

August 9, 2016

# AerCap Holdings N.V. Reports Financial Results for the Second Quarter 2016

DUBLIN--(BUSINESS WIRE)-- AerCap Holdings N.V. (NYSE: AER):

- **Net income for the second quarter and first half of 2016 was:**
  - **\$233.3 million and \$456.4 million on a reported basis**
  - **\$291.6 million and \$593.3 million on an adjusted basis**
- **Diluted earnings per share for the second quarter and first half of 2016 were:**
  - **\$1.22 and \$2.35 on a reported basis**
  - **\$1.53 and \$3.06 on an adjusted basis**

## Highlights

- 68 aircraft transactions executed in the second quarter of 2016, including 27 widebody transactions.
- 99.4% fleet utilization rate for the second quarter of 2016.
- 6.0 years average remaining lease term.
- 90% of new aircraft deliveries through 2018 have been leased.
- \$1 billion of sales closed in the first half of 2016 and another \$1 billion of contracted sales expected to close in the second half of 2016.
- \$10 billion of available liquidity.
- Adjusted debt/equity ratio of 2.8 to 1.
- Upgraded to investment grade rating (BBB-) by Fitch.
- \$45.26 book value per share.
- Repurchased 7.7 million shares in the second quarter of 2016 and 15.4 million shares year to date through August 5, 2016.

Aengus Kelly, CEO of AerCap, commented: “AerCap reported another strong quarter, delivering earnings per share of \$1.22 on a reported basis and \$1.53 on an adjusted basis. Since completing the ILFC acquisition in May 2014, we have generated \$2.3 billion of net income, reduced our net debt by \$3.1 billion and returned over \$1.25 billion of capital to our shareholders through share repurchases. This level of profit and cash flow generation is a testament to the robustness of our operating platform and the talent and dedication of the entire AerCap team.”

## Second Quarter 2016 Financial Results

- **Reported** net income of \$233.3 million, compared with \$309.1 million for the same period in 2015. *Reported* earnings per share of \$1.22, compared with \$1.46 for the same period in 2015. *Reported* net income and *reported* earnings per share were primarily impacted by sales of older aircraft during 2015 and 2016, which reduced average lease assets, as well as lower other income, lower net gain on sale of assets and slightly higher interest expense in the second quarter of 2016. *Reported* earnings per share was favorably impacted by a lower number of outstanding shares as a result of share repurchases completed in 2015 and the first half of 2016.
- **Adjusted** net income of \$291.6 million, compared with \$358.7 million for the same period in 2015. *Adjusted* earnings per share of \$1.53, compared with \$1.70 for the same period in 2015. *Adjusted* net income and earnings per share were primarily driven by the same factors as *reported* net income and earnings per share.

## Net Income/Earnings Per Share

Set forth below are the details to reconcile *reported* net income to *adjusted* net income and *reported* earnings per share to *adjusted* earnings per share, including the specific adjustments.

|                                                                      | Three months ended                                  |                 |                           | Six months ended                                    |                 |                           |
|----------------------------------------------------------------------|-----------------------------------------------------|-----------------|---------------------------|-----------------------------------------------------|-----------------|---------------------------|
|                                                                      | June 30,                                            |                 |                           | June 30,                                            |                 |                           |
|                                                                      | 2016                                                | 2015            | % increase/<br>(decrease) | 2016                                                | 2015            | % increase/<br>(decrease) |
|                                                                      | (U.S. dollar amounts in millions except share data) |                 |                           | (U.S. dollar amounts in millions except share data) |                 |                           |
| <b>Net income</b>                                                    | <b>\$ 233.3</b>                                     | <b>\$ 309.1</b> | <b>(25%)</b>              | <b>\$ 456.4</b>                                     | <b>\$ 620.6</b> | <b>(26%)</b>              |
| Adjusted for:                                                        |                                                     |                 |                           |                                                     |                 |                           |
| Maintenance rights related expenses                                  | 46.2                                                | 58.3            | (21%)                     | 95.9                                                | 38.4            | 150%                      |
| AeroTurbine pre-tax results including restructuring related expenses | 11.2                                                | (3.9)           | NA                        | 36.7                                                | (7.9)           | NA                        |
| Mark-to-market of interest rate caps and swaps                       | 7.6                                                 | 0.1             | 7,500%                    | 18.6                                                | 7.6             | 145%                      |
| ILFC transaction and integration related expenses                    | -                                                   | 1.1             | NA                        | -                                                   | 5.5             | NA                        |
| Income tax impact of above adjustments                               | (6.7)                                               | (6.0)           | 12%                       | (14.3)                                              | (3.4)           | 321%                      |
| <b>Adjusted net income</b>                                           | <b>\$ 291.6</b>                                     | <b>\$ 358.7</b> | <b>(19%)</b>              | <b>\$ 593.3</b>                                     | <b>\$ 660.8</b> | <b>(10%)</b>              |
| <b>Reported earnings per share - diluted</b>                         | <b>\$ 1.22</b>                                      | <b>\$ 1.46</b>  | <b>(16%)</b>              | <b>\$ 2.35</b>                                      | <b>\$ 2.91</b>  | <b>(19%)</b>              |
| Adjusted for:                                                        |                                                     |                 |                           |                                                     |                 |                           |
| Maintenance rights related expenses                                  | 0.24                                                | 0.28            | (12%)                     | 0.49                                                | 0.18            | 171%                      |
| AeroTurbine pre-tax results including restructuring related expenses | 0.06                                                | (0.02)          | NA                        | 0.19                                                | (0.04)          | NA                        |
| Mark-to-market of interest rate caps and swaps                       | 0.04                                                | 0.00            | 12,317%                   | 0.10                                                | 0.04            | 165%                      |
| ILFC transaction and integration related expenses                    | -                                                   | 0.01            | NA                        | -                                                   | 0.03            | NA                        |
| Income tax impact of above adjustments                               | (0.03)                                              | (0.03)          | (10%)                     | (0.07)                                              | (0.02)          | 351%                      |
| <b>Adjusted earnings per share - diluted</b>                         | <b>\$ 1.53</b>                                      | <b>\$ 1.70</b>  | <b>(10%)</b>              | <b>\$ 3.06</b>                                      | <b>\$ 3.10</b>  | <b>(2%)</b>               |

Second quarter 2016 net income decreased 25% on a *reported* basis and 19% on an *adjusted* basis compared with the same period in 2015, and second quarter 2016 earnings per share decreased 16% on a *reported* basis and 10% on an *adjusted* basis over the same period in 2015. Both *reported* and *adjusted* net income and earnings per share were primarily impacted by sales of older aircraft during 2015 and 2016, which reduced average lease assets, as well as lower other income, lower net gain on sale of assets and slightly higher interest expense in the second quarter of 2016. *Reported* and *adjusted* earnings per share were favorably impacted by a lower number of outstanding shares as a result of share repurchases completed in 2015 and the first half of 2016.

*Adjusted* net income reflects, among other items, expensing the maintenance rights asset over the remaining economic life of the aircraft as compared to expensing this asset during the remaining lease term as reflected in *reported* net income. The maintenance rights asset represents the difference between the actual physical condition of the former ILFC aircraft at the acquisition date and the value based on the contractual return conditions in the lease contracts. The difference in the two methods has no economic impact as it is non-cash and equalizes over time. In addition, as a result of the downsizing at our wholly-owned subsidiary, AeroTurbine, we incurred costs relating to severance and terminations, which we recognized as restructuring related expenses, and a period loss during the second quarter of 2016. In order to present AerCap Holdings N.V. core earnings relating to aircraft leasing, *adjusted* net income excludes AeroTurbine-related income and losses. We believe *adjusted* net income may further assist investors in their understanding of our operational and financial

performance. Refer to Notes Regarding Financial Information Presented in This Press Release for details relating to the adjustments.

### Revenue and Net Spread

|                                        | Three months ended                |                   |                           | Six months ended                  |                   |                           |
|----------------------------------------|-----------------------------------|-------------------|---------------------------|-----------------------------------|-------------------|---------------------------|
|                                        | June 30,                          |                   |                           | June 30,                          |                   |                           |
|                                        | 2016                              | 2015              | % increase/<br>(decrease) | 2016                              | 2015              | % increase/<br>(decrease) |
|                                        | (U.S. dollar amounts in millions) |                   |                           | (U.S. dollar amounts in millions) |                   |                           |
| Lease revenue:                         |                                   |                   |                           |                                   |                   |                           |
| Basic lease rents                      | \$ 1,106.3                        | \$ 1,164.6        | (5%)                      | \$ 2,245.6                        | \$ 2,322.4        | (3%)                      |
| Maintenance rents and other receipts   | 70.9                              | 69.7              | 2%                        | 221.3                             | 138.0             | 60%                       |
| Lease revenue                          | 1,177.2                           | 1,234.3           | (5%)                      | 2,466.9                           | 2,460.4           | 0%                        |
| Net gain on sale of assets             | 38.4                              | 54.6              | (30%)                     | 57.4                              | 88.3              | (35%)                     |
| Other income                           | 23.9                              | 48.6              | (51%)                     | 33.2                              | 78.0              | (57%)                     |
| <b>Total Revenues and other income</b> | <b>\$ 1,239.5</b>                 | <b>\$ 1,337.5</b> | <b>(7%)</b>               | <b>\$ 2,557.5</b>                 | <b>\$ 2,626.7</b> | <b>(3%)</b>               |

Basic lease rents were \$1,106.3 million for the second quarter of 2016, compared with \$1,164.6 million for the same period in 2015. The decrease was primarily due to sales of older aircraft during 2015 and 2016, which reduced average lease assets. Our average lease assets for the second quarter of 2016 were \$35.1 billion, compared with \$36.6 billion for the same period in 2015.

Maintenance rents and other receipts were \$70.9 million for the second quarter of 2016, compared with \$69.7 million for the same period in 2015.

Net gain on sale of assets for the second quarter of 2016 was \$38.4 million, relating to 32 aircraft sold and three aircraft reclassified to finance leases, compared with \$54.6 million for the same period in 2015, relating to 13 aircraft sold and two aircraft reclassified to finance leases. We also parted out one aircraft in the second quarter of 2015, which had no impact on net gain on sale of assets.

Other income for the second quarter of 2016 was \$23.9 million, compared with \$48.6 million for the same period in 2015. The decrease was primarily due to lower gross profit on engine, airframe, parts and supplies sales as a result of the AeroTurbine downsizing.

|                                                | Three months ended                |                   |                           | Six months ended                  |                   |                           |
|------------------------------------------------|-----------------------------------|-------------------|---------------------------|-----------------------------------|-------------------|---------------------------|
|                                                | June 30,                          |                   |                           | June 30,                          |                   |                           |
|                                                | 2016                              | 2015              | % increase/<br>(decrease) | 2016                              | 2015              | % increase/<br>(decrease) |
|                                                | (U.S. dollar amounts in millions) |                   |                           | (U.S. dollar amounts in millions) |                   |                           |
| <b>Basic lease rents</b>                       | <b>\$ 1,106.3</b>                 | <b>\$ 1,164.6</b> | <b>(5%)</b>               | <b>\$ 2,245.6</b>                 | <b>\$ 2,322.4</b> | <b>(3%)</b>               |
| Interest expense                               | 280.7                             | 255.0             | 10%                       | 565.3                             | 542.6             | 4%                        |
| Adjusted for:                                  |                                   |                   |                           |                                   |                   |                           |
| Mark-to-market of interest rate caps and swaps | (7.6)                             | (0.1)             | 7,500%                    | (18.6)                            | (7.6)             | 145%                      |
| Adjusted interest expense                      | 273.1                             | 254.9             | 7%                        | 546.7                             | 535.0             | 2%                        |
| <b>Net interest margin, or net spread</b>      | <b>\$ 833.2</b>                   | <b>\$ 909.7</b>   | <b>(8%)</b>               | <b>\$ 1,698.9</b>                 | <b>\$ 1,787.4</b> | <b>(5%)</b>               |

As shown in the table above, adjusted interest expense was \$273.1 million in the second quarter of 2016. Interest expense increased primarily due to (i) the issuance of new longer-term bonds to replace short-term ILFC notes, which had lower reported interest expense as a result of ILFC acquisition purchase accounting, and (ii)

the cost associated with holding higher amounts of liquidity for upcoming capital expenditures.

Net spread was \$833.2 million in the second quarter of 2016, an 8% decrease compared with the same period in 2015. Net spread decreased due to lower basic lease rents, which resulted from a decrease in average lease assets, and higher interest expense.

### **Selling, General and Administrative Expenses**

|                                                           | Three months ended<br>June 30,       |                |                           | Six months ended<br>June 30,         |                 |                           |
|-----------------------------------------------------------|--------------------------------------|----------------|---------------------------|--------------------------------------|-----------------|---------------------------|
|                                                           | 2016                                 | 2015           | % increase/<br>(decrease) | 2016                                 | 2015            | % increase/<br>(decrease) |
|                                                           | (U.S. dollar amounts in<br>millions) |                |                           | (U.S. dollar amounts in<br>millions) |                 |                           |
| Share-based compensation expenses                         | \$ 25.0                              | \$ 25.3        | (1%)                      | \$ 50.7                              | \$ 50.1         | 1%                        |
| AeroTurbine selling, general and administrative expenses  | 12.3                                 | 16.4           | (25%)                     | 25.6                                 | 33.0            | (22%)                     |
| AerCap selling, general and administrative expenses       | 49.2                                 | 49.8           | (1%)                      | 97.2                                 | 103.4           | (6%)                      |
| <b>Total selling, general and administrative expenses</b> | <b>\$ 86.5</b>                       | <b>\$ 91.5</b> | <b>(5%)</b>               | <b>\$ 173.5</b>                      | <b>\$ 186.5</b> | <b>(7%)</b>               |

The decrease in selling, general, and administrative expenses quarter over quarter was primarily due to the AeroTurbine downsizing.

### **Other Expenses**

Asset impairment was \$10.5 million for the second quarter of 2016, compared to \$2.7 million for the same period in 2015. Asset impairment recorded in the second quarter of 2016 related to three aircraft that are being sold at a loss but were treated as held for sale because the sale of those aircraft had not been completed as of June 30, 2016. The aircraft were part of a 37-aircraft portfolio that is being sold at an overall profit. Leasing expenses were \$143.1 million for the second quarter of 2016, compared with \$173.4 million for the same period in 2015. The decrease was primarily due to an approximately \$20 million decrease in maintenance rights related expenses in the second quarter of 2016. Transaction, integration and restructuring related expenses were \$3.5 million for the second quarter of 2016, compared with \$1.1 million for the same period in 2015. Transaction, integration and restructuring related expenses in the second quarter of 2016 were related to the AeroTurbine downsizing and in the second quarter of 2015 were related to the acquisition of ILFC.

### **Effective Tax Rate**

AerCap's effective tax rate during the second quarter of 2015 and 2016 was 13.5%. The effective tax rate for the full year 2015 was 13.9%. The effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions.

### **Book Value Per Share**

|                                                        | June 30,<br>2016                                       | December 31,<br>2015 | % increase/<br>(decrease)<br>over<br>December 31,<br>2015 |
|--------------------------------------------------------|--------------------------------------------------------|----------------------|-----------------------------------------------------------|
|                                                        | (U.S. dollar amounts in millions except<br>share data) |                      |                                                           |
| <b>Total AerCap Holdings N.V. shareholders' equity</b> | <b>\$ 8,351.7</b>                                      | <b>\$ 8,349.0</b>    | <b>0%</b>                                                 |

|                                                                      |                    |                    |             |
|----------------------------------------------------------------------|--------------------|--------------------|-------------|
| Ordinary shares outstanding                                          | 187,865,737        | 200,342,204        | (6%)        |
| Unvested restricted stock                                            | (3,327,742)        | (3,030,724)        | (0%)        |
| <b>Ordinary shares outstanding (excl. unvested restricted stock)</b> | <b>184,537,995</b> | <b>197,311,480</b> | <b>(6%)</b> |

|                                                                                     |                 |                 |           |
|-------------------------------------------------------------------------------------|-----------------|-----------------|-----------|
| <b>Book value per ordinary shares outstanding (excl. unvested restricted stock)</b> | <b>\$ 45.26</b> | <b>\$ 42.31</b> | <b>7%</b> |
|-------------------------------------------------------------------------------------|-----------------|-----------------|-----------|

### Financial Position

|                                                    | June 30,<br>2016 | December 31,<br>2015 | % increase/<br>(decrease) over<br>December 31,<br>2015 |
|----------------------------------------------------|------------------|----------------------|--------------------------------------------------------|
| (U.S. dollar amounts in millions except d/e ratio) |                  |                      |                                                        |
| Total cash (incl. restricted)                      | \$ 3,007.3       | \$ 2,822.5           | 7%                                                     |
| Total assets                                       | 42,922.8         | 43,749.5             | (2%)                                                   |
| Debt                                               | 29,139.1         | 29,641.9             | (2%)                                                   |
| Total liabilities                                  | 34,508.0         | 35,323.7             | (2%)                                                   |
| Total AerCap Holdings N.V. shareholders' equity    | 8,351.7          | 8,349.0              | 0%                                                     |
| Total equity                                       | 8,414.8          | 8,425.8              | (0%)                                                   |
| Adjusted debt (*)                                  | 25,804.6         | 26,488.8             | (3%)                                                   |
| Adjusted equity (*)                                | 9,164.8          | 9,175.8              | (0%)                                                   |
| Adjusted debt/equity ratio (*)                     | 2.8 to 1         | 2.9 to 1             | (3%)                                                   |

(\*) Refer to Notes Regarding Financial Information Presented in This Press Release for details relating to the adjustments

As of June 30, 2016, AerCap's portfolio consisted of 1,637 aircraft that were owned, on order or managed (including aircraft owned by AerDragon, a non-consolidated joint venture). The average age of our owned fleet as of June 30, 2016 was 7.7 years and the average remaining contracted lease term was 6.0 years.

### Notes Regarding Financial Information Presented in This Press Release

The financial information presented in this press release is not audited.

The following is a definition of non-GAAP measures used in this press release. We believe these measures may further assist investors in their understanding of our operational performance.

*Adjusted net income and adjusted earnings per share.* These measures are determined by adding an adjustment for maintenance rights related expense, an adjustment for the AeroTurbine results, including AeroTurbine restructuring related expenses, non-cash charges related to the mark-to-market gains and losses on our interest rate caps and swaps, and ILFC transaction and integration related expenses, in each case during the applicable period, to U.S. GAAP net income. The average number of shares is based on a daily average.

In connection with the ILFC Transaction, we have recognized maintenance rights intangible assets associated with existing leases on the legacy ILFC aircraft and we are expensing these assets during the remaining lease terms. The adjustment for maintenance rights related expense represents the difference between expensing the maintenance rights intangible assets *on a more accelerated basis* during the remaining lease terms (as in the Company's reported net income) as compared to expensing these assets on a straight-line basis over the remaining economic life of the aircraft (as in the Company's adjusted net income).

During the fourth quarter of 2015, we made the decision to restructure and downsize the AeroTurbine business. After completion of the downsizing, AeroTurbine will only provide services to support AerCap's aircraft leasing business. In order to present AerCap Holdings N.V. core earnings relating to aircraft leasing, *adjusted* net income reflects an adjustment for AeroTurbine results, including AeroTurbine restructuring related expenses.

We use interest rate caps and swaps to allow us to benefit from decreasing interest rates and protect against the negative impact of rising interest rates on our floating rate debt. Management determines the appropriate level of caps and swaps in any period with reference to the mix of floating and fixed cash flows from our leases, debt and other contracts. We do not apply hedge accounting to our interest rate caps and some of our swaps. As a result, we recognize the change in fair value of these interest rate caps and swaps in our income statement during each period.

*Adjusted* net income excludes non-recurring expenses of \$1.1 million for the second quarter of 2015 and \$5.5 million for the first half of 2015, both relating to the ILFC transaction and integration. We recorded no expenses related to the ILFC transaction and integration during the second quarter of 2016 or the first half of 2016.

Additionally, *adjusted* net income includes the income tax impact of the above adjustments.

In addition to U.S. GAAP net income and earnings per share, we believe these measures may further assist investors in their understanding of our operational performance in relation to past and future reporting periods. A reconciliation of *reported* net income to *adjusted* net income for the three and six months ended June 30, 2016 and 2015 is presented in a table under the Net Income/Earnings Per Share section of this press release.

*Adjusted debt/equity ratio*. This measure is the ratio obtained by dividing adjusted debt by adjusted equity.

- Adjusted debt means consolidated total debt less cash and cash equivalents, and less a 50% equity credit with respect to certain long-term subordinated debt.
- Adjusted equity means total equity, plus the 50% equity credit relating to the long-term subordinated debt.

Adjusted debt and adjusted equity are adjusted by the 50% equity credit to reflect the equity nature of those financing arrangements and to provide information that is consistent with definitions under certain of our debt covenants.

|                                            | June 30,<br>2016                                   | December 31,<br>2015 |
|--------------------------------------------|----------------------------------------------------|----------------------|
|                                            | (U.S. dollar amounts in millions except d/e ratio) |                      |
| <b>Debt</b>                                | <b>\$ 29,139</b>                                   | <b>\$ 29,642</b>     |
| Adjusted for:                              |                                                    |                      |
| Cash and cash equivalents                  | (2,585)                                            | (2,403)              |
| 50% credit for long-term subordinated debt | (750)                                              | (750)                |
| <b>Adjusted debt</b>                       | <b>25,804</b>                                      | <b>26,489</b>        |
| <br>                                       |                                                    |                      |
| <b>Equity</b>                              | <b>\$ 8,415</b>                                    | <b>\$ 8,426</b>      |
| Adjusted for:                              |                                                    |                      |
| 50% credit for long-term subordinated debt | 750                                                | 750                  |
| <b>Adjusted equity</b>                     | <b>9,165</b>                                       | <b>9,176</b>         |
| <br>                                       |                                                    |                      |
| <b>Adjusted debt/equity ratio</b>          | <b>2.8 to 1</b>                                    | <b>2.9 to 1</b>      |

*Net interest margin, or net spread* (refer to second table under Revenue and Net Spread section of this press release). This measure is the difference between basic lease rents and interest expense, excluding the impact of the mark-to-market of interest rate caps and swaps. We believe this measure may further assist investors in their understanding of the changes and trends related to the earnings of our leasing activities. This measure reflects the impact from changes in the number of aircraft leased, lease rates, utilization rates, as well as the impact from changes in the amount of debt and interest rates.

## **Conference Call**

In connection with the earnings release, management will host an earnings conference call today, Tuesday, August 9, 2016, at 9:00 am Eastern Time. The call can be accessed live by dialing (U.S./Canada) +1 646 254 3365 or (International) +353 1 246 5602 and referencing code 2446023 at least 5 minutes before start time, or by visiting AerCap's website at [www.aercap.com](http://www.aercap.com) under "Investor Relations."

The webcast replay will be archived in the "Investor Relations" section of the Company's website for one year. For further details and to register for this event please email: [aercap@instinctif.com](mailto:aercap@instinctif.com).

For further information, contact John Wikoff: +31 20 655 9661 ([jwikoff@aercap.com](mailto:jwikoff@aercap.com)) or Mark Walter (Instinctif Partners): +44 20 7457 2020 ([aercap@instinctif.com](mailto:aercap@instinctif.com)).

## **About AerCap**

AerCap is the global leader in aircraft leasing with, as of June 30, 2016, 1,637 owned, managed or on order aircraft in its portfolio. AerCap has one of the most attractive order books in the industry. AerCap serves approximately 200 customers in approximately 80 countries with comprehensive fleet solutions. AerCap is listed on the New York Stock Exchange (AER) and has its headquarters in Dublin with offices in Amsterdam, Los Angeles, Shannon, Fort Lauderdale, Miami, Singapore, Shanghai, Abu Dhabi, Seattle and Toulouse.

## **Forward-Looking Statements**

This press release contains certain statements, estimates and forecasts with respect to future performance and events. These statements, estimates and forecasts are "forward-looking statements". In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "may," "might," "should," "expect," "plan," "intend," "estimate," "anticipate," "believe," "predict," "potential" or "continue" or the negatives thereof or variations thereon or similar terminology. All statements other than statements of historical fact included in this press release are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. As a result, we cannot assure you that the forward-looking statements included in this press release will prove to be accurate or correct. In light of these risks, uncertainties and assumptions, the future performance or events described in the forward-looking statements in this press release might not occur. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. Except as required by applicable law, we do not undertake any obligation to, and will not, update any forward-looking statements, whether as a result of new information, future events or otherwise.

For more information regarding AerCap and to be added to our email distribution list, please visit [www.aercap.com](http://www.aercap.com).

## **AerCap Holdings N.V.**

### **Unaudited Consolidated Balance Sheets**

(U.S. Dollars in thousands)

#### **June 30, 2016 December 31, 2015**

#### **Assets**

|                                                      |              |              |
|------------------------------------------------------|--------------|--------------|
| Cash and cash equivalents                            | \$ 2,584,552 | \$ 2,403,098 |
| Restricted cash                                      | 422,774      | 419,447      |
| Trade receivables                                    | 73,778       | 106,794      |
| Flight equipment held for operating leases, net      | 30,911,784   | 32,219,494   |
| Maintenance rights intangible and lease premium, net | 2,629,344    | 3,139,045    |
| Flight equipment held for sale                       | 847,334      | 71,055       |
| Net investment in finance and sales-type leases      | 661,215      | 469,198      |

|                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Prepayments on flight equipment | 3,320,032            | 3,300,426            |
| Other intangibles, net          | 441,844              | 461,006              |
| Deferred income tax assets      | 161,297              | 161,193              |
| Other assets                    | 868,853              | 998,743              |
| <b>Total Assets</b>             | <b>\$ 42,922,807</b> | <b>\$ 43,749,499</b> |

#### Liabilities and Equity

|                                                          |              |              |
|----------------------------------------------------------|--------------|--------------|
| Accounts payable, accrued expenses and other liabilities | \$ 1,111,151 | \$ 1,239,199 |
| Accrued maintenance liability                            | 2,953,242    | 3,185,794    |
| Lessee deposit liability                                 | 873,024      | 891,454      |
| Debt                                                     | 29,139,129   | 29,641,863   |
| Deferred income tax liabilities                          | 431,434      | 365,380      |
| Total liabilities                                        | 34,507,980   | 35,323,690   |

Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of June 30, 2016 and December 31, 2015; 196,552,525 and 203,411,207 ordinary shares issued and 187,865,737 and 200,342,204 ordinary shares outstanding (including 3,327,742 and 3,030,724 unvested restricted stock) as of June 30, 2016 and December 31, 2015, respectively

|                                                                                                                            |           |           |
|----------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                                                            | 2,380     | 2,457     |
| Additional paid-in capital                                                                                                 | 4,788,656 | 5,026,993 |
| Treasury shares, at cost (8,686,788 and 3,069,003 ordinary shares as of June 30, 2016 and December 31, 2015, respectively) | (352,629) | (146,312) |
| Accumulated other comprehensive loss                                                                                       | (10,923)  | (6,307)   |
| Accumulated retained earnings                                                                                              | 3,924,226 | 3,472,132 |
| Total AerCap Holdings N.V. shareholders' equity                                                                            | 8,351,710 | 8,348,963 |
| Non-controlling interest                                                                                                   | 63,117    | 76,846    |
| Total Equity                                                                                                               | 8,414,827 | 8,425,809 |

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| <b>Total Liabilities and Equity</b> | <b>\$ 42,922,807</b> | <b>\$ 43,749,499</b> |
|-------------------------------------|----------------------|----------------------|

#### AerCap Holdings N.V.

##### Unaudited Consolidated Income Statements

(U.S. Dollars in thousands, except share and per share data)

|                                                    | Three months ended June 30, |                  | Six Months ended June 30, |                  |
|----------------------------------------------------|-----------------------------|------------------|---------------------------|------------------|
|                                                    | 2016                        | 2015             | 2016                      | 2015             |
| <b>Revenues and other income</b>                   |                             |                  |                           |                  |
| Lease revenue                                      | \$ 1,177,236                | \$ 1,234,279     | \$ 2,466,902              | \$ 2,460,416     |
| Net gain on sale of assets                         | 38,411                      | 54,606           | 57,444                    | 88,307           |
| Other income                                       | 23,849                      | 48,635           | 33,168                    | 78,011           |
| <b>Total Revenues and other income</b>             | <b>1,239,496</b>            | <b>1,337,520</b> | <b>2,557,514</b>          | <b>2,626,734</b> |
| <b>Expenses</b>                                    |                             |                  |                           |                  |
| Depreciation and amortization                      | 451,287                     | 459,386          | 917,898                   | 911,615          |
| Asset impairment                                   | 10,474                      | 2,747            | 55,102                    | 7,443            |
| Interest expense                                   | 280,715                     | 255,014          | 565,277                   | 542,619          |
| Leasing expenses                                   | 143,146                     | 173,426          | 310,549                   | 263,153          |
| Transaction, integration and restructuring related |                             |                  |                           |                  |

|                                                                                                   |                   |                   |                   |                   |
|---------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| EXPENSES                                                                                          |                   |                   |                   |                   |
| General and administrative expenses                                                               | 80,400            | 91,094            | 176,144           | 186,536           |
| <b>Total Expenses</b>                                                                             | <b>975,627</b>    | <b>983,122</b>    | <b>2,038,461</b>  | <b>1,916,844</b>  |
| <b>Income before income taxes and income of investments accounted for under the equity method</b> | <b>263,869</b>    | <b>354,398</b>    | <b>519,053</b>    | <b>709,890</b>    |
| Provision for income taxes                                                                        | (35,624)          | (47,846)          | (70,073)          | (95,836)          |
| Equity in net earnings of investments accounted for under the equity method                       | 2,337             | 2,140             | 4,743             | 4,008             |
| <b>Net income</b>                                                                                 | <b>\$ 230,582</b> | <b>\$ 308,692</b> | <b>\$ 453,723</b> | <b>\$ 618,062</b> |
| Net loss attributable to non-controlling interest                                                 | 2,691             | 417               | 2,630             | 2,542             |
| <b>Net income attributable to AerCap Holdings N.V</b>                                             | <b>\$ 233,273</b> | <b>\$ 309,109</b> | <b>\$ 456,353</b> | <b>\$ 620,604</b> |
| Basic earnings per share                                                                          | \$ 1.24           | \$ 1.48           | \$ 2.37           | \$ 2.95           |
| Diluted earnings per share                                                                        | \$ 1.22           | \$ 1.46           | \$ 2.35           | \$ 2.91           |
| Weighted average shares outstanding - basic                                                       | 188,601,172       | 208,944,833       | 192,311,911       | 210,523,173       |
| Weighted average shares outstanding - diluted                                                     | 190,528,697       | 211,486,227       | 194,156,616       | 213,045,364       |

**AerCap Holdings N.V.**  
**Unaudited Consolidated Statements of Cash Flows**  
(U.S. Dollars in thousands)

|                                                                                          | <b>Six Months ended June 30,</b> |                  |
|------------------------------------------------------------------------------------------|----------------------------------|------------------|
|                                                                                          | <b>2016</b>                      | <b>2015</b>      |
| Net income                                                                               | \$ 453,723                       | \$ 618,062       |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                  |                  |
| Depreciation and amortization                                                            | 917,898                          | 911,615          |
| Asset impairment                                                                         | 55,102                           | 7,443            |
| Amortization of debt issuance costs and debt discount                                    | 27,150                           | 22,613           |
| Amortization of lease premium intangibles                                                | 10,510                           | 12,184           |
| Amortization of fair value adjustment on debt                                            | (184,348)                        | (238,987)        |
| Accretion of fair value adjustment on deposits and maintenance liabilities               | 27,045                           | 41,022           |
| Maintenance rights write off                                                             | 383,134                          | 243,408          |
| Maintenance liability release to income                                                  | (237,890)                        | (47,790)         |
| Net gain on sale of assets                                                               | (57,444)                         | (88,307)         |
| Deferred income taxes                                                                    | 66,323                           | 91,813           |
| Restructuring related expenses                                                           | 16,141                           | -                |
| Other                                                                                    | 80,173                           | 43,091           |
| <b>Changes in operating assets and liabilities:</b>                                      |                                  |                  |
| Trade receivables                                                                        | 40,348                           | 7,988            |
| Other assets                                                                             | 108,924                          | 31,716           |
| Accounts payable, accrued expenses and other liabilities                                 | (91,895)                         | (46,037)         |
| <b>Net cash provided by operating activities</b>                                         | <b>1,614,894</b>                 | <b>1,609,834</b> |

|                                                                       |                     |                     |
|-----------------------------------------------------------------------|---------------------|---------------------|
| Purchase of flight equipment                                          | (1,173,402)         | (1,669,831)         |
| Proceeds from sale or disposal of assets                              | 889,825             | 486,165             |
| Prepayments on flight equipment                                       | (386,022)           | (465,707)           |
| Collections of finance and sales-type leases                          | 30,017              | 27,784              |
| Movement in restricted cash                                           | (3,327)             | 337,879             |
| Other                                                                 | -                   | (14,000)            |
| <b>Net cash used in investing activities</b>                          | <b>(642,909)</b>    | <b>(1,297,710)</b>  |
| Issuance of debt                                                      | 2,327,676           | 2,180,384           |
| Repayment of debt                                                     | (2,632,700)         | (1,650,672)         |
| Debt issuance costs paid                                              | (21,395)            | (16,511)            |
| Maintenance payments received                                         | 393,199             | 342,701             |
| Maintenance payments returned                                         | (262,138)           | (311,238)           |
| Security deposits received                                            | 82,519              | 85,970              |
| Security deposits returned                                            | (123,928)           | (81,433)            |
| Dividend paid to non-controlling interest holders                     | (10,501)            | -                   |
| Repurchase of shares and tax withholdings on share-based compensation | (543,781)           | (781,337)           |
| <b>Net cash used in financing activities</b>                          | <b>(791,049)</b>    | <b>(232,136)</b>    |
| Net increase in cash and cash equivalents                             | 180,936             | 79,988              |
| Effect of exchange rate changes on cash and cash equivalents          | 518                 | (2,012)             |
| Cash and cash equivalents at beginning of period                      | 2,403,098           | 1,490,369           |
| <b>Cash and cash equivalents at end of period</b>                     | <b>\$ 2,584,552</b> | <b>\$ 1,568,345</b> |

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