AerCap Holdings N.V. Dutch GAAP Annual Report

For the year ended December 31, 2019

INDEX TO ANNUAL REPORT

AerCap Holdings N.V. Annual Report 2019

TABLE OF SELECTED DEFINITIONS

ACSAL	Acsal Holdco, LLC
AerCap, we, us or the Company	AerCap Holdings N.V. and its subsidiaries
AerCap Ireland	AerCap Ireland Limited
AerCap Trust	AerCap Global Aviation Trust
AerDragon	AerDragon Aviation Partners Limited and Subsidiaries
AerLift	AerLift Leasing Limited and Subsidiaries
AICDC	AerCap Ireland Capital Designated Activity Company, a designated activity company with limited liability incorporated under the laws of Ireland
AIG	American International Group, Inc.
Airbus	Airbus S.A.S.
Boeing	The Boeing Company
ECA	Export Credit Agency
ECAPS	Enhanced Capital Advantaged Preferred Securities
Embraer	Embraer S.A.
EOL	End of lease
EPS	Earnings per share
Ex-Im	Export-Import Bank of the United States
ILFC	International Lease Finance Corporation
ILFC Transaction	The purchase by AerCap and AerCap Ireland Limited, a wholly-owned subsidiary of AerCap, of 100% of ILFC's common stock from AIG on May 14, 2014
LIBOR	London Interbank Offered Rates
MR	Maintenance reserved
Part-out	Disassembly of an aircraft for the sale of its parts
PB	Primary beneficiary
Peregrine	Peregrine Aviation Company Limited and Subsidiaries
SEC	U.S. Securities and Exchange Commission
SPE	Special purpose entity
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America

REPORT OF THE BOARD OF DIRECTORS

History and development of the Company

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

As of December 31, 2019, we had 141,847,345 ordinary shares issued, including 131,583,489 ordinary shares issued and outstanding, and 10,263,856 ordinary shares held as treasury shares. Our issued and outstanding ordinary shares included 2,354,318 shares of unvested restricted stock.

Description of business

We are the global leader in aircraft leasing. We focus on acquiring in-demand aircraft at attractive prices, funding them efficiently, hedging interest rate risk prudently and using our platform to deploy these assets with the objective of delivering superior risk-adjusted returns. We believe that by applying our expertise, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders. We are an independent aircraft lessor, and, as such, we are not affiliated with any airframe or engine manufacturer. This independence provides us with purchasing flexibility to acquire aircraft or engine models regardless of the manufacturer.

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

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft transactions in a variety of market conditions. During the year ended December 31, 2019, we executed 353 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, 2019, our weighted average owned aircraft utilization rate was 99.6%, calculated based on the number of days each aircraft was on lease during the year, weighted by the net book value of the aircraft.

Our business strategy

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

Manage the profitability of our aircraft portfolio

Manage the long-term profitability of our aircraft portfolio by selectively:

- purchasing aircraft directly from manufacturers;
- entering into purchase and 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 terms, as well as secure long-term funding for such acquisitions, lease aircraft at profitable rates, minimize downtime between leases and associated maintenance expenses and opportunistically sell aircraft.

Efficiently manage our liquidity

We analyze sources of financing based on pricing and other terms and conditions in order to optimize the return on our investments. We have the ability to access a broad range of liquidity sources globally. In 2019, we raised approximately $9.5 billion of financing, including bank debt, revolving credit facilities and note issuances in the capital markets.

We have access to liquidity in the form of our revolving credit facilities and our term loan facilities, which provide us with flexibility in raising capital and enable us to deploy capital rapidly to accretive aircraft purchase opportunities that may arise. As of December 31, 2019, we had approximately $6.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and $1.1 billion of unrestricted cash. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, note issuance and export credit, including ECA-guaranteed loans, in order to maximize our financial flexibility. We also leverage our longstanding relationships with major aircraft financiers and lenders to secure access to capital. In addition, we attempt to maximize our operating cash flows and continue to pursue the sale of aircraft to generate additional cash flows. Please refer to Note 13—*Debt* to our Consolidated Financial Statements included in this Annual Report for a detailed description of our outstanding indebtedness.

Manage our aircraft portfolio

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

Maintain a diversified and satisfied customer base

We operate our business on a global basis, leasing aircraft to customers in every major geographical region. We have customer relationships with approximately 200 airlines in approximately 80 countries. We monitor our lessee exposure concentrations by both customer and country jurisdiction and intend to maintain a well-diversified customer base. We believe we offer a quality product, both in terms of assets and service, to all of our customers. We have successfully worked with many airline customers to find mutually beneficial solutions to operational and financial challenges. We believe we maintain excellent relations with our customers. We have been able to achieve a high utilization rate on our aircraft assets as a result of our customer reach, quality product offering and strong portfolio management capabilities.

Joint ventures and participations

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

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

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

Relationship with Airbus and Boeing and other manufacturers

We are one of the largest customers of Airbus and Boeing measured by deliveries of aircraft through 2019 and our order backlog. We were also the launch customer of the Embraer E2 program. We are also among the largest purchasers of engines from each of CFM International, GE Aviation, International Aero Engines, Pratt & Whitney and Rolls-Royce. These extensive manufacturer relationships and the scale of our business enable us to place large orders with favorable pricing and delivery terms. In addition, these strategic relationships with manufacturers and market knowledge allow us to participate in new aircraft designs, which gives us increased confidence in our airframe and engine selections. AerCap cooperates broadly with manufacturers seeking mutually beneficial opportunities.

Risk management and control framework

Our management is responsible for designing, implementing and operating an adequate functioning internal risk management and control framework. The purpose of this framework is to identify and manage the strategic, operational, financial and compliance risks to which we are exposed, to promote effectiveness and efficiency of our operations, to promote reliable financial reporting and to promote compliance with laws and regulations. Supervision is exercised by our Audit Committee, as described in the "Committees of the Board of Directors" section included in this Annual Report. Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2013). The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations.

Risk appetite

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

Primary risks and mitigating controls

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

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

Risk that materialized in 2019

We believe that our primary risks are sufficiently mitigated by the above mentioned mitigating controls. None of these risks materialized in such a way that it had a material impact on our 2019 results. In addition, we believe that this report provides sufficient insight into the design and effectiveness, and exceptions to the effectiveness, of our internal risk management and control framework. Based on the current state of affairs, our financial statements are prepared on a going concern basis.

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

Planning and control cycle

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

Risk management and internal controls

We have developed policies and procedures for all areas of our operations, both financial and non-financial, that constitutes a broad system of internal control. This system of internal control has been developed through a risk-based approach and enhanced with a view to achieving and maintaining full compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"). Our system of internal control is embedded in our standard business practices and is validated through audits performed by our internal auditors and through management testing of Sarbanes-Oxley Act controls, which is performed with the assistance of external advisors. In addition, senior management personnel and finance managers of our main operating subsidiaries annually sign a detailed letter of representation with regard to financial reporting, internal controls and ethical principles. Employees working in our finance or accounting functions are subject to a separate Finance Code of Ethics.

Controls and procedures statement under the Sarbanes-Oxley Act

As of December 31, 2019, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures and our internal control over financial reporting pursuant to the Sections 302 and 404 of the Sarbanes-Oxley Act and Rules 13a-15(e) and 13a-15(f) of the Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2019, such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

Disclosure controls and procedures

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

Code of Conduct and Whistleblower Policy

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

Compliance procedures

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

2019 financial and operating review

Major developments in 2019

- AerCap was upgraded to BBB rating by S&P Global Ratings and placed on Positive Outlook by Moody's.
- AerCap completed purchases of 65 new technology aircraft for approximately $4.6 billion.
- AerCap completed sales of 88 owned aircraft, with an average age of 15 years, for aggregate proceeds of approximately $2.1 billion.
- AerCap executed a total of 353 aircraft transactions, including 79 widebody aircraft transactions.
- AerCap delivered its first Embraer E195-E2 to a Brazilian carrier, Azul Airlines, making Azul Airlines the first operator of the Embraer E195-E2.
- AerCap announced an agreement to sell a 19-aircraft portfolio to Dara Aviation, a vehicle established by NCB Capital. This was the second portfolio acquired from AerCap by NCB Capital, which purchased 21 aircraft from us in 2017.
- AerCap raised approximately $9.5 billion of financing, including bank debt, revolving credit facilities and note issuances in the capital markets.
- AerCap's Board of Directors approved share repurchase programs for an aggregate $600 million and AerCap repurchased an aggregate of 12.0 million ordinary shares for approximately $607.3 million under share repurchase programs authorized in 2019 and 2018.

Results of operations

Net income attributable to equity holders of AerCap Holdings N.V. for the year ended December 31, 2019 was $1,134.5 million, as compared to $918.5 million for the year ended December 31, 2018. Our total revenues and other income increased by $132.8 million, or 2.6%, to $5,051.6 million for the year ended December 31, 2019 from $4,918.8 million for the year ended December 31, 2018. For the year ended December 31, 2019, diluted EPS was $8.35, and the weighted average number of diluted shares outstanding was 135,898,139. For the year ended December 31, 2018, diluted EPS was $6.18, and the weighted average number of diluted shares outstanding was 148,706,266.

Aviation assets

During the year ended December 31, 2019, we acquired $4.6 billion of aviation assets, primarily related to the acquisition of 65 aircraft. As of December 31, 2019, we owned 939 aircraft, including 862 aircraft under operating leases and 77 aircraft under finance and sales-type leases. In addition, we managed 96 aircraft. As of December 31, 2019, the average age of our 939 owned aircraft fleet, weighted by net book value, was 6.1 years and as of December 31, 2018, the average age of our 962 owned aircraft fleet, weighted by net book value, was 6.3 years. We operate our business on a global basis and as of December 31, 2019, 929 of our 939 owned aircraft were on lease to 152 customers in 67 countries, with no lessee accounting for more than 10% of total lease revenue for the year ended December 31, 2019. As of December 31, 2019, our owned aircraft portfolio included 10 aircraft that were off-lease. As of March 3, 2020, four of the off-lease aircraft were re-leased or under commitments for re-lease, five aircraft were designated for sale or part-out, and one aircraft was sold.

As of December 31, 2019, we also had 299 new aircraft on order, including 137 Airbus A320neo Family aircraft, 95 Boeing 737 MAX aircraft, 41 Embraer E-Jets E2 aircraft, and 26 Boeing 787 aircraft.

On March 13, 2019, the Federal Aviation Administration issued an order to suspend operations of all Boeing 737 MAX aircraft in the U.S. and by U.S. aircraft operators following two recent fatal accidents involving Boeing 737 MAX aircraft. Non-U.S. civil aviation authorities have also issued directives to similar effect. Boeing has suspended deliveries of the Boeing 737 MAX until clearance is granted by the appropriate regulatory authorities. Prior to the grounding, we had delivered five Boeing 737 MAX aircraft that are currently on lease to an airline customer, and we currently have 95 Boeing 737 MAX aircraft on order. Boeing currently estimates that the Boeing 737 MAX will begin to return to service in mid-2020. However, it is uncertain when and under what conditions our Boeing 737 MAX aircraft will return to service and when Boeing will resume making deliveries of our Boeing 737 MAX aircraft on order. As a result, we have incurred delays and expect to incur future delays on our scheduled Boeing 737 MAX deliveries, and any such future delays are likely to have an impact on our financial results.

Liquidity and capital resources

As of December 31, 2019, our cash balance was $1.3 billion, including unrestricted cash of $1.1 billion, and we had approximately $6.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities. As of December 31, 2019, our total available liquidity, including undrawn lines of credit, unrestricted cash, cash flows from contracted asset sales and other sources of funding, was $8.2 billion. During the year ended December 31, 2019, our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps, was 4.2%. As of December 31, 2019 our adjusted debt to equity ratio was 2.6 to 1. Adjusted debt to equity ratio is obtained by dividing adjusted debt by adjusted equity. Adjusted debt represents consolidated total debt less cash and cash equivalents, and less a 50% equity credit with respect to $2.25 billion of long-term subordinated debt. Adjusted equity represents total equity, plus the 50% equity credit with respect to the long-term subordinated debt.

As of December 31, 2019, our existing sources of liquidity of $11.3 billion, including estimated operating cash flows of $3.1 billion, were sufficient to operate our business and cover 1.6x of our debt maturities and contracted capital requirements for the next 12 months. Our sources of liquidity for the next 12 months include undrawn lines of credit, unrestricted cash, estimated operating cash flows, cash flows from contracted asset sales and other sources of funding.

Interest rate risk

The following tables present the average notional amounts and weighted average interest rates which are contracted for the specified year for our derivative financial instruments that are sensitive to changes in interest rates, including our interest rate caps and swaps, as of December 31, 2019. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Under our interest rate caps, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. For our interest rate swaps, pay rates are based on the fixed rate which we are contracted to pay to our swap counterparty.

	2020	2021	2022	2023	2024	Thereafter	Fair value
			(U.S. Dollars in millions)				
Interest rate caps							
Average notional amounts	$ 2,811.5	$ 2,340.7	$ 1,836.2	$ 1,229.6	$ 258.3	$ 75.0	$ 10.1
Weighted average strike rate	2.4%	2.4%	2.4%	2.4%	1.6%	1.5%	

	2020	2021	2022	2023	2024	Thereafter	Fair value
			(U.S. Dollars in millions)				
Interest rate swaps							
Average notional amounts	$ 3,945.4	$ 3,406.0	$ 2,453.1	$ 694.3	$ —	$ —	$ (95.5)
Weighted average pay rate	2.4%	2.6%	2.8%	3.0%	—%	—%	

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

Personnel

As of December 31, 2019, we had 390 permanent employees relating to our aircraft leasing business, including one part-time employee. As of December 31, 2018, we had 385 permanent employees relating to our aircraft leasing business, including one part-time employee. We expect that the number of personnel will remain relatively constant throughout 2020.

Financial outlook

Our U.S. GAAP financial outlook for the year 2020 is diluted EPS of approximately $7.00 - $7.40. This outlook could be subject to change, in light of highly fluid market conditions and other factors.

For 2020, we have committed to $3.5 billion of aircraft purchases. We expect to source new debt finance for these capital expenditures through access to capital markets, including the unsecured and secured bond markets, the commercial bank market, export credit and the asset-backed securities market.

Factors affecting our results

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

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

Culture and values

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

Sustainability and community

During 2019, the Board discussed and reviewed our approach to environmental, social and governance ("ESG") related topics and other values that contribute to a culture focused on long-term value creation. Renewing our aircraft portfolio through the acquisition of new, modern technology aircraft while disposing of older aircraft has a positive impact on the environment, as these new technology aircraft produce significantly lower emissions than older aircraft and engines, thus helping our airline customers to reduce their environmental footprint. AerCap is committed to the efficient use of resources and the reduction of unnecessary waste. Our head office in Dublin has been certified for sustainability pertaining to such matters as building materials, energy and water use and accessibility. Our office buildings in Los Angeles and Singapore hold similar green building certifications. The Company has invested resources to improve greenhouse gas emissions and corresponding mitigating initiatives.

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

Corporate governance

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

As we are listed on the NYSE and incorporated in the Netherlands as a public limited company ("*naamloze vennootschap*" or "N.V."), we are required to comply with the Sarbanes-Oxley Act and certain corporate governance requirements and best practices set out by the NYSE, the SEC and the 2016 Dutch Corporate Governance Code (the "Code"). We have elected to be exempt from the NYSE rules on directors' independence as a foreign private issuer.

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

Board of Directors

Responsibilities

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

Our Board of Directors has a one-tier structure and currently consists of 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 delegated to the executive director in accordance with our articles of association and Board Rules. The non-executive directors supervise the Chief Executive Officer and our general affairs and provide general advice to our Chief Executive Officer. In performing their duties, the non-executive directors are guided by the interests of the Company and shall, within the boundaries set by relevant Dutch law, take into account the relevant interests of our shareholders and other stakeholders in AerCap. The Board has appointed from among its non-executive directors the Chairman and the Vice Chairman of the Board of Directors.

The Chairman of the Board of Directors is responsible for ensuring, among other things, that *(i)* each director receives all information about matters that he or she may deem useful or necessary in connection with the proper performance of his or her duties; *(ii)* each director has sufficient time for consultation and decision making; and *(iii)* the Board of Directors and the Board committees are properly constituted and functioning. The Vice Chairman of the Board of Directors shall be charged with the Chairman's responsibilities, should the latter become temporarily or permanently incapacitated or prevented from acting. The internal affairs of the Board of Directors are governed by our Board Rules.

Our current directors are:

Name	Age	Nationality	Gender	Position	Initial Appointment	End of Current Term (a)
Pieter Korteweg	78	The Netherlands	M	Non-Executive Chairman of the Board of Directors	2006	2020
Aengus Kelly	46	Ireland	M	Executive Director and Chief Executive Officer	2011	2023
Julian (Brad) Branch	65	United States of America	M	Non-Executive Director	2018	2022
Stacey Cartwright	56	United Kingdom	F	Non-Executive Director	2019	2023
Paul Dacier	62	United States of America	M	Non-Executive Director and Vice Chairman	2010	2020
Rita Forst	64	Germany	F	Non-Executive Director	2019	2023
Richard (Michael) Gradon	60	United Kingdom	M	Non-Executive Director	2010	2020
James (Jim) Lawrence	67	United States of America	M	Non-Executive Director	2017	2021
Michael Walsh	53	Ireland	M	Non-Executive Director	2017	2021
Robert (Bob) Warden	47	United States of America	M	Non-Executive Director	2006	2020

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

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

Our Chairman of the Board, Pieter Korteweg, has decided to retire from the Board with effect from the close of the 2020 AGM. The Board has appointed Paul Dacier to succeed Mr. Korteweg as Chairman of the Board with effect from the close of the 2020 AGM. Mr. Dacier has been a non-executive director of AerCap since 2010 and Vice Chairman of the Board of Directors since 2013. Mr. Dacier's appointment as Chairman of the Board is subject to his re-appointment as a non-executive director at the 2020 AGM.

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 (New York) and as Chairman of Cerberus Global Investments B.V. (Baarn). Mr. Korteweg previously served, amongst others, as Chairman of the Supervisory Boards of Bawag Holding AG and Bawag PSK Bank AG (Vienna), Non-Executive Member of the Board of Haya Real Estate S.L.U. (Madrid), Chairman of the Board of Capital Home Loans Ltd., Member of the Supervisory Board of Mercedes Benz Nederland B.V., 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 of the Dutch Ministry of Finance. Mr. Korteweg was a professor of economics from 1971 to 1998 at Erasmus University Rotterdam in the Netherlands. He holds a Ph.D. 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 from January 2008 to May 2011. Mr. Kelly served as AerCap's Group Treasurer from 2005 through December 31, 2007. He started his career in the aviation leasing and financing business with Guinness Peat Aviation ("GPA") in 1998 and continued working with its successors AerFi in Ireland and debis AirFinance and AerCap in Amsterdam. Prior to joining GPA in 1998, he spent three years with KPMG in Dublin. Mr. Kelly is a Chartered Accountant and holds a Bachelor's degree in Commerce and a Master's degree in Accounting from University College, Dublin.

Julian (Brad) Branch. Mr. Branch has been a Director of AerCap since April 25, 2018. Mr. Branch most recently served Deloitte Touche Tohmatsu Ltd (Deloitte's global organization) as Senior Advisor in the Office of the CEO and was a member of Board of Deloitte Northwest Europe LP (a professional partnership comprising Deloitte's practices in U.K., Ireland, Netherlands, Belgium, Denmark, Norway, Sweden, Iceland, and Finland) and an advisor to Deloitte's Middle East practice. Mr. Branch's professional career has spanned 40 years; he first qualified as a Certified Public Accountant in June 1979, and was a general partner of Deloitte entities in the U.S. including Deloitte & Touche LLP (accounting and auditing) and Deloitte Consulting LLP (consulting) for 29 years. His industry focus for the last decade has been as a leader in Deloitte's air transportation professional practice working with large global airlines. Mr. Branch held a variety of global leadership roles with Deloitte, having lived and practiced outside of the U.S. for over a decade. Mr. Branch vigorously supports the community through not-for-profit Board service, such as the Advisory Board of Emory University School of Ethics, and including service on multiple Audit Committees. Mr. Branch received a B.A. and M.B.A. from the University of North Carolina.

Stacey Cartwright. Ms. Cartwright has been a Director of AerCap since April 24, 2019. She is also currently a Non-Executive Director of Savills PLC, a member of the Board of Directors of Genpact, and a Senior Independent Director of the Football Association Ltd. Ms. Cartwright previously served as Chief Executive Officer of Harvey Nichols Group from 2014 to 2017 (and as Deputy Chairman in 2018), Executive Vice President and Chief Financial Officer of Burberry Group from 2004 to 2013, and Chief Financial Officer of Egg PLC from 1999 to 2003, having spent her early career with Granada Group. Ms. Cartwright was also a Non-Executive Director of GlaxoSmithKline PLC from 2011 to 2016. Ms. Cartwright is a qualified chartered accountant and she received a BSc from the London School of Economics.

Paul Dacier. Mr. Dacier has been a Director of AerCap since May 27, 2010. He is also currently the general counsel at Indigo Agriculture, a privately held start-up company, and he is on the Board of Directors of Progress Software Inc. (a software application development company). Until 2016, Mr. Dacier was Executive Vice President and General Counsel of EMC Corporation (an information infrastructure technology and solutions company), where he worked in various positions from 1990. He was a Non-Executive Director of GTY Technology Holdings Inc. from October 2016 until November 2019 and a Non-Executive Director of Genesis from November 2007 until the date of its amalgamation with AerCap International Bermuda Limited in March 2010. Prior to joining EMC, Mr. Dacier was an attorney with Apollo Computer Inc. (a computer work station company) from 1984 to 1990. Mr. Dacier received a B.A. in history and a J.D. in 1983 from Marquette University. He is admitted to practice law in the Commonwealth of Massachusetts and the state of Wisconsin.

Rita Forst. Ms. Forst has been a Director of AerCap since April 24, 2019. She is also currently an independent business consultant in powertrain and vehicle technology, and serves as Non-Executive Director of Norma Group SE and ElringKlinger AG. Ms. Forst holds advisory positions with various European and American based companies in the automotive industry. Ms. Forst spent more than 35 years at the Opel European division of General Motors in senior technical and engineering positions, and as a member of Opel's management board. As such, Ms. Forst has been responsible for the development of new generations of engines and car models for Opel and General Motors. Ms. Forst holds Bachelor's degrees in mechanical engineering from the Kettering University (U.S.) and the Darmstadt University of Applied Technology (Germany).

Richard (Michael) Gradon. Mr. Gradon has been a Director of AerCap since May 27, 2010. He is also currently a Non-Executive Director of Exclusive Hotels. He was a Non-Executive Director of Genesis from November 2007 until the date of its amalgamation with AerCap International Bermuda Limited in March 2010. He practiced law at Slaughter & May before joining the UK FTSE 100 company The Peninsular & Oriental Steam Navigation Company (P&O) where he was a main Board Director from 1998 until its takeover in 2006. His roles at P&O included the group commercial & legal director function and he served as Chairman of P&O's property division. Mr. Gradon served on the board of The Wimbledon Tennis Championships from 2005 to 2019 and on the board of Grosvenor Limited from 2007 to 2015. In addition, Mr. Gradon served as Chairman of La Manga Club, Spain, and Chief Executive Officer of the London Gateway projects. Mr. Gradon holds an M.A. degree in law from Cambridge University.

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

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

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

Board meetings

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

In 2019, the Board of Directors met on nine occasions. Throughout the year, the Chairman of the Board and individual non-executive directors were in close contact with our Chief Executive Officer and the other Group Executive Committee members. During its meetings and contacts with the Chief Executive Officer and the other Group Executive Committee members, the Board discussed such topics as AerCap's annual reports and annual accounts for the financial year 2018, topics for the AGM 2019, the situation involving the worldwide grounding of the Boeing 737 MAX aircraft, secured and unsecured financing transactions and AerCap's liquidity position, AerCap's hedging policies, optimization of AerCap's portfolio of aircraft, global and regional macroeconomic, monetary and political developments and impact on the industry, AerCap key customer developments, competitive landscape, aircraft valuations, AerCap's backlog of new technology orders with aircraft and engine manufacturers, AerCap shareholder value, AerCap key shareholder developments, capital allocation strategies and share repurchases, AerCap's corporate and tax structure, reports from the various Board committees, budgeting and financial planning, remuneration and compensation, directors' and officers' succession planning, cyber security, regulatory compliance, culture and values, sustainability and community, governance, risk management and control and an assessment of the Board's own functioning.

None of the non-executive members of the Board was frequently absent during the meetings held in 2019. The table below outlines the attendance at Board and committee meetings during 2019:

Name	Full board	% Attendance	Audit Committee	% Attendance	Nomination and Compensation Committee	% Attendance
Pieter Korteweg	9/9	100%	—	—	5/5	100%
Aengus Kelly	9/9	100%	—	—	—	—
Julian (Brad) Branch	9/9	100%	7/7	100%	—	—
Stacey Cartwright (a)	6/6	100%	—	—	—	—
Paul Dacier	9/9	100%	—	—	5/5	100%
Rita Forst (a)	6/6	100%	—	—	—	—
Richard (Michael) Gradon	9/9	100%	7/7	100%	—	—
James (Jim) Lawrence	8/9	89%	7/7	100%	—	—
Michael Walsh	9/9	100%	7/7	100%	5/5	100%
Robert (Bob) Warden	8/9	89%	—	—	4/5	80%

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

In 2019, the non-executive directors of the Board also performed a self-assessment of the Board's performance. It assessed its own functioning and that of its individual members, and the functioning of its committees, at a Board meeting. The outcome of the self-assessment was that the Board, its committees and its individual members functioned and continue to function satisfactorily. Possible improvement opportunities were documented and will be monitored through to implementation. The Board maintains an introduction program for new non-executive directors with the purpose to familiarize them with the relevant AerCap business, values, governance and compliance aspects. The Board has determined a profile for its non-executive directors which has been made available on the Company's website.

Conflicts of interest

In accordance with Board rules, each director shall immediately report any potential conflict of interest concerning a director to the Chairman of the Board of Directors. The director with such conflict of interests shall in such case provide the Chairman with all information relevant to the conflict. Also, a director may not participate in the discussions and/or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with the Company and its enterprise.

Appointment, suspension and dismissal

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

Shareholders may remove or suspend a director by the vote of a majority of the votes cast at a General Meeting of Shareholders, provided that our Board of Directors has proposed the removal. Our shareholders may also remove or suspend a director, without there being a proposal by the Board of Directors, by the vote of a majority of the votes cast at a General Meeting of Shareholders if the majority represents at least one-third of our issued capital.

Committees of the Board of Directors

In order to more efficiently fulfill its role, the Board has established committees including: a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee and a Nomination and Compensation Committee.

Audit Committee

Our Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the integrity of our financial statements, our risk management and internal control arrangements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of external auditors, and the performance of the internal audit function, among others. The Audit Committee is comprised of non-executive directors who are "independent" as defined by Rule 10A-3 under the Exchange Act. At least one of them shall have the necessary financial qualifications. As of December 31, 2019, the members of our Audit Committee were James (Jim) Lawrence (Chairman), Julian (Brad) Branch, Richard (Michael) Gradon and Michael Walsh. Our Board of Directors has determined that James (Jim) Lawrence and Julian (Brad) Branch are "audit committee financial experts," as that term is defined by SEC rules.

In 2019, the Audit Committee met on seven occasions. Throughout the year, the members of the Audit Committee were in close contact with our Chief Executive Officer, our Chief Financial Officer, internal auditors as well as the external auditors. Principal items discussed and reviewed during these Audit Committee meetings and with our Chief Executive Officer and our Chief Financial Officer included the annual and quarterly financial statements and disclosures, external auditor's reports, external auditor's independence and rotation, activities and results in respect of our continued compliance with the Sarbanes-Oxley Act, the external auditor's audit plan for 2019, approval of other services rendered by the external auditor, internal audit reports, the internal auditor's audit plan for 2020, the Company's compliance, risk management policies and integrity and fraud, the expenses incurred by the Company's most senior officers in carrying out their duties, the Company's tax planning policies, the functioning of the Audit Committee, the audit committee charter and the audit committee cycle. The Audit Committee had separate sessions with the external auditor and with the internal auditor without management being present.

Nomination and Compensation Committee

Our Nomination and Compensation Committee selects and recruits candidates for the positions of Chief Executive Officer, non-executive director and Chairman of the Board of Directors and recommends their remuneration, bonuses and other terms of employment or engagement to the Board of Directors. In addition, our Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment of the Group Executive Committee and certain other officers and appoints members of the Group Executive Committee, the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee and recommends candidates for the Audit Committee and plans the succession within the Board of Directors and committees. It is chaired by the Chairman of our Board of Directors and is further comprised of up to three non-executive directors appointed by the Board of Directors. As of December 31, 2019, the members of our Nomination and Compensation Committee were Pieter Korteweg (Chairman), Paul Dacier, Michael Walsh, and Robert (Bob) Warden. Stacey Cartwright has been appointed as a member with effect from the close of the AGM in 2020.

In 2019, the Nomination and Compensation Committee met on five occasions. At these meetings it discussed and approved succession planning and compensation related occurrences and developments within the framework of the Board and Committee Rules and our remuneration policy. In addition, various resolutions were adopted outside of these meetings.

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

Profile of the Board

The members of our Board of Directors are from diverse professional backgrounds and combine a broad spectrum of experience and expertise with a reputation for integrity. The Board as a whole possesses a wide range of core competencies, professional backgrounds and skill sets, as outlined in the Board profile, which is determined by the Board each year. The Board profile, which is available on the website of the Company, sets out the Board's policy in relation to Board composition and diversity, and associated targets. The highlights of this policy include that the Board shall aim for a diverse composition, in line with the global nature and identity of the Company and its business, in terms of such factors as nationality, background, gender and age. We are committed to advancing female representation on our Board of Directors, as we believe that greater diversity of the Board of Directors will have a positive impact. Candidate directors are primarily selected on the basis of core competencies, professional backgrounds and skill sets as outlined in the Board profile. The Board comprises at least one financial expert. The diversity principles are similarly applied, to the extent applicable, to the composition of the Group Executive Committee. In 2019, the Board carried out an assessment and determined that the requirements of the profile of the non-executive directors continue to be met.

Officers

As described above, the Chief Executive Officer is primarily responsible for managing our day-to-day affairs as well as other duties that have been delegated to the executive director in accordance with our articles of association and the Board Rules.

We maintain a Group Executive Committee, which is tasked with assisting the Chief Executive Officer with the operational management of the Company, subject to the Chief Executive Officer's ultimate responsibility. It is chaired by our Chief Executive Officer and is comprised of officers appointed by the Nomination and Compensation Committee. As of December 31, 2019, the members of our Group Executive Committee were Aengus Kelly, Philip Scruggs, Peter Juhas and Marnix den Heijer. The members of the Group Executive Committee assist the Chief Executive Officer in performing his duties and as such have managerial and policy making functions within the Company in their respective areas of responsibility. Members of the Group Executive Committee regularly attend Board meetings.

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

Name	Age	Nationality	Gender	Position
Philip Scruggs	55	United States of America	M	President and Chief Commercial Officer
Peter Juhas	48	United States of America	M	Chief Financial Officer
Marnix den Heijer	47	The Netherlands	M	Company Secretary
Peter Anderson	44	Australia	M	Head of EMEA
Brian Canniffe	47	Ireland	M	Group Treasurer
Vincent Drouillard	44	France	M	General Counsel
Bashir Hajjar	52	United States of America	M	Head of Americas
Emmanuel Herinckx	47	France	M	Head of Asia Pacific
Anton Joiner	49	United Kingdom	M	Chief Risk Officer
Tom Kelly	56	Ireland	M	Chief Executive Officer, AerCap Ireland Limited
Jorg Koletzki	52	Germany	M	Chief Information Officer
Bart Ligthart	38	The Netherlands	M	Head of Trading and Portfolio Management
Theresa Murray	52	Ireland	F	Head of Human Resources
Martin Olson	57	United States of America	M	Head of OEM Relations
Joe Venuto	60	United States of America	M	Chief Technical Officer

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

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

Marnix den Heijer. Mr. Den Heijer was appointed Company Secretary in 2008 and subsequently also took on the role of Chief Compliance Officer. He served as Head of Internal Audit from 2006 to April 2017, and as Head of Contracts Management from 2002 to 2005. He joined the contracts management department in 2000. Prior to joining AerCap, Mr. Den Heijer practiced international trade and transportation law at a Netherlands based law firm. Mr. Den Heijer holds a Master degree in law from Leiden University and a Master degree in law from University College, London. Mr. Den Heijer has resigned from AerCap with effect from April 30, 2020.

Peter Anderson. Mr. Anderson assumed the position of Head of Asia Pacific in May 2014 following the acquisition of ILFC by AerCap. In December 2018, he took on additional responsibility for EMEA. In his role Mr. Anderson is responsible for AerCap's leasing activities across APAC and EMEA. Prior to joining AerCap he worked in the leasing team at ILFC where he set up ILFC's Asia Pacific office in 2012. Mr. Anderson worked in the leasing team at Hong Kong Aviation Capital and prior to that at Allco Finance Group in both Sydney and London, specializing in aircraft leasing and structured finance. Mr. Anderson earned his Master of Applied Finance and Investment from the Securities Institute of Australia, and his B.A. from the University of Technology Sydney.

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

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

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

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

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

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

Tom Kelly. Mr. Kelly was appointed Chief Executive Officer of AerCap Ireland in 2010. Mr. Kelly previously served as Chief Financial Officer of AerCap's Irish operations and has a substantial aircraft leasing and financial services background. Previously, Mr. Kelly spent ten years with General Electric Capital Aviation Services Limited ("GECAS") where his last roles were as Chief Financial Officer and director of GECAS's Irish operation. Mr. Kelly also served as global controller for GECAS in his role as Senior Vice President & Controller. Prior to joining GECAS in 1997, Mr. Kelly spent over eight years with KPMG in their London office, as Senior Manager in their financial services practice. Mr. Kelly is a Chartered Accountant and holds a Bachelor of Commerce degree from University College, Dublin.

Bart Ligthart. Mr. Ligthart joined the AerCap Trading team in 2007. He was appointed to the position of Head of Trading and Portfolio Management in 2018. Mr. Ligthart has 11 years' experience in aircraft trading and portfolio management in both wide and narrow body aircraft. Prior to joining AerCap he worked at Deloitte and Touche in Amsterdam where he served as Manager Transactions Services. Mr. Ligthart received his B.A in Commercial Economics from Inholland University, and his MSc in Finance Management from Nyenrode Business University.

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

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

Joe Venuto. Mr. Venuto was appointed Chief Technical Officer of AerCap in February 2012. He previously served in the role of Senior Vice President Operations for the Americas at AerCap for four years. From 2004 to 2008, he held the role of Senior Vice President Operations at AeroTurbine, Inc., responsible for all technical issues. Prior to joining AeroTurbine, Inc., Mr. Venuto held the role of Senior Director Maintenance at several airlines including Trump Shuttle, Laker Airways and Amerijet International. He has over 30 years' experience in the aviation industry and he commenced his aviation career as an Airplane and Powerplant technician for Eastern Airlines. Mr. Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

Officer compensation

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

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

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

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

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

Severance payments are part of the employment agreements with some of our Group Executive Committee members. The amount of the pre-agreed severance is based upon calculations in accordance with their respective age and years of service.

The Company is subject to the Netherlands' Clawback of Bonuses Act. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2019, we did not have any directors other than the executive director who were in charge of day-to-day management.

AerCap equity incentive plans

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

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

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

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

External auditors

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

At the request of the Board of Directors and the Audit Committee, the Chief Financial Officer and the Internal Audit department review, in advance, each service to be provided by the auditor to identify any possible breaches of the auditor's independence. The Audit Committee pre-approves every engagement of our external auditor. In accordance with applicable regulations, the partner of the external audit firm and senior engagement team members in charge of the audit activities are subject to rotation requirements.

Internal auditors

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

Ordinary share capital

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

Regulatory obligations regarding certain share transactions

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

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

Issuance of ordinary shares

The General Meeting of Shareholders can resolve upon the issuance of ordinary shares or the granting of rights to subscribe for ordinary shares, but only upon a proposal by the Board of Directors specifying the price and further terms and conditions. The General Meeting of Shareholders may designate our Board of Directors as the authorized corporate body for this purpose. Such designation may be for any period of up to five years and must specify the maximum number of ordinary shares that may be issued.

At the AGM held in 2019, our shareholders resolved to authorize the Board of Directors, for a period of 18 months, to issue ordinary shares or grant rights to subscribe for ordinary shares *(i)* up to ten percent of the Company's issued share capital; and *(ii)* up to an additional ten percent of the Company's issued share capital, provided that the shares that may be issued and rights that may be granted pursuant to this second authorization may only be used for mergers and/or the acquisition of a business or a company.

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

Preemptive rights

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

The General Meeting of Shareholders may limit or exclude preemptive rights and also designate our Board of Directors as the authorized corporate body for this purpose. At the AGM held in 2019, our shareholders resolved to authorize the Board of Directors to limit or exclude preemptive rights in respect of any issuance of shares or granting of rights to subscribe for shares pursuant to the authorizations described above in the paragraph Issuance of ordinary shares, which authorization is valid for a period of 18 months.

Repurchase of our ordinary shares

We may acquire our ordinary shares, subject to certain provisions of the laws of the Netherlands and of our articles of association, if the following conditions are met:

- the General Meeting of Shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;
- our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of the Netherlands or our articles of association require us to maintain; and
- we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding such part of our issued share capital as set by law from time to time.

At the AGM held in 2019, our shareholders resolved to authorize the Board of Directors for a period of 18 months *(i)* to repurchase ordinary shares up to ten percent of the Company's issued share capital; and *(ii)* to repurchase ordinary shares up to an additional ten percent of the Company's issued share capital, subject to the condition that the number of ordinary shares which the Company may at any time hold in its own capital will not exceed ten percent of the Company's issued share capital, and certain other conditions described in these resolutions.

Capital reduction and cancellation

The General Meeting of Shareholders may reduce our issued share capital either by cancelling ordinary shares held in treasury or by amending our articles of association to reduce the par value of the ordinary shares. A resolution to reduce our capital requires the approval of at least an absolute majority of the votes cast and, if less than one half of the share capital is represented at a meeting at which a vote is taken, the approval of at least two-thirds of the votes cast.

At the AGM held in 2019, our shareholders resolved to cancel the Company's ordinary shares that may be acquired under the repurchase authorizations described above or otherwise, subject to determination by our Board of Directors or our Chief Executive Officer, of the exact number of ordinary shares to be cancelled. During 2019, we cancelled 10,000,000 ordinary shares which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

General Meetings of Shareholders

Our articles of association determine how our AGM and any extraordinary General Meeting of Shareholders are convoked. At least one AGM must be held every year. Shareholders can exercise their voting rights by submitting their proxy forms or equivalent means prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders. Shareholders may exercise their meeting rights in person after notifying us prior to a set date and providing us with appropriate evidence of ownership of the shares and authority to vote prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders.

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

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

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

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

An agreement of AerCap to enter into 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.

The AGM was held on April 24, 2019. The AGM adopted the 2018 annual accounts and voted for all other items which required a vote.

Voting rights

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

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

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

Liquidation rights

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

Dutch statutory squeeze-out proceedings

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

Adoption of annual accounts and discharge of management liability

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

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

Registrar and transfer agent

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

Protective measures

There are no protective devices against takeovers in place.

Dutch Corporate Governance Code

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

- *Best practice provision 2.2.2.* Two of our non-executive directors (out of a total of nine) have served on our Board in excess of 12 years, which is longer than recommended by the best practice provisions in the Dutch Code. Two of our non-executive directors have served on our Board in excess of eight years but less than 12 years, in compliance with the best practice provisions in the Dutch Code. Five of our non-executive directors have served on our Board for less than eight years, in compliance with the best practice provisions in the Dutch Code. The average tenure of our non-executive directors as of December 31, 2019, was 6.3 years. As such, our Board of Directors represents a balanced mix of non-executive directors who were appointed in recent years and non-executive directors with a longer tenure. We believe that the current composition of the Board enables it to operate effectively and independently and secures continuity on the Board, which furthers long-term value creation for shareholders and other stakeholders. It is noted that the non-executive directors are carefully selected based upon their combined experience and expertise, as outlined in the Board profile.
- *Best practice provision 2.3.2 and 2.3.4.* The Code requires the Board to have an audit committee, a remuneration committee and a selection and appointment committee. For efficiency reasons, including the fact that we have only one executive director, we have combined the functions of the remuneration committee with those of the selection and appointment committee into one Nomination and Compensation Committee. Under the Code, the Chairman of the Board shall not chair the remuneration committee; he may, however, chair the selection and appointment committee. Given that we have combined both committees and also having regard to the fact that the Chairman of the Board is very familiar with international executive compensation, we believe that the Chairman of the Board is the best person to chair our Nomination and Compensation Committee.
- *Best practice provision 4.3.3.* This provision was not applied by the Company in so far as it deals with the lifting of quorum requirements related to proposed directors' dismissals, due to the fact that it is written for general meetings with a high degree of absenteeism, whereas absenteeism at the Company's shareholders' meetings is relatively low.
- *Best practice provision 3.3.2.* Although not strictly in line with the best practice provisions of the Code, we believe that the equity awards to our non-executive directors, as set forth in these annual accounts, are an effective means to further complement our non-executive directors' remuneration in accordance with the conducted market compensation analysis, and they are consistent with the spirit of the corresponding provision in the Code. None of the equity awards to our non-executive directors are subject to performance-based vesting criteria. In addition, it should be noted that granting equity awards to non-executive directors is consistent with corporate practice in the United States, the jurisdiction where our shares are publicly listed which, to a certain extent, drives our corporate governance in addition to Dutch corporate governance rules.

Remuneration Report

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

Remuneration Policy

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

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

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

Executive director

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

During 2019, we paid Mr. Kelly a total remuneration of approximately $2.5 million, consisting of an annual base salary of approximately $1.0 million, an annual cash bonus of approximately $1.3 million, which is based on specific targets that were met, and approximately $0.2 million as contributions to his defined benefit pension plan and other employment benefits. In addition, during 2019, we recognized $22.2 million of expenses related to AerCap equity awards that were granted to him in 2019 and prior years. Mr. Kelly's annual cash bonus and annual stock bonus are paid in arrears. The actual bonus amounts are determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee, based on the Company's performance relative to the U.S. GAAP EPS budget for the relevant year and Mr. Kelly's personal performance during that year. The Company's U.S. GAAP EPS budget is determined by the Board of Directors before the beginning of the relevant year. As a matter of policy, the actual bonuses will be below target bonus level in years that our EPS target is not met, unless specific circumstances require otherwise which, if any, will be disclosed in this Annual Report. The annual stock bonus vests after three years, or if earlier, the end of his employment term. We believe that the ratio of fixed and variable /incentive compensation is reasonable and provides an appropriate level of incentive compensation to promote the achievement of the Company's objectives.

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

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2019:

	2019 Granted	2019 Vested
Aengus Kelly	32,274 (a)	571,455 (b)

(a) Grant of 47,336 shares of restricted stock, of which 15,062 were withheld to pay taxes incurred by Mr. Kelly in connection with the grant.

(b) Vesting of shares of restricted stock.

The table below indicates the years in which Mr. Kelly's equity awards in the form of restricted stock held as of December 31, 2019, are due to vest, subject to meeting the applicable vesting criteria:

	2020	2021	2022	2023	2024
Aengus Kelly	—	18,345	859,960	435,471	—

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

Mr. Kelly's employment contract expires on the day following the 2023 AGM, scheduled to be held in April or May 2023. His employment contract includes a severance clause with a pre-agreed severance amount, which is deemed reasonable in view of his long term employment history with the Company. The severance will be paid in the event that his employment is not renewed at expiration or is terminated without cause or in case of voluntarily leaving for good reason (as such terms are defined in the employment agreement).

As noted, the Company is subject to the Netherlands' Clawback of Bonuses Act. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day to day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2019, we did not have any directors other than the executive director who were in charge of day-to-day management.

Pay ratio

The pay ratio of our Chief Executive Officer's cash compensation compared with the cash compensation of the median employee is 17:1 (2018: 17:1).

Non-executive directors

We currently pay each non-executive director an annual fee of €95,000 (€200,000 for the Chairman of our Board of Directors and €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 Audit Committee member an annual fee of €15,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. We further pay the non-executive chair of each of the Nomination and Compensation Committee, the Group Treasury and Accounting Committee and the Group Portfolio and Investment Committee an annual fee of €15,000 and each such committee member an annual fee of €10,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone.

In addition, our non-executive directors receive an annual equity award as provided for in AerCap's remuneration policy for members of the Board of Directors and in accordance with the terms of the Equity Incentive Plan 2014. The size of the annual equity award to our non-executive directors increased, effective as of December 31, 2015, following a market compensation analysis conducted by an independent benefits advisory firm and in accordance with the terms of the Equity Incentive Plan 2014. As of December 31, 2019, our non-executive directors held 61,115 restricted stock units and options to acquire a total of 5,728 AerCap ordinary shares (our non-executive directors did not hold any shares of restricted stock as of December 31, 2019); these equity awards have been granted under the AerCap equity incentive plans, as further described below. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

The table below indicates the total remuneration paid to our current and former non-executive directors during the years ended December 31, 2019 and 2018, and the share-based compensation expense recognized in those years related to AerCap equity instruments that were granted to the non-executive directors on December 31, 2019 and December 31 in prior years:

	Year Ended December 31,			
	2019		2018	
	Remuneration paid	Share-based compensation expense (e)	Remuneration paid	Share-based compensation expense (e)
	(U.S. Dollars in thousands)			
Pieter Korteweg	$ 289	$ 217	$ 305	$ 409
Salem Al Noaimi (a)	124	85	160	118
Homaid Al Shimmari (a)	104	—	120	—
Julian (Brad) Branch (b)	190	57	138	—
Stacey Cartwright (c)	99	—	—	—
James (Jim) Chapman (d)	—	—	67	207
Paul Dacier	202	112	197	211
Rita Forst (c)	99	—	—	—
Richard (Michael) Gradon	172	129	181	243
Marius Jonkhart (d)	—	—	66	178
James (Jim) Lawrence	187	145	196	60
Michael Walsh	210	113	200	40
Robert (Bob) Warden	181	86	198	162
	$ 1,857	**$ 944**	**$ 1,828**	**$ 1,628**

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

(b) Appointed to the Board on April 25, 2018.

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

(d) Resigned from the Board on April 25, 2018.

(e) The annual equity awards are granted to our non-executive directors on December 31 of each year and related expenses are recognized in subsequent years over the vesting period.

AerCap equity incentive plans

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

Dublin, March 5, 2020

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2019 and 2018

	Note	As of December 31, 2019	2018
		(U.S. Dollars in thousands)	
ASSETS			
Fixed assets			
Intangible fixed assets			
Maintenance rights and lease premium, net	4	$ 809,615	$ 1,113,190
Other intangibles, net	4	308,966	335,387
Total intangible fixed assets		**1,118,581**	**1,448,577**
Tangible fixed assets			
Flight equipment held for operating leases, net	5	36,046,964	35,135,477
Prepayments on flight equipment	26	2,954,478	3,024,520
Other tangible fixed assets, net		26,017	29,151
Total tangible fixed assets		**39,027,459**	**38,189,148**
Financial fixed assets			
Net investment in finance and sales-type leases	6	1,011,549	1,003,286
Deferred income tax assets	22	132,096	173,526
Other financial fixed assets	7, 8, 9	406,716	484,962
Total financial fixed assets		**1,550,361**	**1,661,774**
Total fixed assets		**41,696,401**	**41,299,499**
Current assets			
Receivables			
Trade receivables		47,935	40,379
Other receivables	10	522,265	367,748
Total receivables		**570,200**	**408,127**
Cash			
Cash and cash equivalents		1,121,396	1,204,018
Restricted cash	11	178,951	211,017
Total cash		**1,300,347**	**1,415,035**
Total current assets		**1,870,547**	**1,823,162**
Total Assets		**$ 43,566,948**	**$ 43,122,661**

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

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets (Continued)

As of December 31, 2019 and 2018

	Note	As of December 31, 2019	As of December 31, 2018
		(U.S. Dollars in thousands)	
GROUP EQUITY AND LIABILITIES			
Group equity			
Total AerCap Holdings N.V. shareholders' equity	12	$ 8,788,122	$ 8,312,432
Non-controlling interest	12	67,308	52,566
Total group equity		**8,855,430**	**8,364,998**
Provisions			
Deferred income tax liabilities	22	852,967	740,371
Total provisions		**852,967**	**740,371**
Liabilities			
Debt	13	29,477,190	29,480,258
Accrued maintenance liability	14	2,648,714	2,751,311
Lessee deposit liability		747,790	768,677
Negative goodwill		3,378	7,101
Accounts payable, accrued expenses and other liabilities	15	981,479	1,009,945
Total liabilities		**33,858,551**	**34,017,292**
Total Group Equity and Liabilities		**$ 43,566,948**	**$ 43,122,661**

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, 2019 and 2018

	Note	Year Ended December 31, 2019	Year Ended December 31, 2018
		(U.S. Dollars in thousands, except share and per share data)	
Revenues and other income			
Lease revenue	16, 17	$ 4,756,895	$ 4,617,627
Net gain on sale of assets		270,146	274,647
Other income	18	24,552	26,507
Total revenues and other income		**5,051,593**	**4,918,781**
Expenses			
Leasing expenses		(356,926)	(659,103)
Personnel expenses	19	(191,863)	(227,870)
Depreciation and amortization	4, 5	(1,698,396)	(1,702,955)
Asset impairment	20	(139,595)	(67,950)
Other expenses	21	(75,989)	(77,356)
Total expenses		**(2,462,769)**	**(2,735,234)**
Operating profit		**2,588,824**	**2,183,547**
Financial income		41,687	35,057
Financial expense	13	(1,295,020)	(1,174,074)
Profit before taxes		**1,335,491**	**1,044,530**
Income taxes	22	(173,722)	(134,793)
Result from participations	8	(6,151)	10,643
Group profit after tax		**1,155,618**	**920,380**
Result non-controlling interest	12	(21,083)	(1,865)
Net income attributable to equity holders of AerCap Holdings N.V.		**$ 1,134,535**	**$ 918,515**
Basic earnings per share	23	$ 8.43	$ 6.33
Diluted earnings per share	23	$ 8.35	$ 6.18
Weighted average shares outstanding - basic		134,570,169	145,162,220
Weighted average shares outstanding - diluted		135,898,139	148,706,266

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

AerCap Holdings N.V. and Subsidiaries

Statement of Total Results of the Group

For the Years Ended December 31, 2019 and 2018

	Year Ended December 31,	
	2019	2018
	(U.S. Dollars in thousands)	
Group profit after tax	**$ 1,155,618**	**$ 920,380**
Net change in fair value of derivatives (Note 9), net of tax of $12,845 and $2,080, respectively	(89,918)	(14,559)
Actuarial loss on pension obligations, net of tax of $265 and $215, respectively	(1,845)	(1,539)
Total direct movements in group equity	(91,763)	(16,098)
Total result of the group	**$ 1,063,855**	**$ 904,282**

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, 2019 and 2018

	Note	Year Ended December 31, 2019	2018
		(U.S. Dollars in thousands)	
Group profit after tax		$ 1,155,618	$ 920,380
Adjustments to reconcile group profit to net cash provided by operating activities:			
Depreciation and amortization	4, 5	1,698,790	1,702,955
Asset impairment	20	139,595	67,950
Amortization of debt issuance costs, debt discount, debt premium and lease premium	4, 13	79,645	76,499
Amortization of fair value adjustments on debt	13	(79,098)	(142,596)
Maintenance rights write-off (a)	4	244,748	287,119
Maintenance liability release to income	14	(282,478)	(308,615)
Net gain on sale of assets		(270,146)	(274,647)
Deferred income taxes	22	168,506	137,343
Share-based compensation	19	69,410	95,176
Other		96,117	61,411
Changes in operating assets and liabilities:			
Trade receivables		(8,751)	19,839
Other receivables and other assets	7, 8, 9, 10	(73,646)	9,800
Accounts payable, accrued expenses and other liabilities	15	69,007	187,758
Net cash provided by operating activities		**3,007,317**	**2,840,372**
Purchase of flight equipment	5	(3,359,092)	(4,036,194)
Proceeds from sale or disposal of assets	5	1,773,766	1,822,601
Prepayments on flight equipment	26	(1,369,400)	(1,912,215)
Collections of finance and sales-type leases	6	98,365	94,703
Other		(17)	(21,505)
Net cash used in investing activities		**(2,856,378)**	**(4,052,610)**
Issuance of debt	13	6,539,310	5,589,825
Repayment of debt	13	(6,504,830)	(4,360,520)
Debt issuance costs paid, net of debt premium received	13	(36,592)	(57,831)
Maintenance payments received	14	736,423	743,256
Maintenance payments returned	14	(352,032)	(459,326)
Security deposits received		232,219	208,259
Security deposits returned		(233,222)	(220,452)
Dividend paid to non-controlling interest holders and others	12	(6,341)	(8,403)
Repurchase of shares and tax withholdings on share-based compensation	12	(639,941)	(834,398)
Net cash (used in) provided by financing activities		**(265,006)**	**600,410**
Net decrease in cash, cash equivalents and restricted cash		(114,067)	(611,828)
Effect of exchange rate changes		(621)	2,738
Cash, cash equivalents and restricted cash at beginning of period		1,415,035	2,024,125
Cash, cash equivalents and restricted cash at end of period		**$ 1,300,347**	**$ 1,415,035**

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2019 and 2018

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
	(U.S. Dollars in thousands)	
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	$ 1,270,532	$ 1,228,788
Income taxes paid, net	2,352	679

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

	2019	2018
EOL and MR contract maintenance rights expense	$ 76,611	$ 157,792
MR contract maintenance rights write-off due to maintenance liability release	19,848	29,656
EOL contract maintenance rights write-off due to cash receipt	148,289	99,671
Maintenance rights write-off	**$ 244,748**	**$ 287,119**

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

Non-Cash Investing and Financing Activities

Year ended December 31, 2019:

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

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

Year ended December 31, 2018:

Flight equipment held for operating leases in the amount of $76.9 million was reclassified to net investment in finance and sales-type leases.

Flight equipment held for operating leases in the amount of $38.4 million, net, was reclassified to inventory, which is included in other tangible fixed assets.

Accrued maintenance liability in the amount of $267.2 million was settled with buyers upon sale or disposal of assets.

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

1. General

The Company

We are the global leader in aircraft leasing with 1,334 aircraft owned, managed or on order, and total assets of $43.6 billion as of December 31, 2019. Our ordinary shares are listed on the New York Stock Exchange under the ticker symbol AER. Our headquarters is located in Dublin, and we have offices in Shannon, Los Angeles, Singapore, Amsterdam, Shanghai and Abu Dhabi. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

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

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

Risks and uncertainties

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

We are dependent upon the viability of the commercial aviation industry, which determines our ability to service existing and future operating leases of our aircraft. Although the aviation market recovered significantly from late 2009, a deterioration of economic conditions could cause our lessees to default under their leases with us, which could negatively impact our cash flows and results of operations. Furthermore, the value of the largest asset in our Consolidated Balance Sheets, flight equipment held for operating leases, is subject to fluctuations in values of commercial aircraft worldwide. A material decrease in aircraft values could have a downward effect on lease rentals and residual values and may require that the carrying value of our flight equipment be materially reduced.

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

We have significant tax losses carried forward in some of our subsidiaries, which are recognized as deferred tax assets in our Consolidated Balance Sheets. The recoverability of these deferred tax assets is dependent upon the ability of the related entities to generate a certain level of taxable income in the future. If those entities cannot generate such taxable income, we will not realize the value of those deferred tax assets and a tax charge will be required.

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

Related parties

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

Note to the Consolidated Statements of Cash Flows

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

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

2. Basis of presentation

General

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

In general, assets and liabilities (except for group equity) are stated at the amounts at which they were acquired or incurred, with exception of derivatives which are measured at fair value. The Consolidated Balance Sheets, Consolidated Income Statements and Consolidated Statements of Cash Flows include references to the notes.

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

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

Use of estimates

The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, intangible assets, net investment in finance leases, participations, trade receivables and notes receivable, deferred income tax assets and accruals and reserves. Actual results may differ from our estimates under different conditions, sometimes materially.

3. Summary of significant accounting policies

Foreign currency

Foreign currency transactions are translated into U.S. dollars, which is the currency of the primary economic environment in which the group operates, at the exchange rate prevailing at the time the transaction took place or at the rates of exchange under related forward contracts where such contracts exist. Monetary items denominated in foreign currency are remeasured into U.S. dollars at the exchange rate prevailing at the balance sheet date. Translation differences on non-monetary items held at cost are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates). All resulting exchange gains and losses are recorded in other expenses in our Consolidated Income Statements. All group companies have the U.S. dollar as their functional currency, given the nature of the business.

Consolidation

The consolidation includes the financial information of AerCap Holdings N.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which AerCap Holdings N.V. exercises direct or indirect dominant control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which AerCap Holdings N.V. exercises control or whose central management it conducts are consolidated in full. Companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Non-controlling interests in group equity and group 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.

3. Summary of significant accounting policies (Continued)

Since the income statement for year ended December 31, 2019 of AerCap Holdings N.V. is included in our Consolidated Financial Statements, an abridged income statement has been disclosed (in the Company Financial Statements) in accordance with Section 402, Book 2, of the Dutch Civil Code.

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

Intangible fixed assets

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

Maintenance rights and lease premium, net

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

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

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

Other intangible fixed assets, net (including goodwill)

Other intangible fixed assets primarily consist of customer relationships recorded at fair value on the ILFC Transaction closing date and goodwill. These intangible assets are amortized over the period which we expect to derive economic benefits from such assets. The associated benefit from goodwill is expected to be realized over a 17-year period based upon forecasted cash flows and is as such amortized over 17 years. The amortization expense is recorded in depreciation and amortization in our Consolidated Income Statements. We evaluate all intangible assets for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Tangible fixed assets

Flight equipment held for operating leases, net

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

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

3. Summary of significant accounting policies (Continued)

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

Recoverable amount reflects the present value of future cash flows expected to be generated from the aircraft, including its expected residual value, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft and industry trends.

Capitalization of interest

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

Other tangible fixed assets

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

Financial fixed assets

Net investment in finance and sales-type leases

If a lease meets specific criteria, we recognize the lease in net investment in finance and sales-type leases in 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 amount recognized in net investment in finance and sales-type leases in net gain on sale of assets in our Consolidated Income Statements. The amounts recognized for finance and sales-type leases consist of lease receivables and the estimated unguaranteed residual value of the flight equipment on the lease termination date, less the unearned income. Expected unguaranteed residual values are based on our assessment of the values of the flight equipment and, if applicable, the estimated end of lease payments expected at the expiration of the lease. The unearned income is recognized as lease revenue over the lease term, using the interest method to produce a constant yield over the life of the lease.

Deferred income tax assets and liabilities

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

Other financial fixed assets

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

Lease incentives

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

3. Summary of significant accounting policies (Continued)

Participations

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

Derivative financial instruments

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

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

We discontinue hedge accounting prospectively when *(i)* we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; *(ii)* the derivative expires or is sold, terminated, or exercised; or *(iii)* management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we recognize the changes in the fair value in current-period earnings. The remaining balance in revaluation reserves at the time we discontinue hedge accounting is not recognized in our Consolidated Income Statements unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in financial expense when the hedged transaction affects financial expense.

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

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

Receivables

Trade receivables

Trade receivables represent unpaid, current lessee rental obligations under existing lease contracts. An allowance for credit losses on trade receivables is established when 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. The allowance for credit losses is classified as leasing expenses in our Consolidated Income Statements.

Other receivables

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

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. An allowance for credit losses on notes receivable is established when 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.

3. Summary of significant accounting policies (Continued)

Cash

Cash and cash equivalents

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

Restricted cash

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

Shareholders' equity

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

Non-controlling interest

The non-controlling interest in group equity is carried at the amount of the net interest in the group companies concerned. Insofar as the group company concerned has a negative net asset value, the negative value and other future losses are not allocated to the non-controlling interest, unless the third party shareholders have a constructive actual obligation, and are capable, to clear the losses. As soon as the net asset value of the group company is positive again, profits are again allocated to the non-controlling interest. Gains and losses arising from acquisitions and disposals of non-controlling interests are recognized through shareholders' equity.

Provisions

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

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

Liabilities

Debt and deferred debt issuance costs

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

3. Summary of significant accounting policies (Continued)

Accrued maintenance liability

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

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

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

Negative goodwill

Negative goodwill arising from the acquisition of subsidiaries is recognized as a liability in our Consolidated Balance Sheets. 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 our Consolidated Income Statements.

Accounts payable, accrued expenses and other liabilities

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

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 uneven rental payments on a straight-line basis. The amount of the difference between rental revenue recognized and cash received is included in other financial fixed assets, or in the event it is a liability, in accounts payable, accrued expenses and other liabilities.

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

Our lease contracts normally include default covenants, which generally obligate the lessee to pay us damages to put us in the position we would have been in had the lessee performed under the lease in full. There are no additional payments required which would increase the minimum lease payments. We cease revenue recognition on a lease contract when the collectability of rentals is no longer probable. Subsequently, we recognize revenues based on lessee cash collections until such time that collection is probable.

Revenue from net investment in finance and sales-type leases is recognized using the interest method to produce a constant yield over the life of the lease and is included in lease revenue.

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

3. Summary of significant accounting policies (Continued)

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

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

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

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

Share-based compensation

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

Income taxes

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

Earnings per share

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

Reportable segments

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

Fair value measurements

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

3. Summary of significant accounting policies (Continued)

Financial instruments and risk management

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

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

Interest rate risk

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

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

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

Foreign currency risk and foreign operations

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

Credit risk

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

Inflation

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

3. Summary of significant accounting policies (Continued)

Liquidity

As of December 31, 2019, our cash balance was $1.3 billion, including unrestricted cash of $1.1 billion, and we had approximately $6.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities. As of December 31, 2019, the principal amount of our outstanding indebtedness, which excludes fair value adjustments of $96.0 million and debt issuance costs, debt discounts and debt premium of $147.1 million, totaled $29.4 billion and consisted of senior unsecured, subordinated and senior secured notes, export credit facilities, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

We believe, our existing sources of liquidity as of December 31, 2019, together with, operating cash flows for the next 12 months, are sufficient to operate our business for the next 12 months. Our sources of liquidity for the next 12 months include undrawn lines of credit, unrestricted cash, estimated operating cash flows, cash flows from contracted asset sales and other sources of funding.

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

4. Intangibles

Maintenance rights and lease premium, net

Maintenance rights and lease premium, net consisted of the following as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Maintenance rights	$ 794,798	$ 1,088,246
Lease premium, net	14,817	24,944
	$ 809,615	**$ 1,113,190**

Movements in maintenance rights during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Maintenance rights at beginning of period	$ 1,088,246	$ 1,464,599
EOL and MR contract maintenance rights expense	(76,611)	(157,792)
MR contract maintenance rights write-off due to maintenance liability release	(19,848)	(29,656)
EOL contract maintenance rights write-off due to cash receipt	(148,289)	(99,671)
EOL and MR contract maintenance rights write-off due to sale of aircraft	(48,700)	(89,234)
Maintenance rights at end of period	**$ 794,798**	**$ 1,088,246**

Movements in lease premium and related accumulated amortization during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Balance at beginning of period		
Historical costs	$ 73,300	$ 77,977
Cumulative amortization	(48,356)	(40,718)
Net carrying amount	**24,944**	**37,259**
Movements		
Disposals	(18,426)	(4,677)
Amortization	(10,127)	(10,576)
Amortization of disposals	18,426	2,938
Total movements	**(10,127)**	**(12,315)**
Balance at end of period		
Historical costs	54,874	73,300
Cumulative amortization	(40,057)	(48,356)
Net carrying amount	**$ 14,817**	**$ 24,944**
Remaining weighted-average amortization period (in years)	**2.2**	**2.7**

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

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

4. Intangibles (Continued)

Other intangibles

Other intangibles consisted of the following as of December 31, 2019 and 2018:

	As of December 31, 2019	As of December 31, 2018
Goodwill, net	$ 59,666	$ 64,911
Customer relationships, net	240,765	261,941
Contractual vendor intangible assets	8,535	8,535
	$ 308,966	**$ 335,387**

Movements in goodwill and customer relationships accumulated amortization during the year ended December 31, 2019 were as follows:

	Year Ended December 31, 2019		
	Goodwill	Customer relationships	Total other intangibles
Balance at beginning of period			
Historical costs	$ 89,172	$ 360,000	$ 449,172
Cumulative impairment losses and amortization	(24,261)	(98,059)	(122,320)
Net carrying amount	**64,911**	**261,941**	**326,852**
Movements			
Amortization	(5,245)	(21,176)	(26,421)
Total movements	**(5,245)**	**(21,176)**	**(26,421)**
Balance at end of period			
Historical costs	89,172	360,000	449,172
Cumulative impairment losses and amortization	(29,506)	(119,235)	(148,741)
Net carrying amount	**$ 59,666**	**$ 240,765**	**$ 300,431**
Remaining weighted-average amortization period (in years)	**11.4**	**11.4**	

As of December 31, 2019, the estimated future amortization expense for goodwill and customer relationships was as follows:

	Estimated amortization expense
2020	$ 26,421
2021	26,421
2022	26,421
2023	26,421
2024	26,421
Thereafter	168,326
	$ 300,431

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

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Net book value at beginning of period	$ 35,135,477	$ 32,938,294
Additions	4,621,821	5,877,691
Depreciation	(1,668,329)	(1,670,007)
Impairment (Note 20)	(139,943)	(69,950)
Disposals	(1,758,653)	(1,825,221)
Transfers to net investment in finance and sales-type leases/inventory	(143,409)	(115,330)
Net book value at end of period	**$ 36,046,964**	**$ 35,135,477**
Accumulated depreciation as of December 31, 2019 and 2018, respectively	$ (7,540,018)	$ (6,870,937)

6. Net investment in finance and sales-type leases

Movements in net investment in finance and sales-type leases during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Net book value at beginning of period	$ 1,003,286	$ 995,689
Additions	134,752	104,882
Principal repayments	(96,190)	(94,703)
Impairment	(21,996)	—
Disposals and other	(8,303)	(2,582)
Net book value at end of period	**$ 1,011,549**	**$ 1,003,286**

Components of net investment in finance and sales-type leases as of December 31, 2019 and 2018 were as follows:

	December 31, 2019	
	2019	2018
Future minimum lease payments to be received	$ 715,085	$ 792,265
Estimated residual values of leased flight equipment	577,353	528,916
Less: Unearned income	(280,889)	(317,895)
	1,011,549	1,003,286
Less: Allowance for credit losses	—	—
	$ 1,011,549	**$ 1,003,286**

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

6. Net investment in finance and sales-type lease (Continued)

As of December 31, 2019, the cash flow receivable, including the estimated residual value at lease termination, on finance and sales-type leases were as follows:

	Future minimum lease payments to be received
2020	$ 154,323
2021	131,054
2022	202,302
2023	135,388
2024	109,098
Thereafter	560,273
Undiscounted cash flows receivable	1,292,438
Less: Unearned income	(280,889)
	$ 1,011,549

7. Other financial fixed assets

Other financial fixed assets consisted of the following as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Lease incentives	$ 239,607	$ 251,961
Participations (Note 8)	123,279	132,113
Derivative assets (Note 9)	11,664	69,105
Straight-line rents	32,166	31,783
	$ 406,716	**$ 484,962**

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

8. Participations

Participations accounted for under the net asset value method of accounting consisted of the following as of December 31, 2019 and 2018:

	% Ownership as of December 31, 2019	As of December 31, 2019	As of December 31, 2018
AerDragon	16.7	$ 68,673	$ 65,920
AerLift	39.3	35,188	47,644
ACSAL	19.4	16,118	15,248
		$ 119,979	**$ 128,812**

Movements in participations accounted for under the net asset value method of accounting during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Balance at beginning of period	$ 128,812	$ 120,833
Share in undistributed earnings	(6,345)	10,643
Dividend	(3,148)	(3,180)
Capital contributions and other	660	516
Balance at end of period	**$ 119,979**	**$ 128,812**

Our share of undistributed earnings of participations in which our ownership interest is less than 50% was $39.4 million and $48.2 million as of December 31, 2019 and 2018, respectively. We also have a participation in Peregrine of $3.3 million as of December 31, 2019 and 2018, which is accounted for in accordance with the cost method of accounting. Please refer to Note 24—*Special purpose entities* for further details.

9. Derivative financial instruments

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

As of December 31, 2019, we had interest rate caps and swaps outstanding, with underlying variable benchmark interest rates ranging from one to six-month U.S. dollar LIBOR.

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. As of December 31, 2019 and 2018, we had cash collateral of $0.6 million and $5.5 million, respectively, from various counterparties and the obligation to return such collateral was recorded in accounts payable, accrued expenses and other liabilities. We had not advanced any cash collateral to counterparties as of December 31, 2019 or 2018.

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

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

9. Derivative financial instruments (Continued)

Our derivative assets are recorded in other financial fixed assets and our derivative liabilities are recorded in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets. The following tables present notional amounts and fair values of derivatives outstanding as of December 31, 2019 and 2018:

	As of December 31,			
	2019		2018	
	Notional amount (a)	Fair value	Notional amount (a)	Fair value
Derivative assets not designated as accounting hedges:				
Interest rate caps	$ 2,442,000	$ 3,727	$ 2,523,500	$ 32,547
Derivative assets designated as accounting cash flow hedges:				
Interest rate swaps	$ 488,616	$ 1,578	$ 1,900,957	$ 36,558
Interest rate caps	400,000	6,359	—	—
Total derivative assets		**$ 11,664**		**$ 69,105**

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

	As of December 31,			
	2019		2018	
	Notional amount (a)	Fair value	Notional amount (a)	Fair value
Derivative liabilities designated as accounting cash flow hedges:				
Interest rate swaps	$ 3,776,000	$ 97,066	$ 1,375,000	$ 29,321
Total derivative liabilities		**$ 97,066**		**$ 29,321**

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

We recorded the following in revaluation reserves related to derivative financial instruments for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Gain (Loss)		
Effective portion of change in fair market value of derivatives designated as accounting cash flow hedges:		
Interest rate swaps	$ (102,725)	$ (16,639)
Interest rate caps	(38)	—
Income tax effect	12,845	2,080
Net changes in cash flow hedges, net of tax	**$ (89,918)**	**$ (14,559)**

The following table presents the effect of derivatives recorded as reductions to or (increases) in financial expense in our Consolidated Income Statements for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Gain (Loss)		
Derivatives not designated as accounting hedges:		
Interest rate caps	$ (29,714)	$ 5,158
Effect from derivatives on financial expense	**$ (29,714)**	**$ 5,158**

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

10. Other receivables

Other receivables consisted of the following as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Notes receivable	$ 87,745	$ 58,994
Prepaid expenses and other	75,861	57,494
Inventory	3,157	30,971
Other receivables	355,502	220,289
	$ 522,265	**$ 367,748**

11. Restricted cash

Our restricted cash balance was $179.0 million and $211.0 million as of December 31, 2019 and 2018, respectively, and was primarily related to our ECA financings and Ex-Im financings, our AerFunding revolving credit facility and other debt. See Note 13—*Debt*.

12. Equity

The following table presents our share repurchase programs for the years ended December 31, 2019 and 2018:

Program approval date	Program end date	Authorized amount	Program completion date
February 2018	June 30, 2018	$ 200,000	May 14, 2018
April 2018	December 31, 2018	200,000	November 2, 2018
October 2018	March 31, 2019	200,000	January 9, 2019
December 2018	March 31, 2019	100,000	March 22, 2019
February 2019	September 30, 2019	200,000	July 22, 2019
June 2019	December 31, 2019	200,000	December 5, 2019
November 2019	June 30, 2020	200,000	Not yet completed

In January 2020, our Board of Directors approved a share repurchase program authorizing total repurchases of up to $250 million of AerCap ordinary shares through June 30, 2020. See Note 30—*Subsequent events*.

During the year ended December 31, 2019, we repurchased an aggregate of 11,950,824 of our ordinary shares under our share repurchase programs at an average price, including commissions, of $50.82 per ordinary share.

Between January 1, 2020 and March 3, 2020, we repurchased an aggregate of 1,659,269 of our ordinary shares under our share repurchase programs at an average price, including commissions, of $57.44 per ordinary share.

During the year ended December 31, 2019, our Board of Directors cancelled 10,000,000 ordinary shares which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

In February 2020, we cancelled 3,000,000 ordinary shares, which were acquired through the share repurchase programs in accordance with the authorizations obtained from the Company's shareholders.

Movements in non-controlling interest during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Balance at beginning of period	$ 52,566	$ 59,104
Result non-controlling interest	21,083	1,865
Dividends paid	(6,341)	(8,403)
Balance at end of period	**$ 67,308**	**$ 52,566**

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

13. Debt

As of December 31, 2019, the principal amount of our outstanding indebtedness totaled $29.4 billion, which excluded fair value adjustments of $96.0 million and debt issuance costs, debt discounts and debt premium of $147.1 million, and our undrawn lines of credit were approximately $6.6 billion, availability of which is subject to certain conditions, including compliance with certain financial covenants. As of December 31, 2019, we remained in compliance with the financial covenants across our various debt agreements.

The following table provides a summary of our indebtedness as of December 31, 2019 and 2018:

	As of December 31,						
	2019						2018
Debt obligation	Collateral (number of aircraft)	Commitment	Undrawn amounts	Amount outstanding	Weighted average interest rate (a)	Maturity	Amount outstanding
Unsecured							
ILFC Legacy Notes		$ 2,900,000	$ —	$ 2,900,000	7.09%	2020 - 2022	$ 4,900,000
AerCap Trust & AICDC Notes		12,500,000	—	12,500,000	4.13%	2020 - 2028	10,749,864
Asia Revolving Credit Facility		950,000	950,000	—	—	2022	200,000
Citi Revolving Credit Facility		4,000,000	4,000,000	—	—	2024	—
Other unsecured debt		2,024,000	—	2,024,000	3.28%	2020 - 2023	1,160,000
Fair value adjustment		NA	NA	99,093	NA	NA	177,450
TOTAL UNSECURED		**$ 22,374,000**	**$ 4,950,000**	**$ 17,523,093**			**$ 17,187,314**
Secured							
Export credit facilities	18	565,312	—	565,312	2.43%	2021 - 2030	849,372
Institutional secured term loans & secured portfolio loans	191	7,303,496	—	7,303,496	3.62%	2022 - 2030	7,533,028
AerFunding Revolving Credit Facility	16	2,500,000	1,624,855	875,145	3.72%	2022	919,484
Other secured debt (b)	42	1,062,756	—	1,062,756	4.06%	2021 - 2037	1,633,099
Fair value adjustment		NA	NA	(2,835)	NA	NA	(2,103)
TOTAL SECURED		**$ 11,431,564**	**$ 1,624,855**	**$ 9,803,874**			**$ 10,932,880**
Subordinated							
Subordinated notes		2,250,000	—	2,250,000	5.18%	2045 - 2079	1,500,000
Subordinated debt issued by joint ventures		47,521	—	47,521	—	2020 - 2023	48,234
Fair value adjustment		NA	NA	(222)	NA	NA	(225)
TOTAL SUBORDINATED		**$ 2,297,521**	**$ —**	**$ 2,297,299**			**$ 1,548,009**
Debt issuance costs, debt discounts and debt premium		NA	NA	(147,076)	NA	NA	(187,945)
	267	**$ 36,103,085**	**$ 6,574,855**	**$ 29,477,190**			**$ 29,480,258**

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

(b) In addition to the 42 aircraft, 74 engines are pledged as collateral.

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

13. Debt (Continued)

The movement in our debt for the year ended December 31, 2019 was as follows:

	Unsecured debt	Secured debt	Subordinated debt	Fair value adjustments	Debt issuance costs, debt discounts and debt premium	Total debt
Balance at beginning of period	**$17,009,864**	**$10,934,983**	**$ 1,548,234**	**$ 175,122**	**$ (187,945)**	**$29,480,258**
Issuance of debt	4,014,000	1,775,310	750,000	—	—	6,539,310
Repayment of debt	(3,599,864)	(2,904,253)	(713)	—	—	(6,504,830)
Debt issuance costs paid, net of debt premium received	—	—	—	—	(36,592)	(36,592)
Amortization and other	—	669		(79,086)	77,461	(956)
Balance at end of period	**$17,424,000**	**$ 9,806,709**	**$ 2,297,521**	**$ 96,036**	**$ (147,076)**	**$29,477,190**

As of December 31, 2019, all debt was issued or guaranteed by AerCap with the exception of the AerFunding Revolving Credit Facility, a $370.6 million secured portfolio loan and $104.0 million of debt included in other secured debt that is limited recourse in nature.

Maturities of our debt financings (excluding fair value adjustments, debt issuance costs, debt discounts and debt premium) as of December 31, 2019 were as follows:

	Maturities of debt financing
2020	$ 3,454,301
2021	4,450,347
2022	6,859,785
2023	3,532,951
2024	3,010,218
Thereafter	8,220,628
	$ 29,528,230

During the years ended December 31, 2019 and 2018, we amortized as interest expense debt issuance costs, debt discounts and debt premium of $69.5 million and $64.2 million, respectively.

ILFC Legacy Notes

The following table provides a summary of the outstanding senior unsecured notes issued by ILFC prior to the ILFC Transaction (the "ILFC Legacy Notes") as of December 31, 2019:

	Maturities of ILFC Legacy Notes
2020	$ 1,000,000
2021	500,000
2022	1,400,000
	$ 2,900,000

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

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

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

13. Debt (Continued)

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

AerCap Trust & AICDC Notes

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

The following table provides a summary of the outstanding AGAT/AICDC Notes as of December 31, 2019:

	Maturities of AGAT/ AICDC Notes
2020	$ 1,500,000
2021	2,600,000
2022	2,100,000
2023	1,200,000
2024	1,650,000
Thereafter	3,450,000
	$ 12,500,000

All of the AGAT/AICDC Notes bear interest at fixed rates ranging from 2.9% to 5.0%.

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

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

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

13. Debt (Continued)

Revolving credit facilities

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

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

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

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

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

Export credit facilities

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

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

Institutional secured term loans and secured portfolio loans

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

	Collateral (Number of aircraft) (a)	Amount outstanding	Weighted average interest rate	Maturity
Institutional secured term loans				
Hyperion	58	$ 1,050,000	3.69%	2023
Vancouver (b)	20	350,000	3.69%	2022
Secured portfolio loans				
Celtago & Celtago II	25	1,095,174	3.43%	2022 - 2024
Cesium	15	853,844	3.71%	2025
Goldfish	13	723,326	3.34%	2025
Scandium	10	678,953	3.96%	2025
Rhodium	11	594,619	3.46%	2026
Other secured facilities	39	1,957,580	3.65%	2022 - 2030
	191	**$ 7,303,496**		

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

(b) In January 2020, the Vancouver term loan was fully repaid and terminated.

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

13. Debt (Continued)

Institutional secured term loans

The Hyperion and Vancouver institutional term loans were originally entered into in 2014 and 2012, respectively. The obligations of the respective borrowers of each loan are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

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

Secured portfolio loans

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

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

AerFunding Revolving Credit Facility

AerFunding 1 Limited ("AerFunding") is a SPE whose share capital is owned 95% by a charitable trust and 5% by AerCap Ireland. AerFunding is a consolidated subsidiary formed for the purpose of acquiring aircraft assets. In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility that was subsequently increased in 2017 to $2.5 billion.

The facility has a three-year revolving period, which expires in December 2020, following which there is a two-year term out period. The final maturity date of the AerFunding Revolving Credit Facility is December 2022.

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.

Other secured debt

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

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

Subordinated debt

The following table provides a summary of the outstanding subordinated debt as of December 31, 2019:

	As of December 31, 2019		
	Amount outstanding	Weighted average interest rate	Maturity
ECAPS Subordinated Notes	$ 1,000,000	4.00%	2065
2045 Subordinated Notes	500,000	6.50%	2045
2079 Subordinated Notes	750,000	5.88%	2079
	$ 2,250,000		

13. Debt (Continued)

ECAPS Subordinated Notes

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

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

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

2045 Junior Subordinated Notes

In June 2015, AerCap Trust issued $500.0 million of junior subordinated notes due 2045 (the "2045 Junior Subordinated Notes"). The 2045 Junior Subordinated Notes currently bear interest at a fixed interest rate of 6.5% and, beginning in June 2025, will bear interest at a rate of three-month LIBOR (or, if three-month LIBOR is no longer quoted at such time, the last quote available for three-month LIBOR) plus 4.3%.

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

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

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

13. Debt (Continued)

2079 Junior Subordinated Notes

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

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

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

The 2079 Junior Subordinated Notes are junior subordinated unsecured obligations, rank equally with all of the issuer's and the guarantors' future equally ranking junior subordinated obligations, if any, and are subordinate and junior in right of payment to all of the issuer's and the guarantors' present and future creditors (i) who are unsubordinated creditors, (ii) who are subordinated only to the claims of unsubordinated creditors, or (iii) who are subordinated creditors except those whose claims rank equally with or junior to the 2079 Junior Subordinated Notes. As of December 31, 2019, the 2079 Junior Subordinated Notes rank senior only to the issuer's and the guarantors' common and preferred stock.

Subordinated debt issued by joint ventures

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

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

14. Accrued maintenance liability

Movements in accrued maintenance liability during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Accrued maintenance liability at beginning of period	$ 2,751,311	$ 2,882,626
Maintenance payments received	736,423	743,256
Maintenance payments returned	(352,032)	(459,326)
Release to income upon sale	(298,797)	(267,173)
Release to income other than upon sale	(282,478)	(341,774)
Lessor contribution, top ups and other	94,287	193,702
Accrued maintenance liability at end of period	**$ 2,648,714**	**$ 2,751,311**

15. Accounts payable, accrued expenses and other liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Deferred revenue	$ 389,958	$ 421,542
Accrued interest	255,369	262,559
Accounts payable and accrued expenses	239,086	296,523
Derivative liabilities (Note 9)	97,066	29,321
	$ 981,479	**$ 1,009,945**

16. Lease revenue

Our current operating lease agreements expire up to and over the next 15 years. The contracted minimum future lease payments receivable from lessees for flight equipment on non-cancelable operating leases for our owned aircraft and engines as of December 31, 2019 were as follows:

	Contracted minimum future lease payments receivable
2020	$ 4,106,827
2021	3,870,189
2022	3,615,500
2023	3,348,230
2024	3,016,714
Thereafter	10,848,862
	$ 28,806,322

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

17. Geographic information

The following table presents the percentage of lease revenue attributable to individual countries representing at least 10% of our total lease revenue in any year presented, based on each lessee's principal place of business, for the years ended December 31, 2019 and 2018:

	Year Ended December 31,			
	2019		2018	
	Amount	%	Amount	%
China (a)	$ 874,145	18.4 %	$ 639,316	13.8 %
United States	511,676	10.8 %	528,687	11.4 %
Other countries (b)	3,371,074	70.8 %	3,449,624	74.8 %
	$ 4,756,895	**100.0%**	**$ 4,617,627**	**100.0%**

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

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

The following table presents the percentage of long-lived assets, including flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights assets, attributable to individual countries representing at least 10% of our total long-lived assets in any year presented, based on each lessee's principal place of business, as of December 31, 2019 and 2018:

	As of December 31,			
	2019		2018	
	Amount	%	Amount	%
China (a)	$ 7,961,959	21.1 %	$ 7,636,756	20.6 %
United States	4,380,550	11.6 %	4,372,510	11.8 %
Other countries (b)	25,467,367	67.3 %	25,144,890	67.6 %
	$ 37,809,876	**100.0%**	**$ 37,154,156**	**100.0%**

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

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

During the years ended December 31, 2019 and 2018, we had no lessees that represented more than 10% of total lease revenue.

18. Other income

Other income consisted of the following for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Management fees	$ 12,445	$ 14,539
Other	12,107	11,968
	$ 24,552	**$ 26,507**

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

19. Personnel expenses

Personnel expenses consisted of the following for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Salary, bonus and other benefits	$ 105,628	$ 113,021
Share-based compensation	69,410	95,176
Social securities	10,144	12,094
Pensions	6,681	7,579
	$ 191,863	**$ 227,870**

Share-based compensation

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

AerCap equity grants

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

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

The Equity Incentive Plan 2014 replaced an equity incentive plan that was implemented in October 2006 (the "Equity Incentive Plan 2006"). The Equity Incentive Plan 2014, Equity Incentive Plan 2012 and Equity Incentive Plan 2006 are collectively referred to herein as "AerCap Equity Plans." Prior awards remain in effect pursuant to their terms and conditions. The terms and conditions of the Equity Incentive Plan 2006 and the Equity Incentive Plan 2014 are substantially the same.

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

19. Personnel expenses (Continued)

The following table presents movements in the outstanding restricted stock units and restricted stock under the AerCap Equity Plans during the year ended December 31, 2019:

	Year Ended December 31, 2019			
	Number of time-based restricted stock units and restricted stock	Number of performance-based restricted stock units and restricted stock	Weighted average grant date fair value of time-based grants ($)	Weighted average grant date fair value of performance-based grants ($)
Number at beginning of period	**2,305,202**	**2,493,307**	**$ 48.72**	**$ 50.18**
Granted (a)	413,289	378,557	54.20	53.44
Vested (b)	(1,203,452)	(382,237)	46.71	44.63
Forfeited	(10,845)	(3,491)	56.20	50.51
Number at end of period	**1,504,194**	**2,486,136**	**$ 51.78**	**$ 51.53**

(a) Includes 580,943 shares of restricted stock granted under the AerCap Equity Plans, of which 372,239 shares of restricted stock were issued with the remaining 208,704 ordinary shares being withheld and applied to pay the taxes involved. As part of the 208,704 ordinary shares withheld to pay for taxes, 89,299 ordinary shares were treated as granted and subsequently vested on the grant date under specific Irish tax legislation. As a result, we recognized an expense of $4.7 million on the grant dates associated with these ordinary shares.

(b) 432,427 restricted stock units, which were previously granted under the AerCap Equity Plans, vested. In connection with the vesting of the restricted stock units, the Company issued, in full satisfaction of its obligations, 250,470 ordinary shares to the holders of these restricted stock units, with the remainder being withheld and applied to pay the taxes in respect of those awards. Restrictions on 1,006,177 shares of restricted stock (681,825 shares of restricted stock net of withholding for taxes) lapsed during the period. In addition, 89,299 ordinary shares were treated as granted and subsequently vested on the grant dates, as described in (a) above.

During the year ended December 31, 2019, 435,000 restricted stock units were converted to 435,000 shares of restricted stock, of which 162,806 shares were withheld and applied to pay the taxes involved. As part of the 162,806 shares withheld to pay for taxes, 57,786 were treated as converted and subsequently vested on the conversion date under specific Irish tax legislation. As a result, we recognized an expense of $3.0 million on the conversion dates associated with these shares.

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

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

	Expected share-based compensation expense
	(U.S. Dollars in millions)
2020	$ 57.1
2021	35.3
2022	16.9
2023	3.2
2024	0.5

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

19. Personnel expenses (Continued)

Employees

The following table presents the number of employees relating to our aircraft leasing business at each of our principal geographic locations as of December 31, 2019 and 2018:

	As of December 31,	
Location	**2019**	**2018**
Dublin	206	207
Shannon	79	78
Los Angeles	48	46
Singapore	44	41
Other (a)	13	13
Total (b)	**390**	**385**

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

(b) Includes one part-time employee as of December 31, 2019 and 2018.

20. Asset impairment

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

The following assumptions drive the discounted cash flows for flight equipment: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information, the discount rate (2019: 5.8%, 2018: 5.8%) and residual values based on current market transactions. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Deterioration of the global economic environment and a decrease of aircraft values might have a negative effect on the discounted cash flows of older aircraft and might cause event-driven impairments. There can be no assurance that the Company’s estimates and assumptions regarding the economic environment, or the period or strength of recovery, made for purposes of the long-lived asset impairment tests will prove to be accurate predictions of the future.

During the years ended December 31, 2019 and 2018, we recognized impairment charges of $139.6 million and $68.0 million, respectively.

21. Other expenses

Other expenses consisted of the following for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	**2018**
Travel expenses	$ 17,604	$ 21,790
Professional services	24,287	24,264
Office expenses	14,095	14,784
Directors’ expenses	3,042	3,169
Other expenses	16,961	13,349
	$ 75,989	**$ 77,356**

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

22. Income taxes

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

The following table presents our income taxes by tax jurisdiction for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Deferred tax expense (benefit)		
Ireland	$ 162,500	$ 131,703
United States	(7,098)	3,672
The Netherlands	7,403	1,834
Other	5,701	1,093
	168,506	**138,302**
Current tax expense (benefit)		
Ireland	—	(27)
United States	789	(3,691)
The Netherlands	261	(307)
Other	4,166	516
	5,216	**(3,509)**
Income taxes	**$ 173,722**	**$ 134,793**

The following table provides a reconciliation of the statutory income tax expense to income taxes for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Income tax expense at statutory income tax rate of 12.5%	$ 166,936	$ 130,566
Permanent differences	5,657 (a)	6,271 (b)
Foreign rate differential	1,129	(2,044)
	6,786	**4,227**
Income taxes	**$ 173,722**	**$ 134,793**

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

(b) The 2018 permanent differences included non-deductible share-based compensation in Ireland and in the Netherlands.

The effective tax rate was 13.0% for the year ended December 31, 2019 as compared to 12.9% for the year ended December 31, 2018.

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

22. Income taxes (Continued)

The following tables provide details regarding the principal components of our deferred income tax liabilities and assets by jurisdiction as of December 31, 2019 and 2018:

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

	As of December 31, 2018				
	Ireland	United States	The Netherlands	Other	Total
Depreciation/impairment	$ (1,575,271)	$ 254	$ 4,807	$ (887)	$ (1,571,097)
Intangibles	(7,863)	(6,108)	—	—	(13,971)
Accrued maintenance liability	60,986	4,509	—	—	65,495
Obligations under capital leases and debt obligations	(4,255)	—	—	—	(4,255)
Participations	—	(8,619)	—	—	(8,619)
Deferred losses on sale of assets	—	28,770	—	—	28,770
Losses and credits forward	993,380	5,206	12,832	7,099	1,018,517
Other	(77,973)	502	(1,760)	(2,454)	(81,685)
Net deferred income tax (liabilities) assets	**$ (610,996)**	**$ 24,514**	**$ 15,879**	**$ 3,758**	**$ (566,845)**

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

The net deferred income tax liabilities as of December 31, 2018 of $566.8 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of $173.5 million and as deferred income tax liabilities of $740.4 million.

As of December 31, 2019 and 2018, we had $30.1 million and $29.8 million, respectively, of unrecognized tax benefits. Substantially all of the unrecognized tax benefits as of December 31, 2019, if recognized, would affect our effective tax rate. Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next 12 months, based on the information currently available, we do not expect any change to be material to our consolidated financial condition.

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

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

22. Income taxes (Continued)

Ireland

Since 2006, the enacted Irish corporate income tax rate has been 12.5%. Some of our Irish tax-resident operating subsidiaries have significant loss carry forwards as of December 31, 2019 which give rise to deferred income tax assets. The availability of these loss carry forwards does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are entitled to accelerated aircraft depreciation for tax purposes and shelter net taxable income with the surrender of losses on a current year basis within the Irish tax group. Based on projected taxable profits in our Irish subsidiaries, we expect to recover the majority of the value of our Irish tax assets.

United States

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. During 2019, we had two significant groups of U.S. companies that file consolidated returns. The blended federal and state tax rate applicable to our combined U.S. group was 21.0% for the year ended December 31, 2019. In late 2015, we started a restructuring of our activities in the United States and based on this restructuring we did not expect to generate sufficient sources of taxable income to realize a portion of our deferred income tax asset in the United States. In late 2019, we further restructured our U.S. tax groups reducing to one significant U.S. consolidated filing group and this, combined with other activities, has led to a revised forecast of sources of taxable income. Based on this revised forecast we have recognized an additional amount of deferred tax asset. Additionally, certain tax attributes are subject to annual limitations as a result of changes in ownership in 2015 as defined under Internal Revenue Code Section 382. Our U.S. federal net operating losses generated for tax years beginning before December 31, 2017, expire between 2026 and 2039. Any U.S. federal net operating losses generated in tax years beginning after December 31, 2017 will have an unlimited carry forward period.

The Netherlands

The majority of our Dutch subsidiaries form one fiscal unity and are included in one consolidated tax filing. The current tax expense primarily arises due to the existence of interest bearing receivables. Deferred income tax is calculated using the Dutch corporate income tax rate, which will decrease from the current rate of 25.0% to 21.7% in 2021 and future years. In respect of the year ended December 31, 2019, tax losses in the Netherlands can generally be carried back one year and carried forward six years before expiry.

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

23. Earnings per share

Basic EPS is calculated by dividing net income by the weighted average number of our ordinary shares outstanding, which excludes 2,354,318 and 2,429,442 shares of unvested restricted stock as of December 31, 2019 and 2018, respectively. For the calculation of diluted EPS, the weighted average of our ordinary shares outstanding for basic EPS is adjusted by the effect of dilutive securities provided under our equity compensation plans. The number of ordinary shares excluded from diluted shares outstanding was 163,067 and 90,929 for the years ended December 31, 2019 and 2018, respectively, because the effect of including those shares in the calculation would have been anti-dilutive.

The computations of basic and diluted EPS for the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Net income for the computation of basic EPS	$ 1,134,535	$ 918,515
Weighted average ordinary shares outstanding—basic	134,570,169	145,162,220
Basic EPS	**$ 8.43**	**$ 6.33**

	Year Ended December 31,	
	2019	2018
Net income for the computation of diluted EPS	$ 1,134,535	$ 918,515
Weighted average ordinary shares outstanding—diluted	135,898,139	148,706,266
Diluted EPS	**$ 8.35**	**$ 6.18**

The computations of ordinary shares outstanding, excluding shares of unvested restricted stock, as of December 31, 2019 and 2018 were as follows:

	As of December 31,	
	2019	2018
	Number of ordinary shares	
Ordinary shares issued	141,847,345	151,847,345
Treasury shares	(10,263,856)	(9,172,681)
Ordinary shares outstanding	**131,583,489**	**142,674,664**
Shares of unvested restricted stock	(2,354,318)	(2,429,442)
Ordinary shares outstanding, excluding shares of unvested restricted stock	**129,229,171**	**140,245,222**

24. Special purpose entities

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

During the year ended December 31, 2019, we did not provide any financial support to any of our SPEs that we were not contractually obligated to provide.

Consolidated SPEs

As of December 31, 2019 and 2018, substantially all assets and liabilities presented in our Consolidated Balance Sheets were held in consolidated SPEs. Further details of debt held by our consolidated SPEs are disclosed in Note 13—*Debt*.

Wholly-owned ECA and Ex-Im financing vehicles

We have created certain wholly-owned subsidiaries for the purpose of purchasing aircraft and obtaining financing secured by such aircraft. The secured debt is guaranteed by the European ECAs and the Export-Import Bank of the United States. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities.

Other secured financings

We have created a number of wholly-owned subsidiaries for the purpose of obtaining secured financings. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities.

Wholly-owned leasing entities

We have created wholly-owned subsidiaries for the purpose of facilitating aircraft leases with airlines. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes, which serve as equity. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, we absorb the majority of the risks and rewards of these entities and we guarantee the activities of these entities.

Limited recourse financing structures

We have established entities to obtain secured financings for the purchase of aircraft in which we have variable interests. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. The loans of these entities are non-recourse to us except under limited circumstances. We have determined that we are the PB of these entities because we control and manage all aspects of these entities, including directing the activities that most significantly affect the entities' economic performance, and we absorb the majority of the risks and rewards of these entities.

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

24. Special purpose entities (Continued)

AerCap Partners I

AerCap Partners I Holding Limited ("AerCap Partners I") is a 50%-50% joint venture owned by us and Deucalion Aviation Funds. We provide lease management, insurance management and aircraft asset management services to AerCap Partners I for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity.

As of December 31, 2019, AerCap Partners I had a portfolio consisting of two Boeing 737NG aircraft. As of December 31, 2019, AerCap Partners I had $62.4 million of subordinated debt outstanding, consisting of $31.2 million from us and $31.2 million from our joint venture partner. The AerCap Partners I senior debt facility was repaid in full in April 2019.

AerCap Partners 767

AerCap Partners 767 Limited ("AerCap Partners 767") is a 50%-50% joint venture owned by us and Deucalion Aviation Funds. We provide lease management, insurance management and aircraft asset management services to AerCap Partners 767 for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity.

As of December 31, 2019, AerCap Partners 767 had a portfolio consisting of two Boeing 767-300ER aircraft. As of December 31, 2019, AerCap Partners 767 had $32.6 million of subordinated debt outstanding, consisting of $16.3 million from us and $16.3 million from our joint venture partner. The AerCap Partners 767 senior debt facility was repaid in full in April 2019.

AerFunding

We hold a 5% equity investment and 100% of the subordinated fixed rate deferrable interest asset-backed notes ("AerFunding Class E-1 Notes") in AerFunding. We provide lease management, insurance management and aircraft asset management services to AerFunding for a fee. We have determined that we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb the majority of the risks and rewards of the entity.

As of December 31, 2019, AerFunding had a portfolio consisting of one Airbus A320 Family aircraft, two Airbus A320neo Family aircraft, two Airbus A350 aircraft, six Boeing 737NG aircraft and five Boeing 787 aircraft. As of December 31, 2019, AerFunding had $875.1 million outstanding under a secured revolving credit facility and $301.0 million of AerFunding Class E-1 Notes outstanding due to us.

Non-consolidated participations

The following table presents our maximum exposure to loss in participations as of December 31, 2019 and 2018:

	As of December 31,	
	2019	2018
Carrying value of debt and equity participations	$ 123,279	$ 132,113
Debt guarantees	68,901	88,313
Maximum exposure to loss	**$ 192,180**	**$ 220,426**

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

24. Special purpose entities (Continued)

AerDragon

AerDragon is a joint venture with 50% owned by China Aviation Supplies Holding Company and the other 50% owned in equal parts by us, affiliates of Crédit Agricole Corporate and Investment Bank, and East Epoch Limited. This joint venture enhances our presence in the Chinese market and our ability to lease our aircraft and engines throughout the entire Asia/Pacific region. We provide accounting related services to AerDragon.

As of December 31, 2019, AerDragon owned 28 aircraft.

We have determined that AerDragon is a participation in which we do not have control and therefore we are not the PB. We do have significant influence and, accordingly, we account for our participation in AerDragon under the net asset value method.

AerLift

AerLift is a joint venture in which we have a 39% interest. We provide asset and lease management, insurance management and cash management services to AerLift for a fee. As of December 31, 2019 and 2018, we guaranteed debt of $68.9 million and $88.3 million, respectively, for AerLift. Other than the debt for which we act as a guarantor, the debt obligations of AerLift are non-recourse to us.

As of December 31, 2019, AerLift owned four aircraft.

We have determined that AerLift is a participation in which we do not have control and therefore we are not the PB. We do have significant influence and, accordingly, we account for our participation in AerLift under the net asset value method.

ACSAL

In June 2013, we completed a transaction under which we sold eight Boeing 737NG aircraft to ACSAL, an affiliate of Guggenheim, in exchange for cash, and we made a capital contribution to ACSAL in exchange for 19% of its equity. We provide aircraft asset and lease management services to ACSAL for a fee.

As of December 31, 2019, ACSAL owned eight aircraft.

We have determined that ACSAL is a participation in which we do not have control and therefore we are not the PB. We do have significant influence and, accordingly, we account for our participation in ACSAL under the net asset value method.

Peregrine

In December 2017, we invested in Peregrine, a vehicle established by NCB Capital for the purpose of acquiring a portfolio of aircraft from us. We have a 9.5% participation in Peregrine, and provide asset and lease management, insurance management, accounting and cash management services to Peregrine for a fee.

As of December 31, 2019, Peregrine owned 21 aircraft.

We have determined that Peregrine is a participation in which we do not have control and therefore we are not the PB. We account for our participation in Peregrine under the cost method.

Other non-consolidated entities

We have variable interests in other entities in which we have determined we are not the PB because we do not have the power to direct the activities that most significantly affect the entities' economic performance. Our variable interest in these entities consists of aircraft management servicing fees.

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

25. Related party transactions

The following table presents amounts received from related parties for management fees and dividends for the years ended December 31, 2019 and 2018:

	Year Ended December 31,			
	2019		2018	
	Management fees	Dividends	Management fees	Dividends
AerDragon	$ 675	$ 1,667	$ 497	$ 1,667
ACSAL	480	1,088	480	1,119
AerLift	1,360	393	1,677	394
	$ 2,515	**$ 3,148**	**$ 2,654**	**$ 3,180**

AerCap Partners I

During the year ended December 31, 2019, we sold four aircraft to a subsidiary of our joint venture partner in AerCap Partners I.

Purchase of shares

During the year ended December 31, 2019, a member of senior management sold 39,600 ordinary shares to the Company at fair value on the date of the sale for an aggregate sale price of $1.8 million. The proceeds were used to pay taxes in 2019 in connection with his share awards.

Waha Capital PJSC transaction

During the year ended December 31, 2019, we repurchased 2,427,790 AerCap ordinary shares from Waha Capital PJSC on the date of the sale for an aggregate sale price of $144.8 million. As of December 31, 2019, Waha Capital PJSC is no longer a shareholder of AerCap.

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

26. Commitments and contingencies

Aircraft on order

As of December 31, 2019, we had commitments to purchase 299 new aircraft. Subsequent to December 31, 2019, we exercised an option to purchase an additional 50 Airbus A320 Family aircraft. These commitments are based upon purchase agreements with Boeing, Airbus and Embraer. These agreements establish the pricing formulas (including adjustments for certain contractual escalation provisions) and various other terms with respect to the purchase of aircraft. Under certain circumstances, we have the right to alter the mix of aircraft types ultimately acquired. As of December 31, 2019, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately $2.5 billion.

On March 13, 2019, the Federal Aviation Administration issued an order to suspend operations of all Boeing 737 MAX aircraft in the U.S. and by U.S. aircraft operators following two recent fatal accidents involving Boeing 737 MAX aircraft. Non-U.S. civil aviation authorities have also issued directives to similar effect. Boeing has suspended deliveries of the Boeing 737 MAX until clearance is granted by the appropriate regulatory authorities. Prior to the grounding, we had delivered five Boeing 737 MAX aircraft that are currently on lease to an airline customer, and we currently have 95 Boeing 737 MAX aircraft on order. Boeing currently estimates that the Boeing 737 MAX will begin to return to service in mid-2020. However, it is uncertain when and under what conditions our Boeing 737 MAX aircraft will return to service and when Boeing will resume making deliveries of our Boeing 737 MAX aircraft on order. As a result, we have incurred delays and expect to incur future delays on our scheduled Boeing 737 MAX deliveries, and any such future delays are likely to have an impact on our financial results. In February 2020, AerCap entered into an agreement with Boeing to reschedule the delivery positions of a portion of the Boeing 737 MAX aircraft under AerCap's forward order contract with Boeing to later dates.

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

The amount of interest capitalized is the actual interest costs incurred on the debt specific to the prepayments, if any, or the amount of interest costs which could have been avoided in the absence of such prepayments. Our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps was 4.2% during the year ended December 31, 2019.

Movements in prepayments on flight equipment during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Prepayments on flight equipment at beginning of period	$ 3,024,520	$ 2,930,303
Prepayments made during the period	1,329,110	1,811,917
Interest paid and capitalized during the period	97,327	101,755
Prepayments and capitalized interest applied to the purchase of flight equipment	(1,496,479)	(1,819,455)
Prepayments on flight equipment at end of period	**$ 2,954,478**	**$ 3,024,520**

The following table presents our contractual commitments for the purchase of flight equipment as of December 31, 2019, as adjusted to reflect the developments described in footnotes (a) and (b) below:

	2020	2021	2022	2023	2024	Thereafter	Total
Purchase obligations (a)	$3,470,502	$4,351,839	$2,992,145	$2,651,197	$1,807,081	$1,270,782	$16,543,546

(a) As of December 31, 2019, we had commitments to purchase 297 aircraft and two purchase and leaseback transactions. In February 2020, we exercised an option to purchase an additional 50 Airbus A320neo Family aircraft from Airbus, with deliveries beginning in 2024. These commitments are included in the table above. The timing of payments is based on our estimates of expected delivery dates.

(b) In February 2020, we entered into an agreement with Boeing to reschedule the delivery positions of a portion of our Boeing 737 MAX aircraft on order to later dates. These revised delivery positions are reflected in the table above. The delivery positions of our Boeing 737 MAX aircraft are based on our best estimates and incorporate the information currently available to us. Our estimates may be different from the actual delivery dates, and will depend on when the Boeing 737 MAX returns to service and the speed at which Boeing is able to deliver our aircraft on order to us.

26. Commitments and contingencies (Continued)

Legal proceedings

General

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

VASP litigation

We 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 ("TJSP") 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. On April 4, 2018, the Federal Supreme Court declined to accept our extraordinary appeal for trial. We appealed this decision on April 25, 2018.

On February 23, 2006, VASP commenced a procedure to calculate its alleged damages and since then we, VASP and the court have appointed experts to assist the court in calculating damages. Our appointed expert has concluded that no damages were incurred. The VASP-appointed expert has concluded that substantial damages were incurred, and has claimed that such damages should reflect monetary adjustments and default interest for the passage of time. The court-appointed expert has also concluded that no damages were incurred. Different public prosecutors have issued conflicting opinions. The first public prosecutor had filed an opinion that supports the view of the VASP-appointed expert. In response to that opinion, the court-appointed expert reaffirmed his conclusion. A subsequently-appointed public prosecutor subsequently filed a new opinion that is less supportive of the VASP-appointed expert's opinion, but the original public prosecutor then issued a third opinion consistent with the first one. On October 30, 2017, the court decided that VASP had suffered no damages. On April 20, 2018, VASP appealed this decision. We believe, however, and we have been advised, that it is not probable that VASP will ultimately be able to recover damages from us even if VASP prevails on the issue of liability. The outcome of the legal process is, however, uncertain. The ultimate amount of damages, if any, payable to VASP cannot reasonably be estimated at this time. We continue to actively pursue all courses of action that may reasonably be available to us and intend to defend our position vigorously.

In 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 filed applications challenging the jurisdiction of the English court, and sought to adjourn the 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 million in damages plus accrued interest. We subsequently applied to the STJ for an order ratifying the English judgment, so that it might be submitted in the VASP bankruptcy. The STJ granted AerCap's application and entered an 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.

26. Commitments and contingencies (Continued)

In addition to our claim in the English courts, AerCap has 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 two judgments in favor of AerCap, awarding us aggregate damages in the amount of approximately $36.9 million. We subsequently applied to the STJ for an order ratifying the Irish judgments, so that they might be submitted in the VASP bankruptcy. The STJ granted AerCap's application and ratified the Irish judgments.

AerCap has submitted both the Irish and the English judgments in the VASP bankruptcy. The bankruptcy court has required that the claims submitted limit interest on the judgments to that accrued on or before the commencement of VASP's bankruptcy, which has resulted in claims of approximately $40 million for the English judgments and approximately $24 million for the Irish judgments.

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.

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 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.

26. Commitments and contingencies (Continued)

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. The appellate panel rejected Transbrasil's appeal in November 2016, preserving the October 2013 order. All appeals in respect of the Transbrasil Lawsuit have now concluded.

In 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 TJSP has since affirmed the dismissals of those actions and Transbrasil has appealed that order. Transbrasil's Provisional Enforcement Action with respect to the Indemnity Claim remains pending.

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 was 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 appealed. On March 22, 2016, the appellate court rejected the appeal. On April 22, 2016, the Hassanati plaintiffs refiled their action at the trial court. The trial court granted ILFC's motion to dismiss the Hassanati plaintiffs' second complaint on November 22, 2016, and entered judgment in favor of ILFC. The Hassanati plaintiffs appealed and the appellate court rejected their appeal on September 17, 2018.

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. On June 30, 2017, the parties to the Abdallah action executed a Master Settlement Agreement setting forth terms on which Yemenia's insurance carrier proposes to settle the case with each claimant family. Upon the claimant families' execution of individual release and discharge agreements and upon ILFC's and Yemenia's confirmation of a sufficient number of participating claimants, the claims by such participating claimants against ILFC and Yemenia in the Abdallah Action will be dismissed in exchange for payment from Yemenia's insurance carrier. 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.

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

27. Fair values of financial instruments

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

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

The carrying amounts and fair values of our most significant financial instruments as of December 31, 2019 and 2018 were as follows:

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

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

	December 31, 2018		
	Carrying value		Fair value
Assets			
Cash and cash equivalents	$ 1,204,018		$ 1,204,018
Restricted cash	211,017		211,017
Derivative assets	69,105		69,105
	$ 1,484,140		**$ 1,484,140**
Liabilities			
Debt	$ 29,668,203	(a)	$ 29,031,153
Derivative liabilities	29,321		29,321
	$ 29,697,524		**$ 29,060,474**

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

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

28. Directors' remuneration

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

The table below indicates the total remuneration paid to our current and former non-executive directors during the years ended December 31, 2019 and 2018, and the share-based compensation expense recognized in those years related to AerCap equity instruments that were granted to the non-executive directors on December 31, 2019 and December 31 in prior years:

	Year Ended December 31,			
	2019		2018	
	Remuneration paid	Share-based compensation expense (e)	Remuneration paid	Share-based compensation expense (e)
Pieter Korteweg	$ 289	$ 217	$ 305	$ 409
Salem Al Noaimi (a)	124	85	160	118
Homaid Al Shimmari (a)	104	—	120	—
Julian (Brad) Branch (b)	190	57	138	—
Stacey Cartwright (c)	99	—	—	—
James (Jim) Chapman (d)	—	—	67	207
Paul Dacier	202	112	197	211
Rita Forst (c)	99	—	—	—
Richard (Michael) Gradon	172	129	181	243
Marius Jonkhart (d)	—	—	66	178
James (Jim) Lawrence	187	145	196	60
Michael Walsh	210	113	200	40
Robert (Bob) Warden	181	86	198	162
	$ 1,857	**$ 944**	**$ 1,828**	**$ 1,628**

(a) Resigned from the Board on December 5, 2019.
(b) Appointed to the Board on April 25, 2018.
(c) Appointed to the Board on April 24, 2019.
(d) Resigned from the Board on April 25, 2018.
(e) The annual equity awards are granted to our non-executive directors on December 31 of each year and related expenses are recognized in subsequent years over the vesting period.

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

We paid Mr. Kelly, our only executive director and Chief Executive Officer, a total remuneration of approximately $2.5 million, consisting of an annual base salary of approximately $1.0 million, an annual cash bonus of approximately $1.3 million, which is based on specific targets that were met, and approximately $0.2 million as contributions to his defined benefit pension plan and other employment benefits, during the year ended December 31, 2019. In addition, during the year ended December 31, 2019, we recognized $22.2 million of expenses related to AerCap equity instruments that were granted to him in 2019 and prior years.

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

28. Directors' remuneration (Continued)

The following table presents beneficial ownership of our shares which are held by our directors as of December 31, 2019:

	Ordinary shares (unrestricted)	Restricted stock (a)	Restricted stock units (a) (b)	Ordinary shares underlying options (c)	Fully diluted ownership percentage (d)
Pieter Korteweg (Chairman)	32,170	—	11,813	—	*
Aengus Kelly (e)	1,961,233	1,313,776	—	—	2.1%
Julian (Brad) Branch	4,000	—	7,029	—	*
Stacey Cartwright	—	—	1,804	—	*
Paul Dacier	5,597	—	6,084	5,728	*
Rita Forst	—	—	1,804	—	*
Richard (Michael) Gradon	—	—	7,029	—	*
James (Jim) Lawrence	200,000	—	11,604	—	*
Michael Walsh	500	—	9,282	—	*
Robert (Bob) Warden	10,803	—	4,666	—	*
	2,214,303	**1,313,776**	**61,115**	**5,728**	

* Less than 1.0%.

(a) All restricted stock and restricted stock units are subject to time-based or performance-based vesting conditions. Of these restricted stock and restricted stock units, subject to the vesting conditions, 29,592 will vest on April 30, 2020 (or the date of the AGM in 2020, whichever is the earlier), 5,647 will vest on January 1, 2021, 18,345 will vest on March 12, 2021, 15,239 will vest on April 30, 2021 (or, the date of the AGM in 2021, whichever is the earlier), 4,311 will vest on January 1, 2022, 17,855 will vest on March 11 2022, 2,718 will vest on April 30, 2022 (or the date of the AGM in 2022, whichever is the earlier), 842,105 will vest on May 1, 2022 (or the date of the AGM in 2022, whichever is the earlier), 3,608 will vest on January 1, 2023 14,419 will vest on March 9, 2023 and 421,052 will vest on May 1, 2023 (or the date of the AGM in 2023, whichever is the earlier).

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

(c) 1,774 of these options expire on December 31, 2020 and carry a strike price of $14.12 per option. 2,151 of these options expire on December 31, 2021 and carry a strike price of $11.29 per option. The remaining 1,803 options expire on December 31, 2022 and carry a strike price of $13.72 per option.

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

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

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2019:

	2019 Granted	2019 Vested
Aengus Kelly	32,274 (a)	571,455 (b)

(a) Grant of 47,336 shares of restricted stock, of which 15,062 were withheld to pay taxes incurred by Mr. Kelly in connection with the grant.

(b) Vesting of shares of restricted stock.

All of our ordinary shares have the same voting rights.

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

29. Subsidiary undertakings

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

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

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

29. Subsidiary undertakings (Continued)

AerCap Aircraft Purchase Limited	Cayman Islands
AerCap HK-320-A Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
ILFC Cayman Limited	Cayman Islands
Eaststar Limited	China
North Star Company Limited	China
Southstar Limited	China
Sunstar Limited	China
Calais Location S.A.R.L.	France
Grenoble Location S.A.R.L.	France
ILFC France S.A.R.L.	France
Nancy Location S.A.R.L.	France
Whitney France Leasing S.A.R.L.	France
Aerborne Funding II Limited	Ireland
AerBorne Funding Limited	Ireland
AerCap A330 Holdings Limited	Ireland
AerCap Administrative Services Limited	Ireland
AerCap Aircraft 73B-30661 Limited	Ireland
AerCap Aircraft 73B-32841 Limited	Ireland
AerCap Aircraft 77B-32717 Limited	Ireland
AerCap Asset Finance Limited	Ireland
AerCap Cash Manager Limited	Ireland
AerCap Celtavia 4 Limited	Ireland
AerCap Engine Leasing Limited	Ireland
AerCap Finance Limited	Ireland
AerCap Financial Services (Ireland) Limited	Ireland
AerCap Holding & Finance Limited	Ireland
AerCap Ireland Asset Investment 1 Limited	Ireland
AerCap Ireland Asset Investment 2 Limited	Ireland
AerCap Ireland Capital Designated Activity Company	Ireland
AerCap Ireland Funding 1 Limited	Ireland
AerCap Ireland Limited	Ireland
AerCap Irish Aircraft Leasing 2 Limited	Ireland
AerCap Leasing 3034 Limited	Ireland
AerCap Leasing 32A-2406 Limited	Ireland
AerCap Leasing 32A-2448 Limited	Ireland
AerCap Leasing 8 Limited	Ireland
AerCap Leasing 946 Limited	Ireland
AerCap Partners 2 Holding Limited	Ireland
AerCap Partners 2 Limited	Ireland
AerCap Partners 767 Holdings Limited	Ireland

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

29. Subsidiary undertakings (Continued)

AerCap Partners 767 Limited	Ireland
AerCap Partners I Holding Limited	Ireland
AerCap Partners I Limited	Ireland
AerFi Group Limited	Ireland
AerVenture Export Leasing Limited	Ireland
AerVenture Limited	Ireland
Aircraft Portfolio Holding Company Limited	Ireland
Aircraft Portfolio Holding Company No. 2 Limited	Ireland
Andes Aircraft Leasing Limited	Ireland
Andromeda Aircraft Leasing Limited	Ireland
Annamite Aircraft Leasing Limited	Ireland
Arctic Leasing No.2 Limited	Ireland
Arctic Leasing No.3 Limited	Ireland
Arfaj Aircraft Leasing Limited	Ireland
Artemis (Delos) Limited	Ireland
Artemis Aircraft 32A-1925 Limited	Ireland
Artemis Aircraft 32A-3309 Limited	Ireland
Artemis Aircraft 32A-3385 (Ireland) Limited	Ireland
Artemis Aircraft 32A-3388 (Ireland) Limited	Ireland
Artemis Aircraft 73B-30671 Limited	Ireland
Artemis Aircraft 77B-32725 Limited	Ireland
Artemis Ireland Leasing Limited	Ireland
Ballymoon Aircraft Solutions Limited	Ireland
Ballysky Aircraft Ireland Limited	Ireland
Ballystar Aircraft Solutions Limited	Ireland
BlowfishFunding Limited	Ireland
Burgundy Aircraft Leasing Limited	Ireland
Calliope Limited	Ireland
Camden Aircraft Leasing Limited	Ireland
Cash Manager Limited	Ireland
Castletroy Leasing Limited	Ireland
CelestialFunding Limited	Ireland
Celtago Funding Limited	Ireland
Celtago II Funding Limited	Ireland
Cesium Funding Limited	Ireland
Charleville Aircraft Leasing Limited	Ireland
CieloFunding Holdings Limited	Ireland
CieloFunding II Limited	Ireland
CieloFunding Limited	Ireland
Clarity Leasing Limited	Ireland
CloudFunding II Limited	Ireland
CloudFunding Limited	Ireland

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

29. Subsidiary undertakings (Continued)

CuttlefishFunding Limited	Ireland
Danang Aircraft Leasing Limited	Ireland
Danang Aircraft Leasing No. 2 Limited	Ireland
DartfishFunding Designated Activity Company	Ireland
Delos Aircraft 76B-29387 Designated Activity Company	Ireland
Delos Aircraft Limited	Ireland
Eden Aircraft Holding No. 2 Limited	Ireland
Electra Funding Ireland Limited	Ireland
Eris Aircraft Limited	Ireland
Excalibur Aircraft Leasing Limited	Ireland
Fansipan Aircraft Leasing Limited	Ireland
FirefishFunding Limited	Ireland
Flotlease MSN 3699 Limited	Ireland
Flotlease MSN 973 Limited	Ireland
FlyFunding Limited	Ireland
Flying Fortress Ireland Leasing Limited	Ireland
Fortress Aircraft 32A-2730 Limited	Ireland
Fortress Aircraft 33A-0366 Limited	Ireland
Fortress Aircraft 76B-29383 Designated Activity Company	Ireland
Fortress Aircraft 78B-38761 Limited	Ireland
Fortress Ireland Leasing Limited	Ireland
Geministream Aircraft Leasing Limited	Ireland
Gladius Funding Limited	Ireland
Glide Aircraft 35A-29 Ltd	Ireland
Glide Aircraft 73B-41815 Limited	Ireland
Glide Aircraft 78B-38765 Limited	Ireland
Glide Funding Limited	Ireland
Goldfish Funding Limited	Ireland
Gunung Leasing Limited	Ireland
Harmonic Aircraft Leasing Limited	Ireland
Hyperion Aircraft Financing Limited	Ireland
Hyperion Aircraft Limited	Ireland
ILFC Aircraft 32A-1808 Limited	Ireland
ILFC Aircraft 32A-1884 Limited	Ireland
ILFC Aircraft 32A-1901 Limited	Ireland
ILFC Aircraft 32A-1905 Limited	Ireland
ILFC Aircraft 32A-2064 Limited	Ireland
ILFC Aircraft 32A-2076 Limited	Ireland
ILFC Aircraft 32A-2279 Limited	Ireland
ILFC Aircraft 32A-2707 Limited	Ireland
ILFC Aircraft 32A-2726 Limited	Ireland
ILFC Aircraft 32A-2797 Limited	Ireland

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

29. Subsidiary undertakings (Continued)

ILFC Aircraft 32A-3065 Limited	Ireland
ILFC Aircraft 32A-3070 Limited	Ireland
ILFC Aircraft 32A-3114 Limited	Ireland
ILFC Aircraft 32A-3116 Limited	Ireland
ILFC Aircraft 32A-3124 Limited	Ireland
ILFC Aircraft 32A-4619 Limited	Ireland
ILFC Aircraft 32A-591 Limited	Ireland
ILFC Aircraft 32A-666 Limited	Ireland
ILFC Aircraft 33A-1284 Limited	Ireland
ILFC Aircraft 33A-253 Limited	Ireland
ILFC Aircraft 33A-272 Limited	Ireland
ILFC Aircraft 33A-432 Limited	Ireland
ILFC Aircraft 33A-444 Limited	Ireland
ILFC Aircraft 33A-454 Limited	Ireland
ILFC Aircraft 33A-469 Limited	Ireland
ILFC Aircraft 33A-822 Limited	Ireland
ILFC Aircraft 33A-911 Limited	Ireland
ILFC Aircraft 73B-29344 Limited	Ireland
ILFC Aircraft 73B-29368 Limited	Ireland
ILFC Aircraft 73B-29369 Limited	Ireland
ILFC Aircraft 73B-30658 Limited	Ireland
ILFC Aircraft 73B-30665 Limited	Ireland
ILFC Aircraft 73B-30667 Limited	Ireland
ILFC Aircraft 73B-30669 Limited	Ireland
ILFC Aircraft 73B-30672 Limited	Ireland
ILFC Aircraft 73B-30673 Limited	Ireland
ILFC Aircraft 73B-30694 Limited	Ireland
ILFC Aircraft 73B-30695 Limited	Ireland
ILFC Aircraft 73B-30696 Limited	Ireland
ILFC Aircraft 73B-30701 Limited	Ireland
ILFC Aircraft 73B-35275 Limited	Ireland
ILFC Aircraft 73B-38828 Limited	Ireland
ILFC Aircraft 73B-41784 Limited	Ireland
ILFC Aircraft 73B-41785 Limited	Ireland
ILFC Aircraft 73B-41789 Limited	Ireland
ILFC Aircraft 73B-41790 Limited	Ireland
ILFC Aircraft 73B-41791 Limited	Ireland
ILFC Aircraft 73B-41792 Limited	Ireland
ILFC Aircraft 73B-41793 Limited	Ireland
ILFC Aircraft 73B-41795 Limited	Ireland
ILFC Aircraft 73B-41802 Limited	Ireland
ILFC Aircraft 73B-41803 Limited	Ireland

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

29. Subsidiary undertakings (Continued)

ILFC Aircraft 75B-26330 Limited	Ireland
ILFC Aircraft 75B-27208 Designated Activity Company	Ireland
ILFC Aircraft 75B-29381 Limited	Ireland
ILFC Aircraft 76B-27610 Limited	Ireland
ILFC Aircraft 76B-27616 Limited	Ireland
ILFC Aircraft 76B-27958 Limited	Ireland
ILFC Aircraft 76B-28111 Limited	Ireland
ILFC Aircraft 76B-28207 Limited	Ireland
ILFC Aircraft 76B-29435 Limited	Ireland
ILFC Aircraft 77B-29908 Limited	Ireland
ILFC Ireland Leasing Limited	Ireland
ILFC Ireland Limited	Ireland
Iridium Funding Limited	Ireland
Jade Aircraft Leasing Limited	Ireland
Jasmine Aircraft Leasing Limited	Ireland
Jasper Aircraft Leasing Limited	Ireland
Leostream Aircraft Leasing Limited	Ireland
Librastream Aircraft Leasing Limited	Ireland
Liffey Aircraft Leasing Limited	Ireland
Limelight Funding Limited	Ireland
Lishui Aircraft Leasing Limited	Ireland
Mainstream Aircraft Leasing Limited	Ireland
Melodic Aircraft Leasing Limited	Ireland
Menelaus I Limited	Ireland
Menelaus II Designated Activity Company	Ireland
Menelaus III Limited	Ireland
Menelaus IV Limited	Ireland
Menelaus V Limited	Ireland
Menelaus VI Limited	Ireland
Menelaus VII Limited	Ireland
Menelaus VIII Limited	Ireland
Mentes I Ireland Leasing Limited	Ireland
Mentes II Ireland Leasing Limited	Ireland
Mentes III Ireland Leasing Limited	Ireland
Mentes IV Ireland Leasing Limited	Ireland
Mentes V Ireland Leasing Limited	Ireland
Mentes VI Ireland Leasing Limited	Ireland
Mentes VII Ireland Leasing Limited	Ireland
Monophonic Aircraft Leasing Limited	Ireland
Moonlight Aircraft Leasing (Ireland) Limited	Ireland
NimbusFunding Limited	Ireland
Pearl Funding Limited	Ireland

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

29. Subsidiary undertakings (Continued)

Philharmonic Aircraft Leasing Limited	Ireland
Platinum Aircraft Leasing Limited	Ireland
Polyphonic Aircraft Leasing Limited	Ireland
Quadrant MSN 5719 Limited	Ireland
Quadrant MSN 5802 Limited	Ireland
Quadrant MSN 5869 Limited	Ireland
Quiescent Holdings Limited	Ireland
RainbowFunding Limited	Ireland
Rhodium Funding Limited	Ireland
Riggs Leasing Limited	Ireland
Rouge Aircraft Leasing Limited	Ireland
Scandium Funding Limited	Ireland
Scarlet Aircraft Leasing Limited	Ireland
Serranus Funding Limited	Ireland
Shrewsbury Aircraft Leasing Limited	Ireland
SkyFunding II Holdings Limited	Ireland
SkyFunding II Limited	Ireland
SkyFunding Leasing 1 Limited	Ireland
SkyFunding Limited	Ireland
Skylease MSN (3365) Limited	Ireland
Skylease MSN (3392) Limited	Ireland
Skylease MSN 3545 Limited	Ireland
Skylease MSN 3564 Limited	Ireland
Skylease MSN 3574 Limited	Ireland
Skylease MSN 3711 Limited	Ireland
Skylease MSN 3778 Limited	Ireland
Skylease MSN 3825 Limited	Ireland
Skylease MSN 3859 Limited	Ireland
Skylease MSN 4168 Limited	Ireland
Skylease MSN 4241 Limited	Ireland
Skylease MSN 4254 Limited	Ireland
Skylease MSN 4267 Limited	Ireland
Skyscape Limited	Ireland
SoraFunding Limited	Ireland
StratocumulusFunding Limited	Ireland
StratusFunding Limited	Ireland
Streamline Aircraft Leasing Limited	Ireland
Sunflower Aircraft Leasing Limited	Ireland
Symphonic Aircraft Leasing Limited	Ireland
Synchronic Aircraft Leasing Limited	Ireland
Temescal Aircraft 32A-2383 Limited	Ireland
Temescal Aircraft 33A-0758 Limited	Ireland

29. Subsidiary undertakings (Continued)

TetraFunding Limited	Ireland
Transversal Aircraft Holdings Limited	Ireland
Transversal Aircraft Leasing Limited	Ireland
Triple Eight Aircraft Holdings Limited	Ireland
Triple Eight Aircraft Leasing Limited	Ireland
Verde Aircraft Finance Limited	Ireland
Verde Aircraft Investment Limited	Ireland
Virgostream Aircraft Leasing Limited	Ireland
Whitney Ireland Leasing Limited	Ireland
XLease MSN 3008 Limited	Ireland
XLease MSN 3420 Limited	Ireland
Acorn Aviation Limited	Isle of Man
AerCap Holding (IOM) Limited	Isle of Man
AerCap IOM 2 Limited	Isle of Man
CRESCENT AVIATION LIMITED	Isle of Man
Stallion Aviation Limited	Isle of Man
AerCap Jet Limited	Jersey
Delos Finance S.a.r.l.	Luxembourg
ILFC Labuan ECA Ltd.	Malaysia
ILFC Labuan Ltd.	Malaysia
AerCap A330 Holdings B.V.	Netherlands
AerCap AerVenture Holding B.V.	Netherlands
AerCap Aircraft 73B-30645 B.V.	Netherlands
AerCap Aviation Solutions B.V.	Netherlands
AerCap B.V.	Netherlands
AerCap Dutch Aircraft Leasing I B.V.	Netherlands
AerCap Dutch Aircraft Leasing IV B.V.	Netherlands
AerCap Dutch Aircraft Leasing VII B.V.	Netherlands
AerCap Dutch Global Aviation B.V.	Netherlands
AerCap Group Services B.V.	Netherlands
AerCap International B.V.	Netherlands
AerCap Leasing XIII B.V.	Netherlands
AerCap Leasing XXX B.V.	Netherlands
AerCap Netherlands B.V.	Netherlands
Annamite Aircraft Leasing B.V.	Netherlands
BlowfishFunding B.V.	Netherlands
Clearstream Aircraft Leasing B.V.	Netherlands
FodiatorFunding B.V.	Netherlands
Goldfish Funding B.V.	Netherlands
Harmony Funding B.V.	Netherlands
Harmony Funding Holdings B.V.	Netherlands
ILFC Aviation Services (Europe) B.V.	Netherlands

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

29. Subsidiary undertakings (Continued)

NimbusFunding B.V.	Netherlands
Sapa Aircraft Leasing B.V.	Netherlands
StratocumulusFunding B.V.	Netherlands
Worldwide Aircraft Leasing B.V.	Netherlands
AerCap Singapore Pte. Ltd.	Singapore
ILFC Singapore Pte. Ltd.	Singapore
32904 Sverige AB	Sweden
AerFi Sverige AB	Sweden
International Lease Finance Corporation (Sweden) AB	Sweden
AerCap UK Limited	United Kingdom
Aircraft 32A-3424 Limited	United Kingdom
Aircraft 32A-3454 Limited	United Kingdom
Archytas Aviation Limited	United Kingdom
ILFC UK Limited	United Kingdom
Temescal UK Limited	United Kingdom
Whitney UK Leasing Limited	United Kingdom
AerCap Global Aviation Trust	United States
AerCap Group Services, LLC	United States
AerCap Hangar 52, Inc.	United States
AerCap Leasing USA I, LLC	United States
AerCap Leasing USA II, LLC	United States
AerCap U.S. Global Aviation LLC	United States
AerCap, LLC	United States
AeroTurbine, LLC	United States
Aircraft 32A-1658 Inc.	United States
Aircraft 32A-1905 Inc.	United States
Aircraft 32A-1946 Inc.	United States
Aircraft 32A-2024 Inc.	United States
Aircraft 32A-2594 Inc.	United States
Aircraft 32A-2731 Inc.	United States
Aircraft 32A-585 Inc.	United States
Aircraft 32A-645 Inc.	United States
Aircraft 32A-726 Inc.	United States
Aircraft 32A-760 Inc.	United States
Aircraft 32A-775 Inc.	United States
Aircraft 32A-782 Inc.	United States
Aircraft 32A-993, Inc.	United States
Aircraft 33A-132, Inc.	United States
Aircraft 33A-358 Inc.	United States
Aircraft 34A-152 Inc.	United States
Aircraft 34A-395 Inc.	United States
Aircraft 34A-48 Inc.	United States

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

29. Subsidiary undertakings (Continued)

Aircraft 34A-93 Inc.	United States
Aircraft 73B-26317 Inc.	United States
Aircraft 73B-28249 Inc.	United States
Aircraft 73B-28252 Inc.	United States
Aircraft 73B-30036 Inc.	United States
Aircraft 73B-30646 Inc.	United States
Aircraft 73B-30661 Inc.	United States
Aircraft 73B-30671 Inc.	United States
Aircraft 73B-30730 Inc.	United States
Aircraft 73B-32796 Inc.	United States
Aircraft 73B-32841 Inc.	United States
Aircraft 73B-38821 Inc.	United States
Aircraft 73B-41794 Inc.	United States
Aircraft 73B-41796 Inc.	United States
Aircraft 73B-41806 Inc.	United States
Aircraft 73B-41815 Inc.	United States
Aircraft 74B-27602 Inc.	United States
Aircraft 75B-28834 Inc.	United States
Aircraft 75B-28836 Inc.	United States
Aircraft 76B-26261 Inc.	United States
Aircraft 76B-26327 Inc.	United States
Aircraft 76B-26329 Inc.	United States
Aircraft 76B-27597 Inc.	United States
Aircraft 76B-27600 Inc.	United States
Aircraft 76B-27613 Inc.	United States
Aircraft 76B-28132 Inc.	United States
Aircraft 76B-28206 Inc.	United States
Aircraft 77B-29404 Inc.	United States
Aircraft 77B-32723 Inc.	United States
Aircraft Andros Inc.	United States
Aircraft B757 29377 Inc.	United States
Aircraft B757 29382 Inc.	United States
Aircraft B767 29388 Inc.	United States
Aircraft Lotus Inc.	United States
Aircraft SPC-12, LLC	United States
Aircraft SPC-3, Inc.	United States
Aircraft SPC-4, Inc.	United States
Aircraft SPC-8, Inc.	United States
Aircraft SPC-9, LLC	United States
Apollo Aircraft Inc.	United States
Artemis US Inc.	United States
Brokat Leasing, LLC	United States

29. Subsidiary undertakings (Continued)

CABREA, Inc.	United States
Camden Aircraft Leasing Trust	United States
Charmlee Aircraft Inc.	United States
Cloudbreak Aircraft Leasing Inc.	United States
Doheny Investment Holding Trust	United States
Euclid Aircraft, Inc.	United States
Fleet Solutions Holdings LLC	United States
Flying Fortress Financing, LLC	United States
Flying Fortress Holdings, LLC	United States
Flying Fortress Investments, LLC	United States
Flying Fortress US Leasing Inc.	United States
Grand Staircase Aircraft, LLC	United States
ILFC Aircraft 78B-38799 Inc.	United States
ILFC Aviation Consulting, Inc.	United States
ILFC Dover, Inc.	United States
ILFC Volare, Inc.	United States
Interlease Aircraft Trading Corporation	United States
Interlease Management Corporation	United States
International Lease Finance Corporation	United States
Maiden Leasing, LLC	United States
Park Topanga Aircraft, LLC	United States
Pelican 35302, Inc.	United States
Temescal Aircraft, LLC	United States
Whitney US Leasing, Inc.	United States

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

30. Subsequent events

In January 2020, our Board of Directors approved a share repurchase program authorizing total repurchases of up to $250 million of AerCap ordinary shares through June 30, 2020. 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 ordinary shares to be purchased will be determined by the Company's management, 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.

In February 2020, we exercised an option to purchase an additional 50 Airbus A320neo Family aircraft from Airbus, with deliveries starting in 2024.

In February 2020, AerCap entered into an agreement with Boeing to reschedule the delivery positions of a portion of the Boeing 737 MAX aircraft under AerCap's forward order contract with Boeing to later dates.

AerCap Holdings N.V.

Company Balance Sheets

For the Years Ended December 31, 2019 and 2018

(After proposed profit appropriation)

	Note	As of December 31, 2019	As of December 31, 2018
		(U.S. Dollars in thousands)	
ASSETS			
Fixed assets			
Financial fixed assets			
Subsidiaries	32	$ 11,034,722	$ 9,986,206
Total fixed assets		**11,034,722**	**9,986,206**
Current assets			
Receivables			
Receivable from subsidiaries		181,934	129,530
Other receivables		78,422	79,675
Total receivables		**260,356**	**209,205**
Cash and cash equivalents		3,375	3,020
Total current assets		**263,731**	**212,225**
Total Assets		**$ 11,298,453**	**$ 10,198,431**
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		$ 1,754	$ 1,866
Additional paid-in capital		2,391,437	2,894,442
Treasury shares, at cost		(537,341)	(476,085)
Revaluation reserves		(93,587)	(1,824)
Accumulated retained earnings (a)		7,025,859	5,894,033
Total Equity	33	**8,788,122**	**8,312,432**
Liabilities			
Payable to subsidiaries		1,748,676	1,872,676
Debt (b)		740,064	—
Negative goodwill		3,378	7,101
Accounts payable, accrued expenses and other liabilities		18,213	6,222
Total liabilities		**2,510,331**	**1,885,999**
Total Equity and Liabilities		**$ 11,298,453**	**$ 10,198,431**

(a) Includes $39.4 million and $48.2 million of legal reserves for participations as of December 31, 2019 and 2018, respectively, which are not free to distribute.

(b) Debt, net of $9.9 million of debt issuance costs. Please refer to the "2079 Junior Subordinated Notes" in Note 13—*Debt.*

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

AerCap Holdings N.V.

Company Income Statements

For the Years Ended December 31, 2019 and 2018

	Note	Year Ended December 31, 2019	2018
		(U.S. Dollars in thousands)	
Net income from subsidiaries	32	$ 1,134,596	$ 927,311
Other income and expenses after taxation		(61)	(8,796)
Net income		**$ 1,134,535**	**$ 918,515**

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

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

31. Summary of significant accounting policies

General

The Company Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards for annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The Company Income Statements are presented in accordance with Part 9, Book 2, Art. 402 of the Dutch Civil Code.

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

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

Subsidiaries

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

Receivables from and payables to subsidiaries

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

Share-based compensation

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

32. Subsidiaries

Movements in subsidiaries during the years ended December 31, 2019 and 2018 were as follows:

	Year Ended December 31,	
	2019	2018
Balance at beginning of period	$ 9,986,206	$ 9,225,116
Net income from subsidiaries	1,134,596	927,311
Direct equity movements of subsidiaries	(91,763)	(16,098)
Share-based compensation	5,709	(150,139)
Capital contributions, redemptions, dividends received and other	(26)	16
Balance at end of period	**$ 11,034,722**	**$ 9,986,206**

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

33. Equity

As of December 31, 2019 and 2018, the authorized share capital of AerCap Holdings N.V. amounts to ordinary share capital of €0.01 par value and 350,000,000 ordinary shares authorized. As of December 31, 2019 and 2018, issued share capital consists of 141,847,345 and 151,847,345 ordinary shares issued and 131,583,489 and 142,674,664 ordinary shares outstanding (including 2,354,318 and 2,429,442 shares of unvested restricted stock), respectively.

As of December 31, 2019 and 2018, treasury shares at cost were 10,263,856 and 9,172,681 ordinary shares, respectively.

Movements in equity during the years ended December 31, 2019 and 2018 were as follows:

	Number of ordinary shares issued	Ordinary share capital	Additional paid-in capital	Treasury shares	Revaluation reserves (a)	Accumulated retained earnings	Total equity
Balance as of December 31, 2017	**167,847,345**	**$ 2,058**	**$ 3,694,986**	**$ (731,442)**	**$ 14,274**	**$ 5,182,576**	**$ 8,162,452**
Repurchase of shares	—	—	—	(726,640)	—	—	(726,640)
Share cancellation	(16,000,000)	(192)	(800,544)	800,736	—	—	—
Ordinary shares issued, net of tax withholdings	—	—	—	181,261	—	(302,234)	(120,973)
Share-based compensation	—	—	—	—	—	95,176	95,176
Direct equity movements of subsidiaries	—	—	—	—	(16,098)	—	(16,098)
Net income for the period	—	—	—	—	—	918,515	918,515
Balance as of December 31, 2018	**151,847,345**	**$ 1,866**	**$ 2,894,442**	**$ (476,085)**	**$ (1,824)**	**$ 5,894,033**	**$ 8,312,432**
Repurchase of shares	—	—	—	(607,343)	—	—	(607,343)
Share cancellation	(10,000,000)	(112)	(503,005)	503,117	—	—	—
Ordinary shares issued, net of tax withholdings	—	—	—	42,970	—	(72,119)	(29,149)
Share-based compensation	—	—	—	—	—	69,410	69,410
Direct equity movements of subsidiaries	—	—	—	—	(91,763)	—	(91,763)
Net income for the period	—	—	—	—	—	1,134,535	1,134,535
Balance as of December 31, 2019	**141,847,345**	**$ 1,754**	**$ 2,391,437**	**$ (537,341)**	**$ (93,587)**	**$ 7,025,859**	**$ 8,788,122**

(a) Revaluation reserves are not free to distribute.

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

34. Employees

AerCap Holdings N.V. had four (2018: four) employees, all employed outside the Netherlands, as of December 31, 2019. The disclosure on directors' remuneration is included in Note 28—*Directors' remuneration*.

35. Audit fees

Our auditors charged the following fees for professional services rendered for the years ended December 31, 2019 and 2018:

	Year Ended December 31,	
	2019	2018
Audit fees	$ 5,530	$ 5,573
Tax fees	523	512
All other fees	3	3
	$ 6,056	**$ 6,088**

The fees listed above relate only to the services provided to AerCap Holdings N.V. and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta). The total fees included $0.5 million, all related to audit fees, which was charged by PricewaterhouseCoopers Accountants N.V. for the years ended December 31, 2019 and 2018.

36. Fiscal unity

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

37. Profit appropriation

Following the appropriation of result proposed by the Board of Directors, the net income of $1,134.5 million for the year ended December 31, 2019 is added to the accumulated retained earnings and no profits shall be distributed as dividends to the shareholders.

38. Declaration of liability

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

Dublin, March 5, 2020

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

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

Other information

Statutory provision

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

Independent auditor's report

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

Report on the financial statements 2019

Our opinion

In our opinion, the financial statements of AerCap Holdings N.V. (the "Company") give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2019, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2019 of AerCap Holdings N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the Consolidated and Company Balance Sheets as of December 31, 2019;
- the Consolidated and Company Income Statements for the year ended December 31, 2019; and
- the notes, comprising the accounting policies and other explanatory information.

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

The basis for our opinion

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

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

Independence

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

Our audit approach

Overview and context

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

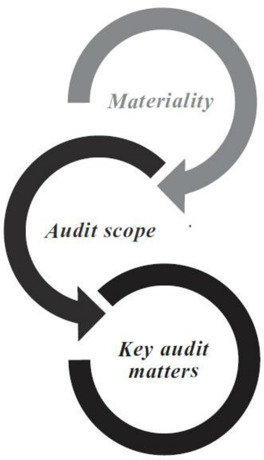
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph two of the financial statements, the Company describes the areas of judgment in applying accounting policies and the key sources of estimation uncertainty.

We identified the net gain on sale of aircraft as key audit matter, because of the incidence of aircraft sales in 2019 and the fact that management exercises significant judgments in the determination of whether the sale (and resulting gain or loss) should be recognized. Furthermore, given the significant judgment regarding the identification of impairment and the estimate of significant assumptions when projecting future cash flows, we considered the identification of impairment events and resulting impairment calculations as a key audit matter as set out in the section 'Key audit matters' of this report.

As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

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

The outline of our audit approach was as follows:



Materiality

Overall materiality: $67.0 million (2018: $57.5 million)

Audit scope

We conducted audit work in the Netherlands and Ireland

Audit coverage: 100% of consolidated revenue, 100% of consolidated total assets and 100% of consolidated profit before tax

Key audit matters

Net gain on sales of aircraft

Event-driven impairment and resulting impairment calculation charges

Materiality

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

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

Overall group materiality	$67.0 million (2018: $57.5 million).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 5% of profit before tax based on the U.S. GAAP consolidated financial statements as filed on Form 20-F (U.S. GAAP).
Rationale for benchmark applied	Based on our analysis of the common information needs of users of the financial statements, we believe that profit before tax is an important metric for the financial performance of the Company. The Company uses two accounting frameworks for calculating profit before tax. - The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code ('Dutch GAAP'). - The Accounting principles generally accepted in the United States of America have been applied for the quarterly and annual earnings releases and the financial statements filed with the United States Securities and Exchange Commission and are applied in the operational accounting records and are predominately used by most of the stakeholders. In our judgment, the users of financial information of the Company are primarily interested in the U.S. GAAP financial information. Any user of these financial statements (Dutch GAAP) would likely not review this information in isolation; if users did review this information it would be in supplement to the U.S. GAAP financial information. Therefore, we applied the generally accepted auditing practice benchmark of 5% on the profit before tax based on U.S. GAAP for the audit of these financial statements.

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

We agreed with the Audit Committee of the Board of Directors that we would report to them misstatements identified during our audit above $3.35 million (2018: $2.8 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

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

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

Key audit matters

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

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

No new key audit matters have been identified compared to 2018, as there have been no major changes in business activities.

Key audit matter	***Our audit work and observations***
Net gain on sales of aircraft	
As described in the consolidated income statement on page 31, the company's consolidated net gain on sale of aircraft for the year ended 31 December 2019 was $270.1 million. The company sells aircraft in the normal course of its business to manage its fleet and to realize the residual value of aircraft at the end of their economic life. In some cases, the terms and conditions of aircraft sale transactions may include continuing equity or debt investments in the aircraft, post-sale guarantees of aircraft cash flows or servicing arrangements. The presence of any of these terms and conditions requires management to exercise significant judgment to determine whether control of the underlying aircraft has been transferred to the buyer, and whether the company no longer has significant ownership risk in the asset, both of which are required for a sale and resulting gain or loss to be recognized. The principal considerations for our determination that performing procedures relating to the net gain on sale of aircraft is a key audit matter are the magnitude of aircraft sales in 2019 and the fact that management exercises significant judgments in the determination of whether the sale (and resulting gain or loss) should be recognized, which determination can be complex due to unique elements that may be included in the sale contract. This in turn led to a high degree of auditor subjectivity, judgment and effort in performing procedures to evaluate management judgment and the audit evidence obtained.	We tested the design and operating effectiveness of controls relating to the sale of aircraft, including controls over the identification of unique elements included in aircraft sales contracts that could indicate the company has maintained significant ownership risk in the assets. We determined that we could rely on these controls for the purposes of our audit. We obtained and read, on a test basis, sales contracts, identifying complex clauses and evaluated whether the criteria for revenue recognition have been met. On a test basis, we reconciled cash receipts with contractual terms and invoices raised and compared the key parts of each contract with management's calculations of the net gain or loss on sale. We verified, when applicable, whether the other balance sheet items associated with the aircraft sold (such as maintenance related balance sheet items, straight-line rents and lease premiums) that have not been assigned to the buyer are released to income. We have recalculated the net gain or loss recorded and agreed it to the general ledger. Based on our procedures we did not identify material exceptions.
Event-driven impairment and resulting impairment calculation charges *note 5 and note 20*	
As described in note 5 and note 20 to the consolidated financial statements, the company's consolidated flight equipment held for operating leases amounts to $36.0 billion as of 31 December 2019 and the impairment charge recorded on flight equipment held for operating leases amounts to $139.6 million for the year ended 31 December 2019. Management performs event-driven impairment assessments of its flight equipment held for operating leases each quarter. These quarterly impairment assessments are primarily triggered by potential sale transactions or early terminated leases. On an annual basis, management also performs an impairment assessment on all aircraft older than five years to identify potential impairment by reference to estimated future cash flows at asset group level. Management applies significant judgment in assessing whether impairment is necessary, and in estimating significant assumptions, including the future lease rates and discount rates applied when performing quantitative impairment tests. The principal considerations for our determination that performing procedures relating to the identification of impairment events and resulting impairment calculations is a key audit matter are management's exercise of significant judgment regarding the identification of impairment and the estimate of significant assumptions when projecting future cash flows such as future lease rates and the discount rate applied. This in turn led to a high degree of auditor subjectivity, judgment and effort in evaluating management's judgments and the audit evidence obtained.	We tested the design and operating effectiveness of the controls relating to the flight equipment impairment assessment, including controls over the identification of impairment events on a quarterly basis and the reasonableness of significant assumptions used to calculate future cash flows such as the future lease rates and the discount rate. We determined that we could rely on these controls for the purposes of our audit. We evaluated management's identification of the quarterly impairment triggers. With respect to the additional annual event-driven impairment analysis, we reconciled the movements in the valuation of aircraft types as reported in industry reports provided to management by external valuation companies. We tested management's process for developing the annual impairment assessment model. We also tested the completeness and accuracy of the underlying data used in the model; evaluated the significant assumptions used by management including the future lease rates and the discount rate and evaluated the reasonableness of the resulting cash flow projections Evaluating management's assumptions relating to future lease rates involved evaluating whether the assumptions used by management were reasonable considering (i) current lease rates, (ii) whether these assumptions were consistent with the evidence obtained in other areas of the audit and (iii) performing sensitivity analysis. We challenged the discount rates used by management by comparing these to independently calculated discount rates using market data for comparable companies. Based on our procedures we found management's model and assumptions used reasonable within the context of our audit. We assessed the adequacy of disclosures related to impairment in the notes to the financial statements and did not identify material exceptions.

Report on the other information included in the annual report

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of AerCap Holdings N.V. following the passing of a resolution by the shareholders in 2006 and the appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 14 years. We have served as the Company's predecessor's auditor since at least 1998. We have not determined the specific year we began serving as auditor of the Company's predecessor.

Services rendered

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

Responsibilities for the financial statements and the audit

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for:

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

Amsterdam, March 5, 2020
PricewaterhouseCoopers Accountants N.V.

Original has been signed by H.C. Wüst RA

Appendix to our auditor's report on the financial statements 2019 of AerCap Holdings N.V.

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

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

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

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

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

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