republic of Ireland
AerCap Partners I Holding Limited and Subsidiaries (50%)	Republic of Ireland

32. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
AerCap Note Purchaser Limited	Republic of Ireland
Lishui Aircraft Leasing Limited	Republic of Ireland
Jade Aircraft Leasing Limited	Republic of Ireland
AerVenture Limited (and subsidiaries)	Republic of Ireland
AerDragon Aviation Partners Limited and Subsidiaries (16.667%)	Republic of Ireland
Castletroy Leasing Limited	Republic of Ireland
SkyFunding Limited	Republic of Ireland
Polyphonic Aircraft Leasing Limited	Republic of Ireland
Burgundy Aircraft Leasing Limited	Republic of Ireland
Melodic Aircraft Leasing Limited	Republic of Ireland
Next Generation Aircraft Purchase Limited (In liquidation)	Republic of Ireland
AerCap Asset Finance Limited	Republic of Ireland
AerCap A330 Holdings Limited	Republic of Ireland
AerCap Partners 3 Holding Limited and Subsidiaries (50%)	Republic of Ireland
Surestream Aircraft Leasing Limited	Republic of Ireland
Leostream Aircraft Leasing Limited	Republic of Ireland
Geministream Aircraft Leasing Limited	Republic of Ireland
Triple Eight Aircraft Holdings Limited	Republic of Ireland
Triple Eight Aircraft Leasing Limited	Republic of Ireland
Librastream Aircraft Leasing Limited	Republic of Ireland
Streamline Aircraft Leasing Limited	Republic of Ireland
Virgostream Aircraft Leasing Limited	Republic of Ireland
AerCap Holding & Finance Limited	Republic of Ireland
AerCap Ireland Asset Investment 1 Limited	Republic of Ireland
AerCap Ireland Asset Investment 2 Limited	Republic of Ireland
AerCap Ireland Funding 1 Limited	Republic of Ireland
AerVenture Export Leasing Limited	Republic of Ireland
Andes Aircraft Leasing Limited	Republic of Ireland
Harmonic Aircraft Leasing Limited	Republic of Ireland
Mainstream Aircraft Leasing Limited	Republic of Ireland
Rouge Aircraft Leasing Limited	Republic of Ireland
Symphonic Aircraft Leasing Limited	Republic of Ireland
Flotlease MSN 973 Limited	Republic of Ireland
Danang Aircraft Leasing Limited	Republic of Ireland
Danang Aircraft Leasing No 2 Limited	Republic of Ireland
Fansipan Aircraft Leasing Limited	Republic of Ireland
AerCap Irish Aircraft Leasing 2 Limited	Republic of Ireland
AerCap Finance Limited	Republic of Ireland
Andromeda Aircraft Leasing Limited	Republic of Ireland
Flotlease MSN 3699 Limited	Republic of Ireland
Philharmonic Aircraft Leasing Limited	Republic of Ireland
Scarlet Aircraft Leasing Limited	Republic of Ireland

(U.S. dollars in thousands)

32. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
AerCap Leasing 3034 Limited	Republic of Ireland
AerCap Leasing 946 Limited	Republic of Ireland
SkyFunding II Holdings Limited	Republic of Ireland
SkyFunding II Limited	Republic of Ireland
AerCap Partners 767 Holdings Limited & Subsidiary (50%)	Republic of Ireland
AerCap Ireland Capital Limited	Republic of Ireland
CelestialFunding Limited	Republic of Ireland
CelestialFunding Holdings Limited	Republic of Ireland
CelestialFunding II Limited	Republic of Ireland
Monophonic Aircraft Leasing Limited	Republic of Ireland
Quadrant Leasing Ireland Limited	Republic of Ireland
Quadrant MSN 1103 Limited	Republic of Ireland
Quadrant MSN 1493 Limited	Republic of Ireland
Quadrant MSN 3008 Limited	Republic of Ireland
Quadrant MSN 3107 Limited	Republic of Ireland
Quadrant MSN 3309 Limited	Republic of Ireland
Quadrant MSN 3331 Limited	Republic of Ireland
Quadrant MSN 3385 Limited	Republic of Ireland
Quadrant MSN 3420 Limited	Republic of Ireland
Quadrant MSN 4315 Limited	Republic of Ireland
Quadrant MSN 5869 Limited	Republic of Ireland
SoraFunding Limited	Republic of Ireland
Transversal Aircraft Holdings Limited	Republic of Ireland
Transversal Aircraft Leasing II Limited	Republic of Ireland
Transversal Aircraft Leasing Limited	Republic of Ireland
AerCap Leasing 8 Limited	Republic of Ireland
Hyperion Aircraft Financing Limited & subsidiaries	Republic of Ireland
Camden Aircraft Leasing Limited	Republic of Ireland
Charleville Aircraft Leasing Limited	Republic of Ireland
CieloFunding Holdings Limited & Subsidiaries	Republic of Ireland
CloudFunding II Limited	Republic of Ireland
CloudFunding Limited	Republic of Ireland
Excalibur Aircraft Leasing Limited	Republic of Ireland
Geneva Triple Sept Leasing Limited	Republic of Ireland
ILFC Ireland Limited and Subsidiaries	Republic of Ireland
ILFC Aircraft 32A-2797 Limited	Republic of Ireland
ILFC Aircraft 33A-1284 Limited	Republic of Ireland
ILFC Ireland 2 Limited	Republic of Ireland
Quadrant Bermuda Limited	Bermuda
AerCap Holdings (Bermuda) Limited	Bermuda
LC Bermuda No. 2 Limited	Bermuda
LC Bermuda No. 2 L.P.	Bermuda

32. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Flotlease 973 (Bermuda) Limited	Bermuda
AerFunding 1 Limited and subsidiaries (5%)	Bermuda
AerCap International Bermuda Limited	Bermuda
Copperstream Aircraft Leasing Limited	Bermuda
Goldstream Aircraft Leasing Limited	Bermuda
Silverstream Aircraft Leasing Limited	Bermuda
Wahaflot Leasing 3699 (Bermuda) Limited	Bermuda
Whitestream Aircraft Leasing Limited	Bermuda
Ararat Aircraft Leasing Limited	Bermuda
Genesis Portfolio Funding I Limited	Bermuda
GLS Atlantic Alpha Limited	Bermuda
Lare Leasing Limited	Bermuda
Roselawn Leasing Limited	Bermuda
Ross Leasing Limited	Bermuda
Westpark 1 Aircraft Leasing Limited	Bermuda
Aircraft Lease Securitisation II Ltd. and subsidiaries (5% owned by AerCap Ireland Limited.)	Bermuda
AerCap Leasing 3034 (Bermuda) Ltd	Bermuda
AerCap Leasing MSN 2413 (Bermuda) Ltd	Bermuda
ILFC Ireland 3 Limited	Republic of Ireland
ILFC Ireland Limited	Republic of Ireland
Limelight Funding Limited	Republic of Ireland
NimbusFunding Limited	Republic of Ireland
Shrewsbury Aircraft Leasing Ltd	Republic of Ireland
StratusFunding Limited	Republic of Ireland
Synchronic Aircraft Leasing Limited	Republic of Ireland
XLease MSN (1439) Limited	Republic of Ireland
XLease MSN (1450) Limited	Republic of Ireland
Aquarius Aircraft Leasing Limited	Bermuda
Aircraft SPC-9, LLC & Subs	United States of America
ILFC (Bermuda) III Limited	Bermuda
ILFC (Bermuda) 5 Limited	Bermuda
AerFi Sverige AB	Sweden
Lille Location S.A.R.L	France
Toulouse Location S.A.R.L.	France
Biarritz Location S.A.R.L.	France
Nice Location S.A.R.L.	France
Calais Location S.A.R.L.	France
Grenoble Location S.A.R.L.	France
ILFC France S.A.R.L.	France
Mulhouse Location S.A.R.L.	France
Nancy Location S.A.R.L.	France

(U.S. dollars in thousands)

32. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Strasbourg Location S.A.R.L.	France
AerCap UK Limited	United Kingdom
GLS Norway Alpha A/S	Norway
AerCap HK-320-A Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
AerCap Aircraft Purchase Limited	Cayman Islands
AerCap Group Services, Inc	United States of America
AerCap, Inc.	United States of America
AerCap Leasing USA I, Inc	United States of America
AerCap Leasing USA II, Inc	United States of America
Acsal Holdco LLC (19.44%)	United States of America
AerCap U.S. Global Aviation LLC	United States of America
Aircraft SPC-12, LLC (& Subs)	United States of America
Grand Staircase Aircraft, LLC	United States of America
Park Topanga Aircraft, LLC	United States of America
Temescal Aircraft, LLC	United States of America
& Subsidiaries	United States of America
Flying Fortress Financing, LLC & Subsidiaries	United States of America
AerCap International (Isle of Man) Limited	Isle of Man
AerCap Holding (I.O.M.) Limited	Isle of Man
Acorn Aviation Limited	Isle of Man
Crescent Aviation Limited	Isle of Man
Stallion Aviation Limited	Isle of Man
AerCap Note Purchaser (Isle of Man) Limited	Isle of Man
AerLift Leasing Jet Limited (50%)	Isle of Man
AerLift Leasing Limited and subsidiaries (40%)	Isle of Man
AerCap Jet Limited	Jersey
AerCap Singapore Pte. Ltd.	Singapore
ILFC Singapore Pte. Ltd.	Singapore
AerCap Aviation Assets Fund Management S.a.r.l. (60%)	Luxembourg
Delos Finance S.A.R.L.	Luxembourg
AeroTurbine Europe Limited	United Kingdom
AeroTurbine, Inc.	Delaware
Aircraft 32A-2731 Inc.	California
Aircraft 32A-3147 Inc.	California
Aircraft 32A-3148 Inc.	California
Aircraft 32A-810 Inc.	California
Aircraft 33A-272 Inc.	California
Aircraft 33A-358 Inc.	California
Aircraft 33A-364 Inc.	California
Aircraft 34A-216 Inc.	California

(U.S. dollars in thousands)

32. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Aircraft 73B-25374 Inc.	California
Aircraft 73B-25375 Inc.	California
Aircraft 73B-26323 Inc.	California
Aircraft 73B-28249 Inc.	California
Aircraft 73B-30671 Inc.	California
Aircraft 73B-31127 Inc.	California
Aircraft 73B-32796 Inc.	California
Aircraft 73B-33220 Inc.	California
Aircraft 73B-38821 Inc.	California
Aircraft 73B-41794 Inc.	California
Aircraft 73B-41796 Inc.	California
Aircraft 73B-41806 Inc.	California
Aircraft 73B-41815 Inc.	California
Aircraft B757 29382 Inc.	California
Aircraft B767 29388 Inc.	California
Aircraft SPC-14, Inc.	California
Aircraft SPC-3, Inc.	California
Aircraft SPC-4, Inc.	California
Aircraft SPC-8, Inc.	California
Apollo Aircraft Inc.	California
CABREA, Inc.	Delaware
Charmlee Aircraft Inc.	California
Delos Aircraft Inc.	California
Euclid Aircraft, Inc.	California
Excalibur One 77B LLC	Delaware
Hyperion Aircraft Financing Inc.	California
Hyperion Aircraft Inc.	California
ILFC (Beijing) Services Co., Ltd	China
ILFC Australia Holdings Pty. Ltd.	Australia
ILFC Australia Pty. Ltd.	Australia
ILFC Aviation Consulting, Inc.	California
ILFC Cayman Limited	California
ILFC Dover, Inc.	Delaware
ILFC Labuan ECA Ltd.	Labuan
ILFC Labuan Ltd.	Labuan
ILFC UK Limited	United Kingdom
ILFC Volare, Inc.	Delaware
Interlease Aircraft Trading Corporation	California
Interlease Management Corporation	California
International Lease Finance Corporation	California
International Lease Finance Corporation (Sweden) AB	Sweden
Klementine Holdings, Inc.	California

(U.S. dollars in thousands)

32. Subsidiary undertakings (Continued)

Subsidiary name	Jurisdiction of incorporation
Klementine Leasing, Inc.	California
Maiden Leasing, LLC	California
North Star Company Limited	China
Romandy Triple Sept LLC	California
Top Aircraft, Inc.	California
Wombat 30633 Leasing Pty Ltd	Australia
Wombat 30638 Leasing Pty Ltd	Australia
Wombat 30644 Leasing Pty Ltd	Australia
Wombat 30648 Leasing Pty Ltd	Australia
Wombat 30658 Leasing Pty Ltd	Australia
Wombat 3474 Leasing 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
Wombat VI Leasing Pty Ltd	Australia

AerCap Holdings N.V.

Company Balance Sheets

As of December 31, 2014 and 2013 (after proposed profit appropriation)

	Note	December 31, 2014	December 31, 2013
		(U.S. dollars in thousands except share and per share amounts)	
Assets			
Cash and cash equivalents		$ 7,325	$ 129
Investments	34	8,362,299	2,942,861
Other assets		17,598	16,439
Total Assets		**$8,387,222**	**$2,959,429**
Liabilities and Shareholders' Equity			
Accrued expenses and other liabilities		$ 22,010	$ 14,943
Debt		—	150,607
Payable to subsidiary		602,505	422,288
Negative goodwill	35	29,090	29,551
Total Liabilities		653,605	617,389
Ordinary share capital, €0.01 par value (350,000,000 ordinary shares authorized, 212,318,291 ordinary shares issued and outstanding at December 31, 2014 and 113,783,799 ordinary shares issued and outstanding at December 31, 2013)		2,559	1,199
Additional paid-in capital		5,607,744	1,051,450
Revaluation reserves		(6,895)	(9,890)
Accumulated retained earnings(1)		2,130,209	1,299,281
Total Shareholders' Equity	36	7,733,617	2,342,040
Total Liabilities and Shareholders' Equity		**$8,387,222**	**$2,959,429**

(1) This includes $35.2 million and $31.4 million of legal reserves in the year ended December 31, 2014 and 2013 respectively, which are not free to distribute.

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

AerCap Holdings N.V.

Company Income Statements

For Year Ended December 31, 2013 and 2014

	Note	Year ended December 31, 2014	Year ended December 31, 2013
		(U.S. dollars in thousands)	
Result from participation after taxation	34	$835,726	$156,980
Other income and expenses after taxation		(72,107)	24,079
Net Income		**$736,619**	**$181,059**

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

33. Summary of significant accounting policies

General

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

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

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

Share-based compensation

Certain employees received AerCap share-based awards, consisting of restricted stock units and restricted stocks. The amount of such expense is determined by reference to the fair value of the restricted stock units or restricted stocks on the grant date. The share-based compensation expense is recognized over the vesting period using the straight-line method.

Investments

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

Negative goodwill

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

(U.S. dollars in thousands)

34. Investments

The movement in investments can be summarized as follows:

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

	Total
Balance as of January 1, 2014	$2,942,861
Movements	
Share-based compensation	24,802
Investments in subsidiaries	4,558,910
Result of subsidiaries	835,726
Balance as of December 31, 2014	**$8,362,299**

35. Negative goodwill

The movement in negative goodwill can be summarized as follows:

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

	Total
Balance as of January 1, 2014	$29,551
Movements	
Release to the income statement	(461)
Balance as of December 31, 2014	**$29,090**

36. Shareholders' Equity

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

	Number of Shares	Share capital	Additional paid-in capital	Retained (loss) earnings	Treasury stock	Revaluation reserves	Total shareholders' equity
	(U.S. dollars in thousands, except share amounts)						
Year ended December 31, 2013							
Balance at January 1, 2013	113,363,535	$1,193	$1,051,450	$1,111,815	$—	$(14,401)	$2,150,057
Share-based compensation	420,264	6	—	6,407	—	—	6,413
Direct equity movements of subsidiaries	—	—	—	—	—	4,511	4,511
Net income for the period	—	—	—	181,059	—	—	181,059
Balance at December 31, 2013	**113,783,799**	**$1,199**	**$1,051,450**	**$1,299,281**	**$—**	**$ (9,890)**	**$2,342,040**
Year ended December 31, 2014							
Balance at January 1, 2014	113,783,799	$1,199	$1,051,450	$1,299,281	$—	$ (9,890)	$2,342,040
ILFC Transaction	97,560,976	1,347	4,556,294	—	—	—	4,557,641
Share-based compensation	973,516	13	—	67,309	—	—	67,322
Direct equity movements of subsidiaries	—	—	—	—	—	2,995	2,995
Net income for the period	—	—	—	763,619	—	—	763,619
Balance at December 31, 2014	**212,318,291**	**$2,559**	**$5,607,744**	**$2,130,209**	**—**	**$ (6,895)**	**$7,733,617**

37. Employees

AerCap Holdings N.V. had 41 employees at December 31, 2014 (2013: 39 employees). The disclosure on Directors' remuneration is included in Note 27.

38. Audit fees

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

	2014	2013
	(U.S. dollars in thousands)	
Audit of the financial statements	$ 8,994	$1,643
Other audit related services	673	353
Tax services	215	45
Other non audit services	400	—
Total	**$10,282**	**$2,041**

The fees listed above relate only to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta). The total audit fees include an amount of

38. Audit fees (Continued)

$1,743 and $9,389, charged by PricewaterhouseCoopers Accountants N.V., for the years ended December 31, 2013 and 2014, respectively.

39. Fiscal unity

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

40. Declaration of liability

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

Amsterdam, March 30, 2015

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

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

41. Subsequent events

On February 23, 2015, we announced a new share repurchase program which will run through December 31, 2015 and will allow total repurchases of up to $250 million. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of shares of common share to be purchased will be determined by the Company's management and Board of Directors, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

42. Profit appropriation

According to article 26 of the Articles of Association, the Board of Directors determines which amounts from the Company's annual profits are reserved. The Board of Directors has determined that the entire 2014 profits shall be reserved and that no profits shall be distributed as dividends to the shareholders. Thus, the result for the year ended December 31, 2014 a gain of $763.6 million, will be included in the retained earnings.

Independent auditor's report

To the General Meeting and the Board of Directors of AerCap Holdings N.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 as set out on pages 30 to 113 of AerCap Holdings N.V., Amsterdam, which comprise the consolidated and company balance sheet as at 31 December 2014, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Board of directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AerCap Holdings N.V. as at 31 December 2014, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 30 March 2015
PricewaterhouseCoopers Accountants N.V.

/s/ P.C. Dams RA