

AerCap Holdings N.V.
Form F-1
July 10, 2007

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As filed with the Securities and Exchange Commission on July 10, 2007.

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM F-1

REGISTRATION STATEMENT

Under

The Securities Act of 1933

AERCAP HOLDINGS N.V.

(Exact name of Registrant as specified in its charter)

Netherlands
(State or other jurisdiction
of incorporation or organization)

7359
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification Number)

**Evert van de Beekstraat 312
1118 CX Schiphol Airport
The Netherlands
+31 20 655 9655**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

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Approximate date of commencement of proposed sale to the public. As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Ordinary Shares, €0.01 par value per share	23,000,000	\$32.20	\$740,600,000	\$22,736.42

- (1) Includes 3,000,000 ordinary shares that may be sold upon exercise of an overallotment option to be granted to the underwriters.
- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933 based the average of the high and low sales prices of the Registrant's ordinary shares as reported by The New York Stock Exchange on July 9, 2007.
- (3) Calculated in accordance with Rule 457(a) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a) may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued _____, 2007

20,000,000 Shares

AerCap Holdings N.V.

ORDINARY SHARES

The selling shareholders are offering 20,000,000 ordinary shares of AerCap Holdings N.V. We will not receive any proceeds from the sale of ordinary shares by the selling shareholders. Members of our senior management and our Board of Directors, as indirect shareholders, will receive a portion of the proceeds from this offering.

Our ordinary shares are listed on the New York Stock Exchange under the symbol "AER". The last reported sale price of our ordinary shares on the New York Stock Exchange on _____, 2007 was \$ _____ per share.

Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 15 of this prospectus.

	<i>Price \$</i>	<i>Per Share</i>	
	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Shareholders
Per Ordinary Share	\$	\$	\$
Total	\$	\$	\$

The selling shareholders have granted the underwriters the right for a period of 30 days to purchase up to an additional 3,000,000 ordinary shares to cover overallocments, if any.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares to purchasers on _____, 2007.

Morgan Stanley

Goldman, Sachs & Co.

Lehman Brothers

UBS Investment Bank

Merrill Lynch & Co.
Wachovia Securities

JPMorgan

Citi

Calyon Securities (USA) Inc.

, 2007

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ABOUT THIS PROSPECTUS

You should only rely on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us. This prospectus may only be used where it is legal to offer or sell these securities. The information in this prospectus is accurate only as of the date of this prospectus, regardless of when this prospectus is delivered or when any offer or sale of our ordinary shares occurs.

Neither we nor the selling shareholders have taken any action to permit a public offering of the ordinary shares outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ordinary shares and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and related notes appearing in this prospectus. This summary may not contain all of the information that may be important to you. Before investing in our ordinary shares, you should read this entire prospectus carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and related notes and the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". In this prospectus, the "Company", "we", "us" and "our" refer to AerCap Holdings N.V., its consolidated subsidiaries, its predecessors, AerCap Holdings C.V. and AerCap B.V. (formerly known as debis AirFinance B.V.) and their consolidated subsidiaries and, unless the context otherwise requires, AeroTurbine, Inc.

Our Company

We are an integrated global aviation company with a leading market position in aircraft and engine leasing, trading and parts sales. We possess extensive aviation expertise that permits us to extract value from every stage of an aircraft's lifecycle across a broad range of aircraft and engine types. We also provide aircraft management services and perform aircraft and engine maintenance, repair and overhaul, or MRO, services and aircraft disassemblies through our certified repair stations. We believe that by applying our expertise through an integrated business model, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of March 31, 2007, we owned 140 aircraft and 65 engines, managed 98 aircraft, had 95 new aircraft and three new engines on order, had entered into purchase contracts for two new aircraft and had executed letters of intent to purchase an additional six aircraft. In addition, on May 11, 2007, we signed an agreement with Airbus for the purchase of an additional ten A330-200 aircraft, bringing our total firm order of A330-200 aircraft to 30 and the total number of new aircraft on order to 105. As of March 2007, we had the fourth largest aircraft leasing portfolio in the world and the third largest new aircraft order book among operating lessors, according to Simat Helliesen & Eichner, Inc., or SH&E, in each case by number of aircraft.

We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk, of the residual value of the equipment at the end of the lease. As of March 31, 2007, our owned and managed aircraft and engines were leased to 105 commercial airline and cargo operator customers in 46 countries and are managed from our offices in The Netherlands, Ireland and the United States. We expect to expand our leasing activity in Asia and in China in particular through our AerDragon joint venture with China Aviation Supplies Import & Export Group Corporation, which commenced operations in October 2006.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios. From January 1, 2003 to March 31, 2007, we executed over 1,100 aircraft and engine transactions, including 283 aircraft leases, 275 engine leases, 158 aircraft purchase or sale transactions, 204 engine purchase or sale transactions and the disassembly of 54 aircraft and 139 engines. Between January 1, 2003 and March 31, 2007, our weighted average owned aircraft utilization rate was 98.6%.

In 2006, we generated total revenues of \$814.4 million and net income of \$109.0 million, which included charges for share-based compensation of \$68.3 million, net of taxes, resulting in basic and fully-diluted earnings per share of \$1.38. In the three months ended March 31, 2007, we generated total

revenues of \$309.5 million and net income of \$60.6 million, resulting in basic and fully-diluted earnings per share of \$0.71.

On September 8, 2006, the Financial Accounting Standards Board issued FSP No. AUG AIR-1 "*Accounting for Planned Major Maintenance Activities*" (the "FSP"). The FSP amends certain provisions in the AICPA Industry Audit Guide, "Audit of Airlines," and is applicable for our financial year beginning January 1, 2007. As a result of our adoption of the FSP, we have adjusted our method of accounting for certain maintenance obligations and adjusted our historical results as more fully explained in our audited financial statements included in this prospectus.

Our Business Strategy

We intend to pursue the following business strategies. See "Business Our Business Strategy" beginning on page 114 of this prospectus for a more detailed discussion of our business strategies.

Leverage Our Ability to Manage Aircraft and Engines Profitably throughout their Lifecycle. We intend to continue to leverage our integrated business model by selectively:

purchasing aircraft and engines directly from manufacturers;

taking advantage of price incentives offered by sellers for the purchase of entire portfolios of aircraft and engines of varying ages and types;

using our global customer relationships to obtain favorable lease terms and reduce time off-lease;

selling select aircraft and engines;

disassembling older airframes and engines for sale of their component parts; 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 lease aircraft and engines at profitable rates and our ability to source acquisition opportunities of new and used aircraft at favorable prices.

Expand Our Aircraft and Engine Portfolio. We intend to grow our portfolio of aircraft and engines through portfolio purchases, new aircraft purchases, airline fleetings, and other opportunistic aircraft and engine purchases.

Focus on High Growth Markets. Although we maintain a geographically diverse portfolio, we focus on high growth airline markets such as the Asia-Pacific market.

Enter into Joint Ventures to Obtain Economies of Scale. We intend to continue to enter into joint ventures that increase our purchasing power and our ability to obtain price discounts on large aircraft orders.

Obtain Maintenance Cost Savings. We intend to lower our aircraft and engine maintenance costs by using aircraft and engine parts we obtain from the selective disassembly of acquired airframes and engines.

Acquire Complementary Businesses. We intend to selectively pursue acquisitions that we believe will enhance our ability to manage aircraft and engines profitably throughout their lifecycle.

Our Competitive Strengths

We believe the following competitive strengths will allow us to capitalize on growth opportunities in the global commercial aviation market. See "Business Our Competitive Strengths" beginning on page 112 of this prospectus for a more detailed discussion of our competitive strengths.

Our integrated business model allows us to manage aircraft and engines profitably throughout their lifecycle, from initial purchase through leasing, sale or eventual disassembly for the sale of parts.

We have a modern and fuel-efficient aircraft and engine portfolio, focused on the widely-used Airbus A320 family aircraft and CFM56 family engines.

Our global remarketing capability and diversified customer base enables us to maintain a high utilization rate for our assets and reduce our exposure to customer concentration and fluctuations in regional economic conditions.

We have an active aircraft and engine trading business, led by our asset trading team of 19 dedicated professionals as of March 31, 2007.

Our substantial size and breadth of operations allow us to diversify our customer base and offer our customers a broad range of flexible aircraft and engine leasing options.

We have \$1.2 billion of revolving credit facilities that provide us with efficient access to capital, and we have raised over \$19 billion globally since 1996.

We have an attractive aircraft management business and managed 98 aircraft as of March 31, 2007.

Our management team has an average of 17 years of experience in the aviation industry and extensive expertise in aircraft and engine leasing, trading, financing and risk management.

Risks

An investment in our ordinary shares involves a high degree of risk. You should carefully consider the risks described in "Risk Factors" before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of those risks. The trading price of our ordinary shares could decline due to any of those risks or other factors, and you may lose all or part of your investment. Below is a summary of the principal risks we face.

Our business model depends on the continual re-leasing of our aircraft and engines when current leases expire, and we may not be able to do so on favorable terms, if at all.

Interest rates have a significant impact on our financial results, and changes in interest rates may adversely affect our financial results and growth prospects.

The leasing, financing and sales of aircraft, engines and parts has historically experienced prolonged periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could materially and adversely affect our financial results and growth prospects.

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Our financial condition is dependent, in part, on the financial strength of our lessees; lessee defaults and other credit problems could adversely affect our financial results and growth prospects.

The concentration of some aircraft and engine models in our aircraft and engine portfolios could adversely affect our business and financial results should any problems specific to these particular models occur.

We are indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect our financial results and growth prospects.

Our substantial indebtedness incurred to acquire our aircraft and engines requires significant debt service payments. As of March 31, 2007, our consolidated indebtedness was \$2.7 billion and our interest expense (including the impact of hedging activities) was \$166.2 million in 2006 and \$50.5 million in the three months ended March 31, 2007. As of May 31, 2007, we had 74 new Airbus A320 family aircraft and 30 new A330-200 widebody aircraft on order from Airbus. If we acquire all 104 of the Airbus aircraft, over the next five years, we would expect to incur in excess of \$4.5 billion of indebtedness to finance the purchase price of the aircraft.

If the effects of terrorist attacks and geopolitical conditions adversely affect the financial condition of airlines, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results and growth prospects.

Volatility in our sales revenue due to the fact that during any particular fiscal quarter or other reporting period we may complete significantly more or fewer sale transactions than in other reporting periods, which could adversely impact the trading price of our ordinary shares.

If the ownership of our ordinary shares continues to be concentrated, it may prevent you and other minority shareholders from influencing significant corporate decisions and may result in conflicts of interest. After giving effect to this offering, assuming that the underwriters' overallotment option is not exercised, companies controlled by funds and accounts affiliated with Cerberus Capital Management, L.P., or Cerberus, will own 45.8% of our ordinary shares.

Industry Trends

We believe that trends in the aviation industry identified by SH&E, a recognized expert in the aviation industry, and described in "Aircraft, Engine and Aviation Parts Industry" create a favorable environment for us to leverage our competitive strengths and grow our business. We believe that our operating capabilities and aircraft and engine portfolios will provide us with a competitive advantage in the expanding aviation market. The trends identified by SH&E include:

Growing Demand for Air Travel. Globalization and the rapid economic growth in major emerging markets such as India and China have fueled significant growth in global demand for air travel. The Airline Monitor, a commercial aviation data analysis publication, forecasts that passenger traffic will grow at an average rate of 5.2% per year for the next 10 years. The Airbus 2006 Global Market Forecast predicts that air travel demand will continue to grow an average of 4.8% per year through 2025 and the Boeing 2006 Commercial Market Outlook projects 4.9% annual growth in air travel for the next 20 years. According to SH&E, air cargo demand globally is expected to grow even faster than passenger demand. For the next 20 years Airbus and Boeing forecast air cargo demand growth of 6.0% and 6.1% annually, respectively.

Fundamental Imbalance between Supply and Demand for Aircraft, Engines and Aircraft Equipment. In recent years, the increased demand for aircraft, engines and parts, combined with a decreased supply, has resulted in a supply and demand imbalance for certain aircraft, engines and parts. The primary factors affecting aircraft demand include rapid airline passenger growth in emerging markets, increased liberalization of air travel, higher fuel prices, continued emergence of low cost carriers and industry restructuring in developed markets which have increased replacement demand for more fuel efficient and technologically advanced aircraft. The primary factors affecting aircraft supply include the aging world aircraft fleet, the significant backlog of aircraft production, the limited ability of airframe manufacturers to increase production and the relative shortage of efficient used aircraft in the secondary market.

Greater Reliance on Operating Leases. In recent years, airlines have increasingly turned to operating leases to meet their aircraft financing needs. Operating leases permit airlines to reduce their capital commitments, improve their balance sheets, increase fleet planning flexibility and reduce residual value risk. According to SH&E, approximately 30% of the global aircraft fleet was operated under operating leases in 2006 and SH&E forecasts that 40% of the global aircraft fleet will be operated under operating leases within the next ten years.

Despite these positive recent trends, the business of leasing, financing and sales of aircraft, engine and parts has, in the past, experienced periods of aircraft and engine oversupply. The oversupply of a specific type of aircraft or engine is likely to depress the lease rates for, and the value of, that type of aircraft or engine. The supply and demand for aircraft and engines is affected by various cyclical and non-cyclical factors that are outside of our control.

Recent Developments

On May 8, 2007, Aircraft Lease Securitisation, a lease securitization special purpose entity that we consolidate in our financial statements, completed a refinancing of its securitized notes with the issuance of \$1.66 billion of AAA-rated class G-3 floating rate notes. The proceeds from the issuance of these notes were used to redeem all of the outstanding Aircraft Lease Securitisation debt, other than the most junior class of notes, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing Aircraft Lease Securitisation's aircraft portfolio size to 70 aircraft. The class G-3 notes bear an interest rate of one-month LIBOR plus 26 basis points. Concurrently with the Aircraft Lease Securitisation refinancing, our revolving credit facility was amended and restated, resulting in a reduced interest rate spread and a two-year extension of the revolving period to May 2010. The size of our revolving credit facility remains \$1.0 billion. As a result of the Aircraft Lease Securitisation refinancing and the amendment to our revolving credit facility, we expect to report a non-recurring expense in the second quarter of 2007 of approximately \$27 million for the write-off of unamortized debt issuance costs related to the refinanced debt, costs related to the prepayment of the prior Aircraft Lease Securitisation notes and other related fees.

During the three months ended June 30, 2007, in addition to sales of parts inventory and one aircraft by our subsidiary, AeroTurbine, we sold one Airbus A321 aircraft and one Boeing 737-400 aircraft, both of which were previously classified as flight equipment held for operating leases. Sales revenue resulting from the sale of these two aircraft totaled \$57.4 million. The cost of goods sold related to the sale of these two aircraft totaled \$37.8 million. During the three months ended June 30, 2007, we took delivery of one Airbus A320-200 aircraft, one A319-100 aircraft and one Boeing 737-800, each of which we had contracted to purchase in prior periods. In addition, AeroTurbine, our subsidiary, purchased two Airbus A320-200 aircraft, two Boeing 757 aircraft, three Bombardier aircraft and one McDonnell Douglas MD-83 aircraft in the three months ending June 30, 2007. At June 30, 2007, the gross book value of flight equipment we expect to take delivery of or agree to acquire during the full year 2007, based on contracted purchase agreements and signed letters of intent was \$791.9 million. Of that amount, approximately \$458.6 million was delivered to us during the first six months of 2007, including the aircraft discussed above delivered during the three months ended June 30, 2007.

During the three months ended June 30, 2007, we reached an agreement on the value of a damages claim we had filed with a previous lessee which had filed for bankruptcy protection. We had previously sold our claim to a third party subject to final valuation of the claim. We recognized a gain of \$9.0 million upon signing the settlement agreement with the airline which will be recorded as other income in our consolidated income statement for the three months ended June 30, 2007.

During the three months ended June 30, 2007, we executed sale agreements for the sale of three Airbus A330-300 aircraft subject to leases, which we expect to deliver in July 2007. In addition, we

executed agreements for the sale of two A300 freighter aircraft subject to leases, of which one is expected to be delivered in September 2007 and the other is expected to be delivered in September 2008. The aggregate sales price for the four aircraft to be delivered in the three months ending September 30, 2007 was approximately \$170 million.

Our Corporate History and Shareholding Structure

We were formed as a Netherlands public limited liability company ("*naamloze vennootschap*") on July 10, 2006 to acquire all of the assets and liabilities of AerCap Holdings C.V. a Netherlands limited partnership. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V. (formerly known as *debis AirFinance B.V.*). On June 30, 2005, AerCap Holdings C.V. acquired all of AerCap B.V.'s shares and liabilities owed by AerCap B.V. to its prior shareholders, the 2005 Acquisition, for total consideration of \$1.4 billion, \$370.0 million of which was funded with equity contributions by the selling shareholders. Substantially all of the equity funding for the 2005 Acquisition was provided by funds and accounts affiliated with Cerberus, who will retain control of us after this offering. Certain members of our senior management and of our Board of Directors are also indirect shareholders of the selling shareholders. On April 26, 2006, we acquired all of the existing share capital of AeroTurbine, Inc. an engine leasing, trading and parts sales company, the AeroTurbine Acquisition. On October 27, 2006, AerCap Holdings N.V. acquired all of the assets and liabilities of AerCap Holdings C.V. and on November 27, 2006, we completed an initial public offering on the New York Stock Exchange, in which we issued and sold an additional 6.8 million of our ordinary shares and Cerberus sold 19.3 million of our ordinary shares.

Based on an assumed public offering price of \$32.25 per ordinary share, the last reported sale price of our ordinary shares on the NYSE on July 9, 2007, funds and accounts affiliated with Cerberus and certain members of our senior management and of our Board of Directors will receive \$511.5 million and \$100.0 million, respectively, from the proceeds of this offering if the underwriters do not exercise their overallotment option and \$591.4 million and \$112.5 million, respectively, from the proceeds of this offering if the underwriters exercise their overallotment option. See "Use of Proceeds" and "Principal and Selling Shareholders" for more information regarding the proceeds that funds and accounts affiliated with Cerberus as well as certain members of our senior management and of our Board of Directors will receive from this offering.

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The following chart sets forth our shareholders' ownership structure prior to this offering.

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- (1) Cerberus beneficially owns 86.0% of the Bermuda Parents' common shares. The Bermuda Parents' and the Selling Shareholders are holding companies that were formed by Cerberus for the purpose of acquiring us and do not own any other assets or conduct activities outside of their indirect investment in us.
- (2) As of the date of this prospectus, Cerberus beneficially owned 86.0% of the Bermuda Parents' common shares and certain members of our senior management and an employee of Cerberus owned the remaining 14.0%. In addition, certain members of our senior management and of our Board of Directors also own vested options to purchase common shares of the Bermuda Parents which are currently exercisable upon or within 60 days of the closing of this offering. If all such options were exercised, Cerberus would beneficially own 82.8% of the common shares of the Bermuda Parents and certain members of our senior management and of our Board of Directors and an employee of Cerberus would own the remaining 17.2%.

Our principal executive offices are located at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, The Netherlands, and our general telephone number is +31 20 655-9655. Our website address is www.aercap.com. Information contained on our website does not constitute a part of this prospectus.

* * *

Explanatory Note Regarding Our Aircraft Portfolio

Unless otherwise noted or the context requires, all references in this prospectus to:

"owned aircraft" refers to aircraft to which we hold legal title, aircraft to which we are the primary economic beneficiary, such as the aircraft legally owned by Aircraft Lease Securitisation Limited and other financing structures established by us, and aircraft owned by our consolidated joint ventures, all of which are reflected on our balance sheets; and

"managed aircraft" refers to the aircraft owned by third parties and our non-consolidated financing structures and joint ventures. Managed aircraft also include the aircraft which we leased-in pursuant to operating leases from the owners of the aircraft and in turn subleased to commercial airlines. These aircraft are not reflected on our balance sheets.

In this prospectus, unless otherwise specified, when we discuss our aircraft portfolio, we describe our owned and managed portfolio as of March 31, 2007. References to lease revenues from our aircraft portfolio are to our owned portfolio for the year ended December 31, 2006, the three months ended March 31, 2007 or other periods where indicated.

The definitions above are intended to include, where the context requires, all relevant aircraft in the same categories in the future. References to the number of aircraft and engines we lease, buy, sell and have on order in this prospectus include our owned and managed aircraft and engines. Also, unless the context otherwise requires, all weighted average age percentages and weighted average lease terms of owned aircraft in this prospectus have been calculated using net book value.

THE OFFERING

Ordinary shares offered by the selling shareholders	20,000,000 shares
Overallotment option	3,000,000 shares
Total ordinary shares outstanding after the offering	85,036,957 shares
Selling shareholders	Four Luxembourg limited liability companies indirectly owned by funds and accounts affiliated with Cerberus and certain members of our senior management and of our Board of Directors.
Use of proceeds	<p>We will not receive any of the proceeds from the sale of ordinary shares by the selling shareholders. Funds and accounts affiliated with Cerberus and certain members of our senior management and of our Board of Directors and an employee of Cerberus will receive all of the net proceeds from the sale of the ordinary shares being offered by the selling shareholders. See "Use of Proceeds".</p> <p>An affiliate of Lehman Brothers Inc. has a 2.7% participation interest in certain funds affiliated with Cerberus and will receive 2.7% of the proceeds received by such funds in this offering. See "Underwriting".</p>
Dividend Policy	To date, we have not declared or paid any dividends on our ordinary shares. We intend to retain our future earnings to fund working capital and our growth and do not expect to pay dividends in the foreseeable future. See "Dividend Policy".
Risk Factors	See "Risk Factors" beginning on page 15 of this prospectus and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the ordinary shares.
New York Stock Exchange Symbol	"AER".
Tax Considerations	See "Tax Considerations" beginning on page 166.
	Unless the context otherwise requires, all information in this prospectus assumes the underwriters' overallotment option has not been exercised.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table presents AerCap Holdings N.V.'s (the successor company) and AerCap B.V.'s (the predecessor company) summary historical consolidated financial and operating data for each of the periods indicated, prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. You should read this information in conjunction with AerCap Holdings N.V.'s audited consolidated financial statements and related notes, unaudited condensed consolidated interim financial statements and related notes and the information under "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus.

AerCap Holdings N.V. was formed as a Netherlands public limited liability company ("*naamloze vennootschap*") on July 10, 2006 and acquired all of the assets and liabilities of AerCap Holdings C.V., a Netherlands limited partnership on October 27, 2006. There was no change in accounting basis as a result of this transaction. Since AerCap Holdings C.V. and AerCap Holdings N.V. are entities organized under common control, the historical consolidated financial statements of AerCap Holdings, C.V. became the historical consolidated financial statements of AerCap Holdings N.V. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V. (formerly known as *debis AirFinance B.V.*) in connection with the 2005 Acquisition. The financial information presented as of December 31, 2006 and for the fiscal years ended December 31, 2004 and 2006 and the six months ended June 30, 2005 and December 31, 2005 was derived from AerCap Holdings N.V.'s audited consolidated financial statements included in this prospectus. The financial information presented for the three months ended March 31, 2006 and as of and for the three months ended March 31, 2007 was derived from AerCap Holding N.V.'s unaudited condensed consolidated interim financial statements included in this prospectus. The financial information presented for the three months ended March 31, 2007 is not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

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Year ended December 31, 2004 (adjusted) (1)	Six months ended June 30, 2005 (adjusted) (1)	Six months ended December 31, 2005 (adjusted) (1)(2)	Year ended December 31, 2006 (adjusted) (1)(3)	Three months ended March 31,	
				2006(1)	2007(1)

(In thousands, except share and per share amounts)

Consolidated Income Statements Data:

Revenues

Lease revenue	\$ 308,500	\$ 162,155	\$ 173,568	\$ 443,925	\$ 87,941	\$ 139,703
Sales revenue	32,050	75,822	12,489	301,405	33,215	148,885
Management fee revenue	15,009	6,512	7,674	14,072	3,681	3,025
Interest revenue	21,641	13,130	20,335	34,681	8,934	7,272
Other revenue	13,667	3,459	1,006	20,336	5,322	10,587

Total revenues **390,867** **261,078** **215,072** **814,419** **139,093** **309,472**

Expenses

Depreciation	125,877	66,407	45,918	102,387	24,324	33,932
Cost of goods sold	18,992	57,632	10,574	220,277	20,502	118,003
Interest on debt	113,132	69,857	44,742	166,219	28,203	50,484
Impairments(4)	134,671					
Other expenses	68,856	32,386	26,524	46,523	9,586	10,128
Selling, general and administrative expenses(5)	36,449	19,559	26,949	149,364	11,133	26,585

Total expenses **497,977** **245,841** **154,707** **684,770** **93,748** **239,132**

(Loss) income from continuing operations before income taxes and minority interests

	(107,110)	15,237	60,365	129,649	45,345	70,340
Provision for income taxes	224	556	(10,604)	(21,246)	(10,430)	(10,026)
Minority interests net of tax				588	600	252

Net (loss) income **\$ (106,886)** **\$ 15,793** **\$ 49,761** **\$ 108,991** **\$ 35,515** **\$ 60,566**

(Loss) earnings per share, basic and diluted **\$ (145.19)** **\$ 21.45** **\$ 0.64** **\$ 1.38** **\$ 0.45** **\$ 0.71**

Weighted average shares outstanding, basic and diluted **736,203** **736,203** **78,236,957** **78,992,513** **78,236,957** **85,036,957**

AerCap Holdings N.V.

As of December 31, 2006 (adjusted)(1)	As of March 31, 2007(1)
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(US dollars in thousands)

Consolidated Balance Sheet Data:

Assets

Cash and cash equivalents	\$ 131,201	\$ 140,103
Restricted cash	112,277	99,459
Flight equipment held for operating leases, net	2,966,779	3,074,519
Notes receivable, net of provisions	167,451	166,344

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AerCap Holdings N.V.		
Prepayments on flight equipment	166,630	150,621
Other assets	373,698	395,385
Total assets	\$ 3,918,036	\$ 4,026,431
Debt	2,555,139	2,665,987
Other liabilities	611,893	546,428
Shareholders' equity	751,004	814,016
Total liabilities and shareholders' equity	\$ 3,918,036	\$ 4,026,431

(1) On September 8, 2006, the Financial Accounting Standards Board issued FSP No. AUG AIR-1 "Accounting for Planned Major Maintenance Activities" (the "FSP"). The FSP amends certain provisions in the AICPA Industry Audit Guide, "Audit of Airlines," and is applicable for our financial year beginning January 1, 2007. The FSP eliminates the "accrue in advance" methodology

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of accounting for certain future maintenance payments. As a result of the FSP, our previous method of accruing for the payment of top-up or lessor maintenance contribution obligations at the signing of a lease is no longer permitted. Accordingly, we have adjusted our historical financial statements in accordance with Statement of Financial Accounting Standards No. 154 "*Accounting Changes and Error Corrections*" ("FAS 154") to reflect the application of the new policy for top-up and lessor maintenance contribution obligations. The effect of the adjustments on net income and retained earnings was \$(1,524) and \$42,004 for the year ended December 31, 2004; \$(17,907) and \$24,097 for the six months ended June 30, 2005; \$98 and \$98 for the six months ended December 31, 2005; \$1,144 and \$1,242 for the three months ended March 31, 2006; \$20,995 and \$21,093 for the year ended December 31, 2006; and \$8,514 and \$29,607 for the three months ended March 31, 2007. See Note 1 to our audited consolidated financial statements contained in this prospectus.

- (2) We were formed on June 27, 2005; however, we did not commence operations until June 30, 2005, when we acquired all of the shares and certain of the liabilities of AerCap B.V. Our initial accounting period was from June 27, 2005 to December 31, 2005, but we generated no material revenue or expense between June 27, 2005 and June 30, 2005 and did not have any material assets before the 2005 Acquisition. For convenience of presentation only, we have labeled our initial accounting period in table headings in this prospectus as the six months ended December 31, 2005.
- (3) Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to December 31, 2006.
- (4) Includes aircraft impairment, investment impairment and goodwill impairment.
- (5) Includes share-based compensation expense of \$78,635 and \$2,447 for the year ended December 31, 2006 and the three months ended March 31, 2007, respectively.

SUMMARY UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following summary unaudited consolidated pro forma income statement for the year ended December 31, 2006 has been derived by the application of pro forma adjustments to AerCap Holdings N.V.'s audited consolidated financial statements for the year ended December 31, 2006 which are included in this prospectus and AeroTurbine's audited consolidated financial statements for the period from January 1, 2006 to April 25, 2006 which are not included in this prospectus.

The summary unaudited consolidated pro forma income statement for the year ended December 31, 2006 gives effect to the AeroTurbine Acquisition and related conforming accounting changes as if they had occurred on January 1, 2006. On April 26, 2006, we acquired all of the existing share capital of AeroTurbine.

The summary unaudited consolidated pro forma financial information is based on assumptions and preliminary data and reflects adjustments described under "Unaudited Consolidated Pro Forma Financial Information" and the accompanying notes. The summary unaudited consolidated pro forma financial information is being furnished solely for informational purposes and is not intended to represent or be indicative of the results that we would have reported if the transaction identified above had occurred on the date indicated, nor does it purport to represent the results of operations we will obtain in future periods. The summary unaudited consolidated pro forma financial information should be read in conjunction with AerCap Holdings N.V.'s audited consolidated financial statements and related notes included in this prospectus.

For additional information regarding our summary unaudited consolidated pro forma financial information, see "Unaudited Consolidated Pro Forma Financial Information".

Summary Unaudited Consolidated Pro Forma Financial Information

	Year ended December 31, 2006
	<i>(US dollars in thousands, except per share amounts)</i>
Consolidated Income Statement Data:	
Revenues	
Lease revenue	\$ 456,641
Sales revenue	342,543
Management fee revenue	14,072
Interest revenue	34,686
Other revenue	20,392
	<hr/>
Total revenues	868,334
	<hr/>
Expenses	
Depreciation	105,166
Cost of goods sold	254,734
Interest on debt	171,384
Operating lease in costs	25,232
Leasing expenses	25,130
Provision for doubtful notes and accounts receivable	(186)
Selling, general and administrative expenses(1)	157,074
	<hr/>
Total expenses	738,534
	<hr/>
Income from continuing operations before income taxes and minority interests	129,800
Provision for income taxes	(21,304)
Minority interests net of taxes	588
	<hr/>
Net income	\$ 109,084
	<hr/>
Net income per share (basic/diluted)	\$ 1.38
	<hr/>

(1) Includes share-based compensation expense of \$78.6 million

RISK FACTORS

An investment in our ordinary shares involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our ordinary shares could decline due to any of these risks or other factors, and you may lose all of part or your investment. The risks described below are those that we currently believe may materially affect us. This prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus.

Risks Related to Our Business

Our business model depends on the continual re-leasing of our aircraft and engines when current leases expire, and we may not be able to do so on favorable terms, if at all.

Our business model depends on the continual re-leasing of our aircraft and engines when our current leases expire in order to generate sufficient revenues to finance our growth and operations and pay our debt service obligations. Between March 31, 2007 and December 31, 2009, aircraft leases accounting for approximately 43.2% of our lease revenues for the year ended December 31, 2006, are scheduled to expire and the aircraft subject to those leases will need to be re-leased or extended. In addition, nearly all of our engines are subject to short-term leases, which are generally less than 180 days. Our ability to re-lease our aircraft and engines will depend on general market and competitive conditions at the time the leases expire. The general market and competitive conditions may be affected by many factors which are outside of our control.

In 2006, we generated \$22.9 million of revenues from leases that are scheduled to expire in 2007, \$68.0 million of revenues from leases that are scheduled to expire in 2008 and \$101.0 million of revenues from leases that are scheduled to expire in 2009. Since we lease most of our engines under short-term leases (90 to 180 days), we generally re-lease our engines at least once a year. If we are unable to re-lease an aircraft or engine on acceptable terms, our lease revenue may decline and we may need to sell the aircraft or engines at unfavorable prices to provide adequate funds for our debt service obligations and to otherwise finance our growth and operations.

Changes in interest rates may adversely affect our financial results and growth prospects.

We use floating rate debt to finance the acquisition of a significant portion of our aircraft and engines. All of our revolving credit facilities have floating interest rates. As of December 31, 2006 and March 31, 2007, we had \$2.3 billion and \$2.4 billion, respectively, of indebtedness outstanding that was floating rate debt. We incurred floating rate interest expense of \$135.0 million and \$37.7 million in 2006 and the three months ended March 31, 2007, respectively. If interest rates increase, we would be obligated to make higher interest payments to our lenders. Our practice has been to hedge the expected future interest payments on a portion of our floating-rate liabilities by entering into derivative contracts. However, we remain exposed to changes in interest rates to the extent that our hedges are not perfectly correlated to our financial liabilities. In addition, if we incur significant fixed rate debt in the future, increased interest rates prevailing in the market at the time of the incurrence or refinancing of such debt will also increase our interest expense.

Changes in interest rates may also adversely affect our lease revenues generated from leases with lease rates tied to floating interest rates. In 2006 and the three months ended March 31, 2007, 30.7% and 32.5%, respectively, of our lease revenue was attributable to leases tied to floating interest rates. Therefore, if interest rates were to decrease, our lease revenue would decrease. In addition, because our fixed rate leases are based, in part, on prevailing interest rates at the time we enter into the lease; if interest rates decrease, new leases we enter into will be at lower lease rates and our lease revenue

will be adversely affected. As of December 31, 2006, if interest rates were to increase by 1%, we would expect to incur an increase in interest expense on our floating rate indebtedness of approximately \$5.6 million on an annualized basis, excluding the offsetting benefits of interest rate hedges currently in effect, and, if interest rates were to decrease by 1%, we would expect to generate \$11.0 million less lease revenue on an annualized basis.

The business of leasing, financing and sales of aircraft, engines and parts has historically experienced prolonged periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could materially and adversely affect our financial results and growth prospects.

In the past, the aircraft and engine leasing, buying and selling businesses have experienced prolonged periods of aircraft and engine oversupply. The oversupply of a specific type of aircraft or engine is likely to depress the lease rates for and the value of that type of aircraft or engine. The supply and demand for aircraft and engines is affected by various cyclical and non-cyclical factors that are outside of our control, including:

passenger and air cargo demand;

fuel costs and general economic conditions;

geopolitical events, including war, prolonged armed conflict and acts of terrorism;

outbreaks of communicable diseases and natural disasters;

governmental regulation;

interest rates;

the availability of credit;

airline restructurings and bankruptcies;

manufacturer production levels and technological innovation;

manufacturers merging or exiting the industry or ceasing to produce aircraft types;

retirement and obsolescence of aircraft models;

reintroduction into service of aircraft previously in storage; and

airport and air traffic control infrastructure constraints.

These factors may produce sharp and prolonged decreases in aircraft and engine lease rates and values, and have a material adverse effect on our ability to re-lease our aircraft and engines and/or sell our aircraft engines and parts at acceptable prices. Any of these factors could materially and adversely affect our financial results and growth prospects.

Our financial condition is dependent, in part, on the financial strength of our lessees; lessee defaults and other credit problems could adversely affect our financial results and growth prospects.

Our financial condition depends on the financial strength of our lessees, our ability to diligence and appropriately assess the credit risk of our lessees and the ability of lessees to perform under their leases. In 2006 and in the three months ended March 31, 2007, we generated 54.5% and 45.1%, respectively, of our revenues from leases to the airline industry, and as a result, we are indirectly affected by all the risks facing airlines today. The ability of our lessees to perform their obligations under our leases will depend primarily on the lessee's financial condition and cash flow, which may be affected by factors outside our control, including:

competition;

fare levels;

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passenger and air cargo rates;

passenger and air cargo demand;

geopolitical and other events, including war, acts of terrorism, outbreaks of epidemic diseases and natural disasters;

increases in operating costs, including the price and availability of jet fuel and labor costs;

labor difficulties;

economic conditions and currency fluctuations in the countries and regions in which the lessee operates; and

governmental regulation and associated fees affecting the air transportation business.

Generally, airlines with high debt leverage are more likely than airlines with stronger balance sheets to seek operating leases. As a result, most of our existing lessees are not rated investment grade by the principal U.S. rating agencies and may suffer liquidity problems, and, at any point in time, may experience lease payment difficulties or be significantly in arrears in their obligations under our operating leases. Some lessees encountering financial difficulties may seek a reduction in their lease rates or other concessions, such as a decrease in their contribution toward maintenance obligations. Any future downturns in the airline industry could greatly exacerbate the weakened financial condition and liquidity problems of some of our lessees and further increase the risk of delayed, missed or reduced rental payments. We may not correctly assess the credit risk of each lessee or charge lease rates which correctly reflect the related risks and our lessees may not be able to continue to meet their financial and other obligations under our leases in the future. A delayed, missed or reduced rental payment from a lessee decreases our revenues and cash flow. Our default levels may increase over time if economic conditions deteriorate. If lessees of a significant number of our aircraft or engines default on their leases, our financial results and growth prospects will be adversely affected.

The value and lease rates of our aircraft and engines could decline and this would have a material adverse effect on our financial results and growth prospects.

Aircraft and engine values and lease rates have historically experienced sharp decreases due to a number of factors including, but not limited to, decreases in passenger and air cargo demand, increases in fuel costs, government regulation and increases in interest rates. In addition to factors linked to the aviation industry generally, many other factors may affect the value and lease rates of our aircraft and engines, including:

the particular maintenance, operating history and documentary records of the aircraft or engine;

the number of operators using that type of aircraft or engine;

the regulatory authority under which the aircraft or engine is operated;

whether the aircraft or engine is subject to a lease and, if so, whether the lease terms are favorable to the lessor;

any renegotiation of a lease on less favorable terms;

the negotiability of clear title free from mechanics liens and encumbrances;

any regulatory and legal requirements that must be satisfied before the aircraft can be purchased, sold or re-leased;

compatibility of our aircraft configurations or specifications with other aircraft owned by operators of that type;

comparative value based on newly manufactured competitive aircraft or engines; and

the availability of spare parts.

Any decrease in the value and lease rates of aircraft or engines which may result from the above factors or other unanticipated factors, may have a material adverse effect on our financial results and growth prospects.

The concentration of some aircraft and engine models in our aircraft and engine portfolios could adversely affect our business and financial results should any problems specific to these particular models occur.

Due to the high concentration of Airbus A320 family aircraft and CFM International CFM56 family engines in our aircraft and engine portfolios, our financial results and growth prospects may be adversely affected if the demand for these aircraft or engine models declines, if they are redesigned or replaced by their manufacturer or if these aircraft or engine models experience design or technical problems. As of March 31, 2007, 85.4% of the net book value of our aircraft portfolio was represented by Airbus aircraft. Our owned aircraft portfolio included 14 aircraft types, the four highest concentrations of which together represented 81.9% of our aircraft by net book value. As of March 31, 2007, the four highest concentrations were Airbus A320 aircraft, representing 35.8% of the net book value of our aircraft portfolio, Airbus A321 aircraft, representing 23.3% of the net book value of our aircraft portfolio, Airbus A330 aircraft, representing 12.7% of the net book value of our aircraft portfolio and Airbus A319 aircraft, representing 10.1% of the net book value of our aircraft portfolio. No other aircraft type represented more than 10% of our portfolio by net book value. In addition to our significant number of existing Airbus aircraft, as of May 31, 2007, we had 74 new Airbus A320 family aircraft and 30 new Airbus A330-200 widebody aircraft on order from Airbus either directly or indirectly through our consolidated joint venture, AerVenture. We also have a significant concentration of CFM56 engines in our engine portfolio. As of March 31, 2007, 80.2% of the net book value of our engine portfolio was represented by CFM56 engines and 8.7% was represented by IAE engines.

Should any of these aircraft or engine types or aircraft manufactured by Airbus in general encounter technical or other problems, the value and lease rates of those aircraft or engines will likely decline, and we may be unable to lease the aircraft or engines on favorable terms, if at all. Any significant technical problems with any such aircraft or engine models could result in the grounding of the aircraft or engines.

In addition, if Airbus experiences further financial difficulty or if its restructuring plan is unsuccessful, we could be adversely affected. Airbus has announced that production delays on Airbus's A380 megajet are expected to reduce profits from 2007 to 2010 by \$6 billion. Airbus has also announced that it will need to spend up to \$13 billion to redesign its A350 aircraft and that the service entry of its A350 XWB aircraft would be delayed by approximately one year to 2013.

Any decrease in the value and lease rates of our aircraft and engines may have a material adverse effect on our financial results and growth prospects.

If we are unable to successfully complete our integration of AeroTurbine, we may not be able to implement our business strategy.

We acquired AeroTurbine in April 2006. If we are unable to successfully complete the integration of AeroTurbine, a critical component of our business strategy which is focused on leveraging our ability to manage aircraft profitably throughout their lifecycle would be adversely affected. AeroTurbine's engine leasing business, airframe and engine disassembly business and its MRO capabilities are critical components of this strategy because we believe that these businesses and capabilities broaden our ability to extract value from a wide range of aircraft assets, particularly older aircraft, and to lower our maintenance costs. Our ability to successfully complete the integration of AeroTurbine will depend, in part, on the efforts of the former owners of AeroTurbine who are currently its Chief Executive Officer and Chief Operating Officer. If we are unable to successfully integrate AeroTurbine, we may acquire aircraft and engines that we may not be able to lease at attractive rates, if at all, or profitably disassemble for sale by our parts business. As a result, we may overpay for new aircraft or engines that we acquire. As we continue to integrate AeroTurbine, we may discover weaknesses or limitations in AeroTurbine's management information and accounting systems and internal controls. In addition, even if we are able to successfully complete the integration of AeroTurbine, we may be required to incur increased or unanticipated costs. If we are unable to complete the successful integration of AeroTurbine or if we experience increased costs in integrating AeroTurbine, we may not be able to implement our business strategy, our financial results and growth prospects may be materially and adversely affected, and we may fail to benefit from the synergies we expect to result from the AeroTurbine Acquisition.

We are indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect our financial results and growth prospects.

A significant number of our aircraft and engines are leased to airlines in emerging market countries. As of March 31, 2007, we leased 51.9% of our aircraft and 31.1% of our engines, weighted by net book value, to airlines in emerging market countries. The emerging markets in which our aircraft are operated include Thailand, India, Brazil, Hungary, Turkey, Indonesia, El Salvador, Mexico, Jamaica, Sri Lanka, Taiwan, Malaysia, Russia and Colombia and we may lease aircraft and engines to airlines in other emerging market countries in the future.

Emerging market countries have less developed economies that are more vulnerable to economic and political problems and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. The occurrence of any of these events in markets served by our lessees and the resulting economic instability that may arise could adversely affect the value of our ownership interest in aircraft or engines subject to lease in such countries, or the ability of our lessees which operate in these markets to meet their lease obligations. As a result, lessees which operate in emerging market countries may be more likely to default than lessees that operate in developed countries. In addition, legal systems in emerging market countries may be less developed, which could make it more difficult for us to enforce our legal rights in such countries. For these and other reasons, our financial results and growth prospects may be materially and adversely affected by adverse economic and political developments in emerging market countries.

If our lessees encounter financial difficulties and we decide to restructure our leases, the restructuring would likely result in less favorable leases which could adversely affect our financial results and growth prospects.

If a lessee is late in making payments, fails to make payments in full or in part under a lease or has advised us that it will fail to make payments in full or in part under a lease in the future, we may

elect or be required to restructure the lease, which could result in less favorable terms or termination of a lease without receiving all or any of the past due amounts. We may be unable to agree upon acceptable terms for some or all of the requested restructurings and as a result may be forced to exercise our remedies under those leases. If we, in the exercise of our remedies, repossess an aircraft or engine, we may not be able to re-lease the aircraft or engine promptly at favorable rates, if at all. You should expect that restructurings and/or repossessions with some lessees will occur in the future. The terms and conditions of possible lease restructurings may result in a significant reduction of lease revenue, which may adversely affect our financial results and growth prospects.

If we or our lessees fail to maintain our aircraft or engines, their value may decline and we may not be able to lease or re lease our aircraft and engines at favorable rates, if at all, which would adversely affect our financial results and growth prospects.

We may be exposed to increased maintenance costs for our leased aircraft and engines associated with a lessee's failure to properly maintain the aircraft or engine or pay supplemental maintenance rent. If an aircraft or engine is not properly maintained, its market value may decline which would result in lower revenues from its lease or sale. Under our leases, our lessees are primarily responsible for maintaining the aircraft and engines and complying with all governmental requirements applicable to the lessee and the aircraft and engines, including operational, maintenance, government agency oversight, registration requirements and airworthiness directives. Although we require many of our lessees to pay us a supplemental maintenance rent, failure of a lessee to perform required maintenance during the term of a lease could result in a decrease in value of an aircraft or engine, an inability to re lease an aircraft or engine at favorable rates, if at all, or a potential grounding of an aircraft or engine. Maintenance failures by a lessee would also likely require us to incur maintenance and modification costs upon the termination of the applicable lease, which could be substantial, to restore the aircraft or engine to an acceptable condition prior to sale or re-leasing. Supplemental maintenance rent paid by our lessees may not be sufficient to fund our maintenance costs. Our lessees' failure to meet their obligations to pay supplemental maintenance rent or perform required scheduled maintenance or our inability to maintain our aircraft or engines may materially and adversely affect our financial results and growth prospects.

Competition from other aircraft or engine lessors with greater resources or a lower cost of capital than us could adversely affect our financial results and growth prospects.

The aircraft and engine leasing industry is highly competitive. Our competition is comprised of major aircraft leasing companies including GE Commercial Aviation Services, International Lease Finance Corp., CIT Aerospace, Aviation Capital Group, Pegasus Aviation, RBS Aviation Capital, AWAS, Babcock & Brown, Boeing Capital Corp., Macquarie Air Finance and AirCastle Advisors, and six major engine leasing companies, including GE Engine Leasing, Engine Lease Finance Corporation, Pratt & Whitney Engine Leasing LLC, Willis Lease Finance Corporation, Rolls Royce and Partners Finance and Shannon Engine Support Ltd. Some of our competitors are significantly larger and have greater resources or lower cost of capital than us; accordingly, they may be able to compete more effectively in one or more of our markets. In addition, GE Commercial Aviation Services, through its acquisition of the Memphis Group, Inc., an aircraft parts trading company, in late 2006, is able to operate with an integrated business model similar to our own, and therefore directly compete with each aspect of our business.

In addition, we may encounter competition from other entities such as:

airlines;

aircraft manufacturers and MRO organizations;

financial institutions, including those seeking to dispose of re-possessed aircraft at distressed prices;

aircraft brokers;

public and private partnerships, investors and funds with more capital to invest in aircraft and engines; and

other aircraft and engine leasing companies and MRO organizations that we do not currently consider our major competitors.

Some of these competitors have greater operating and financial resources and access to lower capital costs than us. We may not always be able to compete successfully with such competitors and other entities, which could materially and adversely affect our financial results and growth prospects.

We are exposed to significant regional political and economic risks due to the concentration of our lessees in certain geographical regions which could adversely affect our financial results and growth prospects.

Through our lessees, we are exposed to local economic and political conditions. Such adverse economic and political conditions include additional regulation or, in extreme cases, requisition of our aircraft or engines. The effect of these conditions on payments to us will be more or less pronounced, depending on the concentration of lessees in the region with adverse conditions. The airline industry is highly sensitive to general economic conditions. A recession or other worsening of economic conditions or a terrorist attack, particularly if combined with high fuel prices or a weak Euro or other local currency, may have a material adverse effect on the ability of our lessees to meet their financial and other obligations under our leases.

Lease rental revenues from lessees based in Asia accounted for 43.5% of our lease revenues in 2006. The outbreak of SARS in 2003 had a significant negative effect on the Asian economy, particularly in China, Hong Kong and Taiwan. The Asian airline industry has since recovered and is currently experiencing strong growth; however, a recurrence of SARS or the outbreak of another epidemic disease, such as avian influenza, which many experts believe would originate in Asia, could materially and adversely affect the Asian airline industry.

Lease rental revenues from lessees based in Europe accounted for 34.9% of our lease revenues in 2006. Commercial airlines in Europe face, and can be expected to continue to face, increased competitive pressures, in part as a result of the deregulation of the airline industry by the European Union and the resulting expansion of low-cost carriers. European countries generally have relatively strict environmental regulations and traffic constraints that can restrict operational flexibility and decrease aircraft productivity, which could significantly increase operating costs of all aircraft, including our aircraft, thereby adversely affecting our lessees.

Lease rental revenues from lessees based in North America, including Mexico, accounted for 12.8% of our lease revenues in 2006. During the past 15 years, a number of North American passenger airlines filed for bankruptcy and several major U.S. airlines ceased operations altogether. The outbreak of SARS, the war and prolonged conflict in Iraq and the September 11, 2001 terrorist attacks in the United States have imposed additional financial burdens on most U.S. airlines as a result of increased expenses due to tightened security requirements and in certain cases have led to a temporary reduction in demand for air travel.

Lease rental revenues from lessees based in Latin America account for 6.6% of our lease revenues in 2006. The economies of Latin American countries are generally characterized by lower levels of foreign investment and greater economic volatility when compared to industrialized countries. Lease rental revenues from lessees based in the Caribbean accounted for 2.2% of our lease revenues in 2006. Any economic downturn in the Latin American or the Caribbean economies may adversely affect the operations of our lessees in these regions.

Our substantial indebtedness incurred to acquire our aircraft and engines requires significant debt service payments.

As of March 31, 2007, our consolidated indebtedness was \$2.7 billion and our interest expense (including the impact of hedging activities) was \$166.2 million and \$50.5 million for the year ended December 31, 2006 and the three months ended March 31, 2007, respectively. Due to the capital intensive nature of our business and our strategy of expanding our aircraft and engine portfolios, we expect that we will incur additional indebtedness in the future and continue to maintain high levels of indebtedness. As of May 31, 2007, we had 74 new A320 family aircraft and 30 new A330-200 widebody aircraft on order from Airbus. If we acquire all 104 of the Airbus aircraft, over the next five years, we would expect to incur in excess of \$4.5 billion of indebtedness to finance the purchase price of the aircraft. High levels of indebtedness may limit our cash flow available for capital expenditures, acquisitions and other general corporate purposes and may have a material adverse effect on our earnings and growth prospects.

In addition, covenants in some of the indebtedness incurred by our subsidiaries prevent our subsidiaries from paying dividends to us if we or the relevant subsidiary do not meet specified financial ratios. In addition, the terms of the Aircraft Lease Securitisation indebtedness allow for distributions on the subordinated notes held by us only after the senior class of notes is redeemed.

Aircraft have limited economically useful lives and depreciate over time, which can adversely affect our financial condition and growth prospects.

As our aircraft age, they will depreciate and generally the aircraft will generate lower revenues and cash flows. If we do not replace our older depreciated aircraft with newer aircraft, our ability to maintain or increase our revenues and cash flows will decline. In addition, since we depreciate our aircraft for accounting purposes on a straight line basis to the aircraft's estimated residual value over its estimated useful life, if we dispose of an aircraft for a price that is less than the depreciated book value of the aircraft on our balance sheet, we will recognize a loss on the sale.

Our failure to maintain effective internal controls could have a material adverse effect on our business in the future and on our access to the capital markets.

Although we were not subject to the requirements of Section 404 of the Sarbanes Oxley Act of 2002 prior to 2007, we have begun documenting and testing our internal controls in order to enable us to satisfy those requirements as of December 31, 2007. At the end of this year, in accordance with Section 404 of the Sarbanes Oxley Act, our management will be required to assess the effectiveness of our internal control over financial reporting, and we will be required to have our independent registered public accounting firm audit management's assessment on the operating effectiveness of our internal control over financial reporting. In the course of their audit of our consolidated financial statements for the year ended December 31, 2006, our auditors communicated to our audit committee recommendations for the improvement of our internal control systems. We are in the process of addressing those recommendations. If our management or our independent registered public accounting firm were to conclude that our internal control over financial reporting was not effective, including appropriate remediation of the internal control recommendations referred to above, investors could lose confidence in our reported financial information and the value of our ordinary shares could be adversely impacted. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business in the future and on our access to the capital markets.

In addition, in connection with our compliance with Section 404 and the other applicable provisions of the Sarbanes Oxley Act, our management and other personnel will need to devote a substantial amount of time, and may need to hire additional accounting and financial staff, to assure that we comply with these requirements. Compliance may also make some of our activities more time

consuming and costly. The additional management attention and costs relating to compliance with the Sarbanes Oxley Act could materially and adversely affect our growth and financial results.

The advanced age of some of our aircraft may cause us to incur higher than anticipated maintenance expenses, which could adversely affect our financial results and growth prospects.

As of March 31, 2007, we owned 70 aircraft that were over ten years of age, representing 30.0% of the net book value of our aircraft portfolio. In general, the costs of operating an aircraft, including maintenance expenditures, increase as the aircraft ages. In addition, older aircraft are typically less fuel-efficient, noisier and produce higher levels of emissions, than newer aircraft and may be more difficult to re-lease or sell. In a depressed market, the value of older aircraft may decline more rapidly than the values of newer aircraft and our operating results may be adversely affected. Increased variable expenses like fuel, maintenance and increased governmental regulation could make the operation of older aircraft or engines less profitable and may result in increased lessee defaults. Incurring higher than anticipated maintenance expenses associated with the advanced age of some of our aircraft or our inability to sell or re-lease such older aircraft would materially and adversely affect our financial results and growth prospects.

The advent of superior aircraft and engine technology could cause our existing aircraft and engine portfolio to become outdated and therefore less desirable, which could adversely affect our financial results and growth prospects.

As manufacturers introduce technological innovations and new types of aircraft and engines, some of the aircraft and engines in our aircraft and engine portfolios may become less desirable to potential lessees. In addition, the imposition of increased regulation regarding stringent noise or emissions restrictions may make some of our aircraft and engines less desirable in the marketplace. Any of these risks may adversely affect our ability to lease or sell our aircraft or engines on favorable terms, if at all, which would have a material adverse effect on our financial results and growth prospects.

If our lessees' insurance coverage is insufficient, it could adversely affect our financial results and growth prospects.

While we do not directly control the operation of any of our aircraft or engines, by virtue of holding title to aircraft, directly or indirectly, in certain jurisdictions around the world, we could be held strictly liable for losses resulting from the operation of our aircraft and engines, or may be held liable for those losses on other legal theories. We require our lessees to obtain specified levels of insurance and indemnify us for, and insure against, liabilities arising out of their use and operation of the aircraft.

However, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available to airlines for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. At the same time, aviation insurers significantly increased the premiums for third party war risk and terrorism liability insurance and coverage in general. As a result, the amount of third party war risk and terrorism liability insurance that is commercially available at any time may be below the amount stipulated in our leases.

Our lessees' insurance or other coverage may not be sufficient to cover all claims that may be asserted against us arising from the operation of our aircraft and engines by our lessees. Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us in the event we are sued and are required to make payments to claimants, which could materially and adversely affect our financial results and growth prospects.

If we incur significant costs resulting from lease defaults it could adversely affect our financial results and growth prospects.

If we are required to repossess an aircraft or engine after a lessee default, we may be required to incur significant unexpected costs. Those costs include legal and other expenses of court or other governmental proceedings, including the cost of posting surety bonds or letters of credit necessary to effect repossession of the aircraft or engine, particularly if the lessee is contesting the proceedings or is in bankruptcy. In addition, during these proceedings the relevant aircraft or engine is not generating revenue. We may also incur substantial maintenance, refurbishment or repair costs that a defaulting lessee has failed to pay and that are necessary to put the aircraft or engine in suitable condition for re-lease or sale. It may also be necessary to pay off liens, taxes and other governmental charges on the aircraft to obtain clear possession and to remarket the aircraft effectively, including, in some cases, liens that the lessee may have incurred in connection with the operation of its other aircraft. We may also incur other costs in connection with the physical possession of the aircraft or engine.

We may also suffer other adverse consequences as a result of a lessee default and the related termination of the lease and the repossession of the related aircraft or engine. Our rights upon a lessee default vary significantly depending upon the jurisdiction and the applicable law, including the need to obtain a court order for repossession of the aircraft and/or consents for de-registration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft or engine without paying lease rentals or performing all or some of the obligations under the relevant lease. In addition, certain of our lessees are owned in whole, or in part, by government related entities, which could complicate our efforts to repossess our aircraft or engines in that government's jurisdiction. Accordingly, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in re-leasing the affected aircraft or engine.

If we repossess an aircraft or engine, we will not necessarily be able to export or de-register and profitably redeploy the aircraft or engine. For instance, where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft or engine is registered, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist de-registration. We may also incur significant costs in retrieving or recreating aircraft or engine records required for registration of the aircraft or engine, and in obtaining the certificate of airworthiness for an aircraft. If we incur significant costs repossessing our aircraft or engines, are delayed in repossessing our aircraft or engines or are unable to obtain possession of our aircraft or engines as a result of lessee defaults, our financial results and growth prospects may be materially and adversely affected.

If we provide MRO services to third parties, we may lose some of our existing MRO service provider customers who lease our engines and purchase our parts.

A significant portion of our short-term engine leases are to engine MRO service providers, which in turn use the engines to provide their customers with spare engines while the MRO service provider repairs the customer's engines. Also, a significant portion of our engine parts are sold directly to our engine MRO service provider customers. If we provide MRO services directly to third parties we would compete directly with some of our MRO service provider customers. Some of these MRO service provider customers may choose to lease engines and purchase parts from our competitors with whom they do not directly compete in their MRO business.

If our lessees fail to appropriately discharge aircraft liens, we may be obligated to pay the aircraft liens, which could adversely affect our financial results and growth prospects.

In the normal course of their business, our lessees are likely to incur aircraft and engine liens that secure the payment of airport fees and taxes, custom duties, air navigation charges, including charges imposed by Eurocontrol, landing charges, crew wages, repairer's charges, salvage or other liens that may attach to our aircraft or engine. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens, particularly liens on entire fleets of aircraft, exceed the value of the particular aircraft or engine to which the liens have attached. Aircraft and engines may also be subject to mechanical liens as a result of routine maintenance performed by third parties on behalf of our customers. Although the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill their obligations, the liens may attach to our aircraft or engines and ultimately become our responsibility. In some jurisdictions, aircraft and engine liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft or engine.

Until they are discharged, these liens could impair our ability to repossess, re lease or sell our aircraft or engines. Our lessees may not comply with their obligations under their leases to discharge aircraft liens arising during the terms of their leases. If they do not, we may find it necessary to pay the claims secured by such aircraft liens in order to repossess the aircraft or engine. Such payments would materially and adversely affect our financial results and growth prospects.

Failure to obtain certain required licenses, certificates and approvals could adversely affect our ability to re-lease or sell aircraft and engines, our ability to perform maintenance services or to provide cash management services, which would materially and adversely affect our financial condition and results of operations.

Under our leases, we may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft and engines. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn. Furthermore, consents needed in connection with future re-leasing or sale of an aircraft or engine may not be forthcoming. To perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we require a license from the Irish regulatory authorities, which we have obtained. In addition, to meet our MRO customers' requirements to maintain certain flight certifications, AeroTurbine requires certificates from the Federal Aviation Administration, or FAA, and European Aviation Safety Agency, or EASA, which it has obtained. A failure to maintain these licenses or certificates or obtain any required license or certificate, consent or approval, or the occurrence of any of the foregoing events, could adversely affect our ability to provide qualifying services or re-lease or sell our aircraft or engines, which would materially and adversely affect our financial condition and results of operations.

Our ability to operate in some countries is restricted by foreign regulations and controls on investments.

Many countries restrict or control foreign investments to varying degrees, and additional or different restrictions or policies adverse to us may be imposed in the future. These restrictions and controls have limited, and may in the future restrict or preclude, our investment in joint ventures or the acquisition of businesses outside of the United States, or may increase the cost to us of entering into such transactions. Various governments, particularly in the Asia-Pacific region, require governmental approval before foreign persons may make investments in domestic businesses and also limit the extent of any such investments. Furthermore, various governments may require governmental approval for the repatriation of capital by, or the payment of dividends to, foreign investors. Restrictive policies

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regarding foreign investments may increase our costs of pursuing growth opportunities in foreign jurisdictions, which could materially and adversely affect our financial results and growth prospects.

There are a limited number of aircraft and engine manufacturers and the failure of any manufacturer to meet its aircraft and engine delivery obligations to us could adversely affect our financial results and growth prospects.

The supply of commercial jet aircraft is dominated by two airframe manufacturers, Boeing and Airbus, and three engine manufacturers, GE Aircraft Engines, Rolls Royce plc and Pratt & Whitney. As a result, we are dependent on these manufacturers' success in remaining financially stable, producing products and related components which meet the airlines' demands and fulfilling their contractual obligations to us. In 2006, Airbus made a series of announcements relating to significant delays and cost overruns in the manufacturing process for the new commercial jet it is developing, the A380 megajet. These delays and cost overruns have resulted in several changes of Airbus's top management and led to some Airbus customers canceling existing orders, which aggravated Airbus's economic difficulties.

Further, competition between Airbus and Boeing for market share is escalating and may cause instances of deep discounting for certain aircraft types, which could adversely affect our ability to obtain an attractive price when we attempt to sell our aircraft in the aftermarket. Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfill their contractual obligations, we may experience:

missed or late delivery of aircraft and engines ordered by us and an inability to meet our contractual obligations to our customers, resulting in lost or delayed revenues, lower growth rates and strained customer relationships;

an inability to acquire aircraft and engines and related components on terms which will allow us to lease those aircraft and engines to customers at a profit, resulting in lower growth rates or a contraction in our aircraft portfolio;

a market environment with too many aircraft and engines available, creating downward pressure on demand for the aircraft and engines in our fleet and reduced market lease rates and sale prices;

poor customer support from the manufacturers of aircraft, engines and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those aircraft and engines in our fleet and reduced market lease rates and sale prices for those aircraft and engines; and

reduction in our competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and sale prices and may affect our ability to remarket or sell some of the aircraft and engines in our portfolio.

We will need additional capital to finance our growth, and we may not be able to obtain it on terms acceptable to us, if at all, which may limit our ability to grow and compete in the aircraft and engine leasing and trading markets.

We will need additional capital to continue to expand our business by acquiring additional aircraft, engines and other aviation assets, and financing may not be available to us or may be available to us only on terms that are not favorable. We initially finance the acquisition of aircraft through a combination of medium term revolving credit facilities and long term debt structures. Once we obtain a sufficient number and diversity of aircraft financed with medium term revolving credit facilities, we generally refinance these facilities with long term debt structures, including securitizations, tax advantaged structures and bank loans. As a result, we are subject to the risk that we will not be able to acquire, during the period that our credit facilities are available, a sufficient amount of eligible aircraft

and engines to allow for an issuance of long-term debt. If we are unable to raise additional funds or obtain capital on terms acceptable to us, we may have to delay, modify or abandon some or all of our growth strategies. Further, if additional capital is raised through the issuance of additional equity securities, the percentage ownership of our then current shareholders would be diluted. Newly issued equity securities may have rights, preferences or privileges senior to those of our ordinary shares. See "Description of Ordinary Shares".

We are subject to various environmental regulations that may have an adverse impact on our financial results and growth prospects.

Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant airframe is registered, and where the aircraft is operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition to the current requirements, the United States and the International Civil Aviation Organization, or ICAO, have adopted a new, more stringent set of standards for noise levels which will apply to engines manufactured or certified beginning in 2006. Currently, United States regulations would not require any phase-out of aircraft that qualify with the current standards, but the European Union has established a framework for the imposition of operating limitations on aircraft that do not comply with the new standards. These regulations could limit the economic life of our aircraft and engines, reduce their value, limit our ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant.

In addition to more stringent noise restrictions, the United States and other jurisdictions are beginning to impose more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines. Though current emissions control laws generally apply to newer engines, new laws could be passed in the future that also impose limits on older engines, and therefore any new engines we purchase, as well as our older engines, could be subject to existing or new emissions limitations. Limitations on emissions could favor the use of larger wide-body aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to re-lease or otherwise dispose of our narrow-body aircraft on a timely basis, at favorable terms, or at all. This is an area of law that is rapidly changing, and while we do not know at this time whether new emission control laws will be passed, and if passed what impact such laws might have on our business, any future emissions limitations could adversely affect us.

Our operations are subject to various federal, state and local environmental, health and safety laws and regulations in the United States, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of its employees. A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation or other damages. Many of these laws impose liability for clean up of contamination that may exist at our facilities (even if we did not know of or were not responsible for the contamination) or related personal injuries or natural resource damages or costs relating to contamination at third party waste disposal sites where we have sent or may send waste. We cannot assure you that we will be at all times in complete compliance with these laws, regulations or permits. We may have liability under environmental laws or be subject to legal actions brought by governmental authorities or other parties for actual or alleged violations of, or liability under, environmental, health and safety laws, regulations or permits.

We are the manager for several securitization vehicles and joint ventures and our financial results would be adversely affected if we were removed from these positions.

We are the aircraft manager for various securitization vehicles, joint ventures and third parties and receive annual fees for these services. In 2006 and the three months ended March 31, 2007, we

generated revenue of \$14.1 million and \$3.0 million respectively from providing aircraft management services to non-consolidated securitization vehicles and joint ventures and third parties. We may be removed as manager by the affirmative vote of a requisite number of holders of the securities issued by the securitization vehicles upon the occurrence of specified events and at specified times under our joint venture agreements. If we are removed, in the case of our consolidated securitization vehicles and joint ventures, our expenses would increase since such securitization vehicles or joint ventures would have to hire an outside aircraft manager and, in the case of non-consolidated securitization vehicles, joint ventures and third parties, our revenues would decline as a result of the loss of our fees for providing management services to such entities. If we are removed as aircraft manager for any securitization vehicle or joint venture that generates a significant portion of our management fees, our financial results and growth prospects could be materially and adversely affected.

Our limited control over our joint ventures may delay or prevent us from implementing our business strategy which may adversely affect our financial results and growth prospects.

We are currently joint venture partners in several joint ventures, including AerVenture, a consolidated joint venture which has entered into a purchase agreement with Airbus for the purchase of 70 A320 family aircraft, and it is our strategy to enter into additional joint ventures in the future. Under the AerVenture joint venture agreement, we share control over significant decisions with our joint venture partner. For example, we may not, without the consent of our AerVenture joint venture partner, cause AerVenture to incur any debt outside the ordinary course of business, buy or sell assets or pay dividends to us. Since we have limited control over AerVenture and certain of our other joint ventures and may not be able to exercise control over any future joint venture, we may not be able to require AerVenture or such other joint ventures to take actions that we believe are necessary to implement our business strategy. Accordingly, this limited control could have a material adverse effect on our financial results and growth prospects.

The departure of senior managers could adversely affect our financial results and growth prospects.

Our future success depends, to a significant extent, upon the continued service of our senior management personnel. For a description of the senior management team, see "Management". The departure of senior management personnel could have a material adverse effect on our ability to achieve our business strategy, including the integration of AeroTurbine.

In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.

In some jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft, so that the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner's obligations to a third party, the security interest in the aircraft may supersede our rights as owner of the engine. This legal principle could limit our ability to repossess an engine in the event of an engine lease default while the aircraft with our engine installed remains in such jurisdiction. We would suffer a substantial loss if we were not able to repossess engines leased to lessees in these jurisdictions, which would materially and adversely affect our financial results and growth prospects.

Risks Related to the Aviation Industry

As high fuel prices continue to affect the profitability of the aviation industry, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results and growth prospects.

Fuel costs represent a major expense to companies operating in the aviation industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental

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events and currency/exchange rates. As a result, fuel costs are not within the control of lessees and significant increases in fuel costs would materially and adversely affect their operating results.

Factors such as natural disasters can significantly affect fuel availability and prices. In August and September 2005, Hurricanes Katrina and Rita inflicted widespread damage along the Gulf Coast of the United States, causing significant disruptions to oil production, refinery operations and pipeline capacity in the region, and to oil production in the Gulf of Mexico. These disruptions resulted in decreased fuel availability and higher fuel prices.

Fuel prices currently remain at historically high levels. The continuing high cost of fuel has had, and sustained high costs in the future may continue to have, a material adverse affect on airlines' profitability, including our lessees. Due to the competitive nature of the aviation industry, operators have been and may continue to be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully off-sets the increased fuel costs they have incurred. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices remain at historically high levels or increase further due to future terrorist attacks, acts of war, armed hostilities, natural disasters or for any other reason, they are likely to cause our lessees to incur higher costs and/or generate lower revenues, resulting in an adverse affect on their financial condition and liquidity. Consequently, these conditions may adversely affect our lessees' ability to make rental and other lease payments, result in lease restructurings and/or aircraft and engine repossessions, increase our costs of servicing and marketing our aircraft and engines, impair our ability to re-lease them or otherwise dispose of them on a timely basis at favorable rates or terms, if at all, and reduce the proceeds received for such assets upon any disposition. Any of these events could adversely affect our financial results and growth prospects.

If the effects of terrorist attacks and geopolitical conditions continue to adversely affect the financial condition of the airlines, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results and growth prospects.

As a result of the September 11, 2001 terrorist attacks in the United States and subsequent terrorist attacks abroad, notably in the Middle East, Southeast Asia and Europe, increased security restrictions were implemented on air travel, costs for aircraft insurance and security measures have increased, passenger and cargo demand for air travel decreased and operators have faced and continue to face increased difficulties in acquiring war risk and other insurance at reasonable costs. In addition, war or armed hostilities, or the fear of such events could further exacerbate many of the problems experienced as a result of terrorist attacks. Uncertainty regarding the situation in Iraq and tension over Iran's and North Korea's nuclear programs may lead to further instability in the Middle East. Future terrorist attacks, war or armed hostilities, or the fear of such events, could further adversely affect the aviation industry and may have an adverse effect on the financial condition and liquidity of our lessees, aircraft and engine values and rental rates, and may lead to lease restructurings or repossessions, all of which could adversely affect our financial results and growth prospects.

Terrorist attacks and adverse geopolitical conditions have adversely affected the aviation industry and concerns about such events could also result in:

higher costs to the airlines due to the increased security measures;

decreased passenger demand and revenue due to the inconvenience of additional security measures;

uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges under current market conditions;

higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, if at all;

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significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance has been or will continue to be available;

inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of terrorist attacks and geopolitical conditions, including those referred to above; and

special charges recognized by some operators, such as those related to the impairment of aircraft and engines and other long lived assets stemming from the grounding of aircraft as a result of terrorist attacks, the economic slowdown and airline reorganizations.

Future terrorist attacks, acts of war or armed hostilities may cause certain aviation insurance to become available only at significantly increased premiums, which may be for reduced amounts of coverage that are insufficient to comply with the levels of insurance coverage currently required by aircraft and engine lenders and lessors or by applicable government regulations, or to be not available at all.

Although the Aircraft Transportation Safety and System Stabilization Act adopted in the United States on September 22, 2001 and similar programs instituted by the governments of other countries provide for limited government coverage under government programs for specified types of aviation insurance, these programs may not continue and governments may not pay under these programs in a timely fashion.

Future terrorist attacks, acts of war or armed hostilities are likely to cause our lessees to incur higher costs and to generate lower revenues, which could result in an adverse effect on their financial condition and liquidity. Consequently, these conditions may affect their ability to make rental and other lease payments to us or obtain the types and amounts of insurance required by the applicable leases, which may in turn lead to aircraft groundings, may result in additional lease restructurings and repossessions, may increase our cost of re-leasing or selling the aircraft and may impair our ability to re-lease or otherwise dispose of them on a timely basis at favorable rates or on favorable terms, if at all, and may reduce the proceeds received for our aircraft and engines upon any disposition. These results could adversely affect our financial results and growth prospects.

The effects of SARS or other epidemic diseases may adversely affect the airline industry in the future, which might cause our lessees to not be able to meet their lease payment obligations to us, which would adversely affect our financial results and growth prospects.

The linking of the 2003 outbreak of SARS to air travel materially and adversely affected passenger demand for air travel at that time. While the World Health Organization's travel bans related to SARS were lifted, SARS had a continuing negative affect on the aviation industry, which was evidenced by a sharp reduction in passenger bookings and the cancellation of many flights after the air travel bans had been lifted. While these effects were felt most acutely in Asia, the effect of SARS on the aviation industry also adversely affected other areas, including North America.

Since 2003, there have been several outbreaks of avian influenza, beginning in Asia and, most recently, spreading to certain parts of Africa and Europe. Although human cases of avian influenza so far have been limited in number, the World Health Organization has expressed serious concern that a human influenza pandemic could develop from the avian influenza virus. In such an event, numerous responses, including travel restrictions, might be necessary to combat the spread of the disease. Additional outbreaks of SARS or other diseases, such as avian influenza, or the fear of such events, could adversely affect passenger demand for air travel and the aviation industry. These consequences could result in our lessees' inability to satisfy their lease payment obligations to us, which in turn would adversely affect our financial results and growth prospects.

The passenger aviation industry is inherently cyclical and a significant downturn in the industry would adversely impact our lessees' ability to make payments to us, which would adversely affect our financial results and growth prospects.

The years 2001 through 2004 were characterized by falling air traffic demand and rising costs. This industry downturn was exacerbated by the terrorist attacks on September 11, 2001, prolonged military action in Iraq and Afghanistan, rising fuel prices, SARS and avian influenza. As a result, the global airline industry experienced significant financial losses. Many airlines, including some of our lessees, announced or implemented reductions in capacity, service and workforce. Additionally, many airlines sought protection under bankruptcy laws. The airline bankruptcies and the reduction in demand led to the grounding of significant numbers of aircraft and engines and the negotiation of reductions in lease rental rates, which depressed aircraft and engine market values.

While the down cycle has ended and many of the world's airlines are experiencing improved financial performance, an industry downturn is likely to occur again in the future and the impact could be similar to the impact of the prior downturn. Such a downturn would likely place already financially weakened lessees under further duress, once again putting downward pressure on lease rates. As in the previous downturn, the grounding of undesirable older aircraft would also play a role in depressing aircraft and engine market values.

Risks Related to Our Organization and Structure

If the ownership of our ordinary shares continues to be highly concentrated, it may prevent you and other minority shareholders from influencing significant corporate decisions and may result in conflicts of interest.

After giving effect to this offering, assuming that the underwriters' over-allotment option is not exercised, companies controlled by funds and accounts affiliated with Cerberus, will own 45.8% of our ordinary shares. As a result, Cerberus may be able to effectively control fundamental corporate matters and transactions, including the appointment of a majority of our directors, mergers, amalgamations, consolidations or acquisitions, the sale of all or substantially all of our assets, the amendment of our articles of association and our dissolution. This concentration of ownership may delay, deter or prevent acts that would be favored by our other shareholders, such as a change of control transaction that would result in the payment of a premium to our other shareholders. In addition, this concentration of share ownership may adversely affect the trading price of our ordinary shares if the perception among investors exists that owning shares in a company with a significant shareholder is not desirable.

We are a Netherlands public limited liability company (naamloze vennootschap) and it may be difficult for you to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.

We were formed under the laws of The Netherlands and, as such, the rights of holders of our ordinary shares and the civil liability of our directors will be governed by the laws of The Netherlands and our articles of association. The rights of shareholders under the laws of The Netherlands may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of the named experts referred to in this prospectus are not residents of the United States, and most of our directors and our executive officers and most of our assets and the assets of our directors are located outside the United States. In addition, under our articles of association, all lawsuits against us and our directors and executive officers shall be governed by the laws of The Netherlands and must be brought exclusively before the Courts of Amsterdam, The Netherlands. As a result, you may not be able to serve process on us or on such persons in the United States or obtain or enforce judgments from U.S. courts against them or us based on the civil liability provisions of the securities laws of the United States. There is doubt as to whether courts of The Netherlands would enforce certain civil liabilities

under U.S. securities laws in original actions and enforce claims for punitive damages. See "Enforcement of Civil Liabilities".

Under our articles of association, we indemnify and hold our directors, officers and employees harmless against all claims and suits brought against them, subject to limited exceptions. Under our articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder shall be governed exclusively by the laws of The Netherlands and subject to the jurisdiction of The Netherlands courts, unless such rights or obligations do not relate to or arise out of their capacities listed above. Although there is doubt as to whether U.S. courts would enforce such provision in an action brought in the United States under U.S. securities laws, such provision could make enforcing judgments obtained outside of The Netherlands more difficult to enforce against our assets in The Netherlands or jurisdictions that would apply Netherlands law.

Our international operations expose us to economic and legal risks associated with a global business.

We conduct our business in many countries, and we anticipate that revenue from our international operations, particularly from the Asia-Pacific region, will continue to account for a significant amount of our future revenue. There are risks inherent in conducting our business internationally, including:

general political and economic instability in international markets;

limitations in the repatriation of our assets, including cash;

expropriation of our international assets;

different liability standards and less developed legal systems that may be less predictable than those in the United States; and

intellectual property laws of countries that do not protect our international rights to the same extent as the laws of the United States.

These factors may have a material adverse effect on our financial results and growth prospects.

If our subsidiaries do not make distributions to us we will not be able to pay dividends.

Substantially all of our assets are held by and our revenues are generated by our subsidiaries. We will be limited in our ability to pay dividends unless we receive dividends or other cash flow from our subsidiaries. Substantially all of our owned aircraft are held through special purpose subsidiaries or finance structures which borrow funds to finance or refinance the aircraft. The terms of such financings place restrictions on distributions of funds to us. If these limitations prevent distributions to us or our subsidiaries do not generate positive cash flows, we will be limited in our ability to pay dividends and may be unable to transfer funds between subsidiaries if required to support our subsidiaries.

Risks Related to This Offering

The market price and trading volume of our ordinary shares may be volatile, which could result in rapid and substantial losses for our shareholders.

The market price of our ordinary shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our ordinary shares may fluctuate and cause significant price variations to occur. If the market price of our ordinary shares declines significantly, you may be unable to resell your ordinary shares at or above your purchase price, if at all. Some of the factors that could negatively affect our ordinary share price or result in fluctuations in the price or trading volume of our ordinary shares include:

variations in our quarterly operating results which can fluctuate as a result of, among other factors, the timing of aircraft sales which can significantly affect our revenues, adjustments to

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our accrued maintenance liability and changes in interest rates that can affect the value of derivatives which we mark to market;

failure to meet earnings estimates;

publication of research reports about us, other aircraft lessors or the aviation industry or the failure of securities analysts to cover our ordinary shares after this offering;

additions or departures of key management personnel;

adverse market reaction to any indebtedness we may incur or preference or ordinary shares we may issue in the future;

changes in our dividend payment policy or failure to execute our existing policy;

actions by shareholders;

changes in market valuations of similar companies;

announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;

speculation about our business in the press or investment community;

changes or proposed changes in laws or regulations affecting the aviation industry or enforcement of these laws and regulations or announcements relating to these matters; and

general market, political and economic conditions and local conditions in the markets which our lessees are located.

In addition, the stock market has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of listed companies. Broad market and industry factors may significantly affect the market price of companies' ordinary shares, including ours, regardless of actual operating performance. These fluctuations may be even more pronounced in the trading market for our ordinary shares shortly following this offering. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Future sales of ordinary shares by existing shareholders could cause our ordinary share price to decline which could adversely affect our ability to fund our growth and operations.

If our existing shareholders sell, or indicate an intention to sell, substantial amounts of our ordinary shares in the public market after the lock-up, and other legal restrictions on resale discussed in this prospectus no longer apply, the trading price of our ordinary shares could decline. We currently have and upon completion of this offering will continue to have a total of 85.0 million ordinary shares outstanding. Upon completion of this offering, 46.1 million of our ordinary shares will be freely tradable, without restriction, in the public market, assuming that the underwriters do not exercise their overallotment option.

The underwriters of this offering may, in their sole discretion, permit our officers, directors, and other current shareholders who are subject to the contractual lock-up to sell ordinary shares prior to the expiration of the lock-up agreements.

We expect that the lock-up agreements pertaining to this offering will expire 90 days from the date of this prospectus, although those lock-up agreements may be extended for up to an additional 18 days under certain circumstances. After the lock-up agreements expire, up to an additional 38.9 million ordinary shares will be eligible for sale in the public market. All of these ordinary shares are held by affiliates and will be

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subject to volume limitations under Rule 144 under the Securities Act. If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ordinary shares could decline.

Risks Related to Taxation

We may become a passive foreign investment company, or PFIC, for U.S. federal income tax purposes.

We do not believe we will be classified as a PFIC for the current year. The determination as to whether a foreign corporation is a PFIC is a complex determination based on all of the relevant facts and circumstances and depends on the classification of various assets and income under PFIC rules. In our case, the determination is further complicated by the application of the PFIC rules to leasing companies and to joint ventures and financing structures common in the aircraft leasing industry. It is unclear how some of these rules apply to us. Further, this determination must be tested annually and our circumstances may change in any given year. We do not intend to make decisions regarding the purchase and sale of aircraft with the specific purpose of reducing the likelihood of our becoming a PFIC. Accordingly, our business plan may result in our engaging in activities that could cause us to become a PFIC. If we are or become a PFIC, U.S. shareholders may be subject to increased U.S. federal income taxes on a sale or other disposition of our ordinary shares and on the receipt of certain distributions and will be subject to increased U.S. federal income tax reporting requirements. See "Tax Considerations U.S. Tax Considerations" for a more detailed discussion of the consequences to you if we are treated as a PFIC and a discussion of certain elections that may be available to mitigate the effects of that treatment. We urge you to consult your own tax advisors regarding the application of the PFIC rules to your particular circumstances.

We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results and growth prospects.

We and our subsidiaries are subject to the income tax laws of Ireland, The Netherlands, Sweden and the United States and other jurisdictions in which our subsidiaries are incorporated or based. In addition, we or our subsidiaries may be subject to additional income or other taxes in these and other jurisdictions by reason of the management and control of our subsidiaries, our activities and operations, where our aircraft operate or where the lessees of our aircraft (or others in possession of our aircraft) are located. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled to reduce the exposure to such additional taxation, we may be subject to such taxes in the future and such taxes may be substantial. The imposition of such taxes could have a material adverse effect on our financial results and growth prospects.

We may incur current tax liabilities in our primary operating jurisdictions in the future.

We expect to make current tax payments in some of the jurisdictions where we do business in the normal course of our operations. Our ability to defer the payment of some level of income taxes to future periods is dependent upon the continued benefit of accelerated tax depreciation on our flight equipment in some jurisdictions, the continued deductibility of external and intercompany financing arrangements and the application of tax losses prior to their expiration in certain tax jurisdictions, among other factors. The level of current tax payments we make in any of our primary operating jurisdictions could adversely affect our cash flows and have a material adverse effect on our financial results and growth prospects.

We may become subject to additional Irish taxes based on the extent of our operations carried on in Ireland.

Our Irish tax resident subsidiaries are currently subject to Irish corporate income tax on trading income at a rate of 12.5%, on capital gains at 20%, and on other income at 25%. We expect that substantially all of our Irish income in future periods will be treated as trading income for tax purposes. As of December 31, 2006, we had \$355.7 million of Irish tax losses available to carry forward against our trading income. The continued application of the 12.5% tax rate to trading income generated in

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our Irish tax resident subsidiaries and the ability to carry forward Irish tax losses to shelter future taxable trading income depends in part on the extent and nature of activities carried on in Ireland both in the past and in the future. AerCap Ireland and its Irish tax resident subsidiaries intend to carry on their activities in Ireland so that the 12.5% rate of tax applicable to trading income will apply and that they will be entitled to shelter future income with tax losses that arose from the same trading activity. We may not continue to be entitled to apply our loss carryforwards against future taxable trading income in Ireland.

We may fail to qualify for benefits under one or more tax treaties.

We do not expect that our subsidiaries located outside of the United States will have any material U.S. federal income tax liability by reason of activities we carry out in the United States and the lease of assets to lessees that operate in the United States. However, this conclusion will depend, in part, on continued qualification for the benefits of income tax treaties between the United States and other countries in which we are subject to tax (particularly The Netherlands and Ireland). That in turn may depend on the nature and level of activities carried on by us and our subsidiaries in each jurisdiction, the identity of the owners of equity interests in subsidiaries that are not wholly-owned and the identities of the direct and indirect owners of our indebtedness and the debt of our subsidiaries.

The nature of our activities may be such that our subsidiaries may not continue to qualify for benefits under income tax treaties with the United States and that we may not otherwise qualify for treaty benefits. Failure to so qualify could result in the imposition of U.S. federal taxes which could have a material adverse effect on our financial results and growth prospects.

SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS

This prospectus includes forward looking statements, principally under the captions "Prospectus Summary", "Aircraft, Engine and Aviation Parts Industry", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business". We have based these forward looking statements largely on our current beliefs, expectations of SH&E and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed in this prospectus, could cause our actual results to differ substantially from those anticipated in our forward looking statements, including, among other things:

our ability to successfully negotiate aircraft and engine purchases, sales and leases, to collect outstanding amounts due and to repossess aircraft and engines under defaulted leases, and to control costs and expenses,

decreases in the overall demand for commercial aircraft and engine leasing and aircraft management services,

the economic condition of the global airline and cargo industry,

the ability of our lessees and potential lessees to make operating lease payments to us,

competitive pressures within the industry,

changes in interest rates and availability of capital to us and to our customers,

the negotiation of aircraft management services contracts,

regulatory changes affecting commercial aircraft operators, aircraft maintenance, engine standards, accounting standards and taxes,

the risks set forth in "Risk Factors" included in this prospectus.

The words "believe", "may", "will", "aim", "estimate", "continue", "anticipate", "intend", "expect" and similar words are intended to identify forward looking statements. Forward looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward looking statements speak only as of the date they were made and we undertake no obligation to update publicly or to revise any forward looking statements after we distribute this prospectus because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward looking events and circumstances described in this prospectus might not occur and are not guarantees of future performance.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of our ordinary shares by the selling shareholders.

Our selling shareholders are directly owned by Bermuda holding companies, the Bermuda Parents, with identical share ownership and capital structures consisting solely of common shares. The Bermuda Parents do not own any other significant assets or conduct any other significant activities outside of their indirect investment in us and the value of the Bermuda Parents is derived exclusively with reference to our value.

We estimate that the net proceeds to the selling shareholders from the offering will be approximately \$ assuming an offering price of \$ per ordinary share, the last reported sale price of our ordinary shares on the NYSE on , 2007, and after deducting the underwriting discounts and commissions and estimated offering expenses. We expect the net proceeds from the sale of the ordinary shares by the selling shareholders to be distributed to the Bermuda Parents and then to be distributed to holders of the common shares and vested options of the Bermuda Parents. Funds and accounts affiliated with Cerberus own 86.0% of the common shares of the Bermuda Parents and certain members of our senior management and of our Board of Directors and an employee of Cerberus identified under "Principal and Selling Shareholders" own 14.0% of the common shares of the Bermuda Parents.

If all vested options held by such persons are exercised, funds and accounts affiliated with Cerberus would own 82.8% of the common shares of the Bermuda Parents and certain members of our senior management and of our Board of Directors and an employee of Cerberus would own 17.2% of the common shares. Certain members of our senior management also own unvested options which are not reflected in the foregoing ownership percentages.

An affiliate of Lehman Brothers Inc. (the "Lehman Affiliate") has a 2.7% participation interest in certain funds affiliated with Cerberus and will receive 2.7% of the proceeds received by such funds in this offering. Based on the public offering price of \$ per share, the last reported sale price of our ordinary shares on the NYSE on , 2007, the sale by the selling shareholders of the number of shares set forth on the cover of this prospectus and distribution of the proceeds of this offering as described above, the Lehman Affiliate will receive \$ million of the proceeds of this offering received by the selling shareholders. See "Underwriting".

Based on an assumed public offering price of \$ per ordinary share, the last reported sale price of our ordinary shares on the NYSE on , 2007, funds and accounts affiliated with Cerberus and certain members of our senior management and of our Board of Directors will receive \$ million and \$ million, respectively, from the proceeds of this offering if the underwriters do not exercise their overallotment option and \$ million and \$ million, respectively, from the proceeds of this offering if the underwriters exercise their overallotment option. See "Principal and Selling Shareholders" for more information regarding our ownership structure and our indirect shareholders.

A \$1.00 increase (decrease) in the offering price of \$ per ordinary share, the last reported sale price of our ordinary shares on the NYSE on , 2007, would increase (decrease) the net proceeds to the selling shareholders from this offering by \$ million, assuming the number of ordinary shares offered by the selling shareholders, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by the selling shareholders.

PRICE RANGE OF OUR ORDINARY SHARES

Our ordinary shares are listed on the New York Stock Exchange under the symbol "AER". The following table sets forth the quarterly high and low intraday trading prices of our ordinary shares on the New York Stock Exchange for the periods indicated since the commencement of trading of our ordinary shares following the pricing of our initial public offering on November 21, 2006:

	High	Low
	<i>(US Dollars)</i>	
Year ended December 31, 2006		
Fourth Quarter (from November 21, 2006)	\$ 25.10	\$ 21.85
Year ending December 31, 2007		
First Quarter	29.85	22.75
Second Quarter	32.80	28.49
Third Quarter (through July 9, 2007)	32.80	31.37

On July 9, 2007, the closing sale price of our ordinary shares as reported on the New York Stock Exchange was \$32.25 per share. As of July 9, 2007, there were five record holders of our ordinary shares.

DIVIDEND POLICY

To date, we have not declared or paid any dividends on our ordinary shares. We intend to retain any future earnings to fund working capital and our growth and do not expect to pay any dividend in the foreseeable future. The payment of dividends is subject to the discretion of our Board of Directors and the approval of our shareholders. While the financial statements included in this prospectus are prepared in accordance with U.S. GAAP, under the laws of The Netherlands the amount of dividends we may declare is determined by our Board of Directors by reference to our accounts under Netherlands GAAP and subject to the availability of adequate equity.

In addition, to the extent we decide to pay dividends in the future, our ability to pay dividends will be subject to:

our future earnings, financial condition, cash requirements, financial leverage, compliance with statutory and regulatory requirements and general business conditions; and

the terms of our financing facilities that may, from time to time, contain restrictions on dividend payments.

As a holding company, our ability to pay dividends depends primarily on the receipt of dividends and distributions from our subsidiaries. If we declare dividends, we expect to do so in U.S. dollars; however, we have the corporate authority to declare dividends in other currencies. Existing financing arrangements for our aircraft include provisions which limit distributions of cash to us from the subsidiaries through which our aircraft are owned.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, restricted cash and capitalization as of March 31, 2007. Since we will not receive any proceeds from the sale of our ordinary shares by the selling shareholders, our capitalization will not change as a result of this offering.

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited condensed consolidated interim financial statements and the accompanying notes that appear elsewhere in this prospectus.

	As of March 31, 2007
	<i>(US dollars in thousands)</i>
Cash and cash equivalents	\$ 140,103
Restricted cash	99,459
Total cash and cash equivalents and restricted cash	\$ 239,562
ALS securitization debt(1)(2)	818,466
ECA-guaranteed debt(1)	570,632
Commercial bank debt(1)	1,016,410
Other debt	260,479
Total debt	2,665,987
Minority interest	31,685
Ordinary share capital, €0.01 par value (200,000,000 ordinary shares authorized, 85,036,957 ordinary shares issued and outstanding)	699
Additional paid-in capital	593,999
Retained earnings	219,318
Total shareholders' equity	814,016
Total capitalization	\$ 3,751,250

(1) All of this indebtedness is secured. For a description of our indebtedness see "Indebtedness".

(2) As described below, on May 8, 2007, we refinanced Aircraft Lease Securitisation's existing indebtedness and increased Aircraft Lease Securitisation's indebtedness to \$1.66 billion. As of May 31, 2007, as a result of the refinancing, \$528.4 million of commercial bank debt had been repaid.

Recent Financing Transactions

On May 8, 2007, Aircraft Lease Securitisation completed a refinancing of its securitized notes with the issuance of \$1.66 billion of AAA-rated class G-3 floating rate notes. The proceeds from the refinancing were used to redeem all of the outstanding Aircraft Lease Securitisation debt, other than the most junior class of notes, to repay other indebtedness owned by us, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing Aircraft Lease Securitisation's aircraft portfolio size to 70 aircraft. In connection with the Aircraft Lease Securitisation refinancing, as of May 31, 2007, we had repaid net \$362.6 million of indebtedness under our UBS revolving credit facility and \$165.8 million of commercial bank debt with the proceeds of the new securitization.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present AerCap Holdings N.V.'s (the successor company) and AerCap B.V.'s (the predecessor company) selected consolidated financial data for each of the periods indicated, prepared in accordance with U.S. GAAP. You should read this information in conjunction with AerCap Holdings N.V.'s audited consolidated financial statements and related notes and unaudited condensed consolidated interim financial statements and related notes included in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

AerCap Holdings N.V. was formed as a Netherlands public limited liability company ("*naamloze vennootschap*") on July 10, 2006 and acquired all of the assets and liabilities of AerCap Holdings C.V., a Netherlands limited partnership on October 27, 2006. There was no change in accounting basis as a result of this transaction. Since AerCap Holdings C.V. and AerCap Holdings N.V. are entities organized under common control, the historical consolidated financial statements of AerCap Holdings C.V. became the historical consolidated financial statements of AerCap Holdings N.V. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V., (formerly known as *debis AirFinance B.V.*), in connection with the 2005 Acquisition. The financial information presented as of December 31, 2005 and 2006 and for the fiscal years ended December 31, 2004 and 2006, and the six months ended June 30, 2005 and December 31, 2005, was derived from AerCap Holdings N.V.'s audited consolidated financial statements included in this prospectus. The financial information presented as of and for the fiscal years ended December 31, 2003 and 2002 was derived from AerCap B.V.'s unaudited consolidated financial statements. The financial information presented for the three months ended March 31, 2006 and as of and for the three months ended March 31, 2007 was derived from AerCap Holding N.V.'s unaudited condensed consolidated interim financial statements included in this prospectus. The financial information presented for the three months ended March 31, 2007 is not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

Consolidated Income Statements Data

AerCap B.V.				
	Year ended December 31,			Six months ended June 30,
	2002 (adjusted)(1)(2)	2003 (adjusted)(1)(2)	2004 (adjusted)(1)	2005 (adjusted)(1)
<i>(US dollars in thousands, except share and per share amounts)</i>				
Revenues				
Lease revenue	\$ 459,115	\$ 343,045	\$ 308,500	\$ 162,155
Sales revenue	13,105	7,499	32,050	75,822
Management fee revenue	7,160	13,400	15,009	6,512
Interest revenue	28,468	22,432	21,641	13,130
Other revenue	1,826	84,568	13,667	3,459
Total revenues	509,674	470,944	390,867	261,078
Expenses				
Depreciation	202,395	143,303	125,877	66,407
Cost of goods sold	11,012	6,657	18,992	57,632
Interest on debt	267,228	123,435	113,132	69,857
Impairments(3)	170,498	6,066	134,671	
Other expenses	64,608	64,010	68,856	32,386
Selling, general and administrative expenses	40,472	39,267	36,449	19,559
Total expenses	756,213	382,738	497,977	245,841
(Loss) income from continuing operations before income taxes, minority interest and cumulative effect of change in accounting principle				
	(246,539)	88,206	(107,110)	15,237
Provision for income taxes	60,588	(32,939)	224	556
Minority interest net of tax				
Cumulative effect of change in accounting principle	(99,491)			
Net (loss) income	\$ (285,442)	\$ 55,267	\$ (106,886)	\$ 15,793
(Loss) earnings per share, basic and diluted	\$ (387.72)	\$ 75.09	\$ (145.19)	\$ 21.45
Weighted average shares outstanding, basic and diluted	736,203 42	736,203	736,203	736,203

Consolidated Income Statements Data

AerCap Holdings N.V.

	Six months ended December 31, 2005 (adjusted)(1)(4)		Year ended December 31, 2006 (adjusted)(1)(5)		Three months ended March 31,			
					2006(1)	2007(1)		
<i>(US dollars in thousands, except share and per share amounts)</i>								
Revenues								
Lease revenue	\$	173,568	\$	443,925	\$	87,941	\$	139,703
Sales revenue		12,489		301,405		33,215		148,885
Management fee revenue		7,674		14,072		3,681		3,025
Interest revenue		20,335		34,681		8,934		7,272
Other revenue		1,006		20,336		5,322		10,587
Total revenues		215,072		814,419		139,093		309,472
Expenses								
Depreciation		45,918		102,387		24,324		33,932
Cost of goods sold		10,574		220,277		20,502		118,003
Interest on debt		44,742		166,219		28,203		50,484
Impairments(3)								
Other expenses		26,524		46,523		9,586		10,128
Selling, general and administrative expenses(6)		26,949		149,364		11,133		26,585
Total expenses		154,707		684,770		93,748		239,132
Income from continuing operations before income taxes, minority interest and cumulative effect of change in accounting principle								
		60,365		129,649		45,345		70,340
Provision for income taxes		(10,604)		(21,246)		(10,430)		(10,026)
Minority interest net of tax				588		600		252
Cumulative effect of change in accounting principle								
Net income	\$	49,761	\$	108,991	\$	35,515	\$	60,566
Earnings per share, basic and diluted	\$	0.64	\$	1.38	\$	0.45	\$	0.71
Weighted average shares outstanding, basic and diluted		78,236,957		78,992,513		78,236,957		85,036,957
		43						

Consolidated Balance Sheet Data

AerCap B.V.			
As of December 31,			
	2002 (adjusted)(1)(2)	2003 (adjusted)(1)	2004 (adjusted)(1)
<i>(US dollars in thousands)</i>			
Assets			
Cash and cash equivalents	\$ 86,121	\$ 131,268	\$ 143,640
Restricted cash	243,336	206,572	118,422
Flight equipment held for operating leases, net	3,476,501	2,484,850	2,748,347
Notes receivable, net of provisions	195,236	188,616	250,774
Prepayments on flight equipment	157,198	160,624	135,202
Other assets	337,214	294,310	207,769
Total assets	\$ 4,495,606	\$ 3,466,240	\$ 3,604,154
Liabilities and Shareholders' Equity			
Debt	3,571,178	2,763,666	3,115,492
Other liabilities	803,608	526,486	419,643
Shareholders' equity	120,820	176,088	69,019
Total liabilities and shareholders' equity	\$ 4,495,606	\$ 3,466,240	\$ 3,604,154

Consolidated Balance Sheet Data

AerCap Holdings N.V.			
	As of December 31, 2005 (adjusted)(1)	As of December 31, 2006 (adjusted)(1)	As of March 31, 2007(1)
<i>(US dollars in thousands)</i>			
Assets			
Cash and cash equivalents	\$ 183,554	\$ 131,201	\$ 140,103
Restricted cash	157,730	112,277	99,459
Flight equipment held for operating leases, net	2,189,267	2,966,779	3,074,519
Notes receivable, net of provisions	196,620	167,451	166,344
Prepayments on flight equipment	115,657	166,630	150,621
Other assets	218,371	373,698	395,385
Total assets	\$ 3,061,199	\$ 3,918,036	\$ 4,026,431
Liabilities and Shareholders' Equity			
Debt	2,172,995	2,555,139	2,665,987
Other liabilities	468,443	611,893	546,428
Shareholders' equity	419,761	751,004	814,016
Total liabilities and shareholders' equity	\$ 3,061,199	\$ 3,918,036	\$ 4,026,431

(1)

On September 8, 2006, the Financial Accounting Standards Board issued the FSP. The FSP amends certain provisions in the AICPA Industry Audit Guide, "Audit of Airlines", and is applicable for our financial year beginning January 1, 2007. The FSP eliminates the "accrue in advance" methodology in accounting for certain future maintenance payments. As a result of the FSP, our previous method of accruing for the payment of top-up or lessor maintenance contribution obligations at the signing of a lease is no longer permitted. Accordingly, we have adjusted our historical financial statements in accordance with FAS 154 to reflect the application of

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the new policy for top-up and lessor maintenance contribution obligations. The effect of the adjustments on net income and retained earnings was \$(7,855) and \$25,176 for the year ended December 31, 2002; \$18,352 and \$43,528 for the year ended December 31, 2003; \$(1,524) and \$42,004 for the year ended December 31, 2004; \$(17,907) and \$24,097 for the six months ended June 30, 2005; \$98 and \$98 for the six months ended December 31, 2005; \$1,144 and \$1,242 for the three months ended March 31, 2006; \$20,995 and \$21,093 for the year ended December 31, 2006; and \$8,514 and \$29,607 for the three months ended March 31, 2007. See Note 1 to our audited consolidated financial statements contained in this prospectus.

- (2) Includes the accounts of AerCo at December 31, 2002 and the results of operations and cash flows for AerCo during 2002 and the three months ended March 31, 2003. On March 31, 2003, we sold a portion of our interest in AerCo and then deconsolidated it from our financial statements because it was determined that we were no longer the primary beneficiary of AerCo as of March 31, 2003. The amount of total revenue attributable to AerCo in the three months ended March 31, 2003 was \$106.4 million (including \$72.2 million of other income).
- (3) Includes aircraft impairment, investment impairment and goodwill impairment.
- (4) We were formed on June 27, 2005; however, we did not commence operations until June 30, 2005, when we acquired all of the shares and certain of the liabilities of AerCap B.V. Our initial accounting period was from June 27, 2005 to December 31, 2005, but we generated no material revenue or expense between June 27, 2005 and June 30, 2005 and did not have any material assets before the 2005 Acquisition. For convenience of presentation only, we have labeled our initial accounting period in the table headings in this prospectus as the six months ended December 31, 2005.
- (5) Includes the results of AeroTurbine for the period from April 26, 2006 (the date of the AeroTurbine Acquisition) to December 31, 2006.
- (6) Includes share-based compensation expense of \$78,635 and \$2,447 for the year ended December 31, 2006 and the three months ended March 31, 2007, respectively.

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following unaudited consolidated pro forma income statements for the year ended December 31, 2006 have been derived by the application of pro forma adjustments to AerCap Holdings N.V.'s audited consolidated financial statements for the year ended December 31, 2006 included in this prospectus and AeroTurbine's audited consolidated financial statements for the period from January 1, 2006 to April 25, 2006 which are not included in this prospectus.

The unaudited consolidated pro forma income statement for the year ended December 31, 2006 gives effect to the AeroTurbine Acquisition and related conforming accounting changes as if they had occurred on January 1, 2006. On April 26, 2006, we acquired all of the existing share capital of AeroTurbine.

The unaudited consolidated pro forma financial information is based on assumptions and reflects adjustments described in the accompanying notes. The unaudited consolidated pro forma financial information is being furnished solely for informational purposes and is not intended to represent or be indicative of the results that we would have reported if the transaction identified above had occurred on the date indicated, nor does it purport to represent the results of operations we will obtain in future periods. The unaudited consolidated pro forma financial information should be read in conjunction with AerCap Holdings N.V.'s audited consolidated financial statements and the related notes included in this prospectus.

Unaudited Consolidated Pro Forma Income Statement Year Ended December 31, 2006

	AerCap Holdings N.V.	AeroTurbine	AeroTurbine Acquisition	Conforming changes	
	Year ended December 31, 2006 Historic	January 1- April 25, 2006 Historic	January 1- April 25, 2006 Adjustments(1)	Year ended December 31, 2006 Adjustments(2)	Year ended December 31, 2006 Pro Forma
<i>(US dollars in thousands, except share and per share amounts)</i>					
Revenues					
Lease revenue	\$ 443,925	\$ 12,668	\$ 48	1(a)	\$ 456,641
Sales revenue	301,405	41,138			342,543
Management fee revenue	14,072				14,072
Interest revenue	34,681			5	34,686
Other revenue	20,336			56	20,392
Total revenues	814,419	53,806	48	61	868,334
Expenses					
Depreciation	102,387			2,779	105,166
Cost of goods sold	220,277	36,970	3,388	1(b),(c),(e)	254,734
Interest on debt	166,219			5,165	171,384
Operating lease in costs	25,232				25,232
Leasing expenses	21,477			3,653	25,130
Provision for doubtful notes and accounts receivable	(186)				(186)
Selling, general and administrative expenses(3)	149,364	7,804	437	1(d)	157,074
Total expenses (income)	684,770	44,774	3,825	5,165	738,534
Income (loss) from continuing operations before income taxes and other (expenses) income					
	129,649	9,032	(3,777)	(5,104)	129,800
Provision for income taxes	(21,246)		(58)	1(g)	(21,304)
Other (expenses) income		(2,569)	(2,535)	1(f)	5,104
Minority interests net of taxes	588				588
Net income (loss)	\$ 108,991	\$ 6,463	\$ (6,370)	\$	\$ 109,084
Earnings per share basic	\$ 1.38	\$	\$	\$	\$ 1.38
Weighted average shares outstanding	78,992,513				78,992,513

1. Unaudited Consolidated Pro Forma Income Statement Adjustments AeroTurbine Acquisition

The pro forma adjustments relating to the AeroTurbine Acquisition included in the unaudited consolidated pro forma income statement are as follows:

- 1(a) Adjusted to reflect four months of straight-line amortization (\$0.1 million) of a lease deficiency of \$0.7 million recognized on the date of the AeroTurbine Acquisition. The lease deficiency represents the present value of contracted lease revenues which are at below market rates for one of AeroTurbine's leases. The amortization period of five years is based on the remaining contractual lease term, including the renewal options that were determined at the time of the AeroTurbine Acquisition to be reasonably assured of being exercised.
- 1(b) Adjusted to reflect four months of depreciation (\$0.8 million) of the \$35.8 million fair value adjustment of equipment held for operating lease. The fair value adjustments are depreciated over the remaining estimated useful lives of the underlying assets as of January 1, 2006. The depreciation periods range from four to 15 years, with a weighted average remaining life of 12.6 years.
- 1(c) Adjusted to reflect four months (\$0.8 million) of amortization of the \$23.4 million of customer relationship intangible assets, and four months (\$0.1 million) of straightline amortization of an FAA license and non-compete agreement. Amortization of the intangible assets related to customer relationships is based on the anticipated sales in the ten years after the AeroTurbine Acquisition of both parts and engines which benefit from such relationships. Approximately 7% of the sales benefiting from the customer relationships are expected to occur in the first year following the AeroTurbine Acquisition. Amortization of the acquired FAA certificate and license is straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate and license relate. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the terms of the employment agreements for the individuals to which the agreements relate and the term of the non-compete agreements.
- 1(d) Adjusted to reflect four months (\$0.4 million) of the \$4.0 million fair value adjustment on AeroTurbine's property and equipment. The depreciation is recorded straight-line over the remaining estimated useful lives of the underlying assets as of January 1, 2006. The depreciation periods range from one to seven years, with a weighted average life of 3.5 years.
- 1(e) Adjusted to reflect four months (\$1.6 million) of amortization of the \$13.6 million fair value adjustment to inventory. Based on our historical experience, approximately 52% will be sold in the first 12 months after the AeroTurbine Acquisition.
- 1(f) Adjusted to reflect the financing of the AeroTurbine Acquisition. The adjustment for the four months reflects the subtraction of \$2.7 million of interest expense and debt issuance cost amortization for four months on AeroTurbine's historical indebtedness prior to the AeroTurbine Acquisition; and pro forma inclusion of \$4.7 million of interest expense and \$0.5 million of debt issuance cost amortization for four months related to the \$175.0 million financing incurred to fund the AeroTurbine Acquisition. Interest on the post AeroTurbine Acquisition debt was calculated using a three month LIBOR rate of 5.13% prevailing on the date of the AeroTurbine Acquisition plus a weighted average spread of 2.99%. If interest rates were one-eighth of one percentage point higher or lower, our pro forma interest expense would have increased or decreased, respectively, by approximately \$0.1 million for the period from January 1, 2006 to April 25, 2006.
- 1(g) Adjusted to reflect (i) the tax effect of AeroTurbine's income before tax of \$6.5 million for the period from January 1, 2006 to April 25, 2006 (\$2.5 million tax expense) as if AeroTurbine had been a taxable corporation for this period and (ii) the tax effect of the pro forma adjustments (a) through (f) above totaling a net loss effect of \$6.3 million (\$2.4 million tax benefit) for the period from January 1, 2006 to April 25, 2006. The determination of the tax effect on the above items was calculated using AeroTurbine's blended pro forma estimated U.S. federal and state tax rates of 38.58%.

2. Unaudited Consolidated Pro Forma Income Statement Adjustments Conforming Accounting Changes and Reclassifications

The following conforming accounting changes and reclassifications have been made to align the accounting policies and financial statement line items presented in our financial statements for the year ended December 31, 2006:

- 2(a) Adjusted to reclassify AeroTurbine's interest expense, interest income and other income historically recorded net within other income (expenses) on its income statement to conform with the consolidated income statement presentation we have adopted for our 2006 consolidated financial statements. AeroTurbine historically recorded these items below income from continuing operations before income taxes. We have historically recorded these items separately in their respective line items (interest on debt, interest revenue and other revenue) and included in income from continuing operations before income taxes and minority interests or operating expenses. These reclassifications to the respective line items were based on the classification provided in AeroTurbine's consolidated income statement for the period from January 1 to April 25, 2006 and adjustment 1(f) to these pro forma financial statements. The following table summarizes the adjustments made to reclassify the amounts previously presented in other income (expenses) to their respective line item within our consolidated income statement presentation:

Adjustments for the year ended December 31, 2006	Interest revenue	Interest on debt	Other revenue	Other (expenses) income
<i>(US dollars in thousands)</i>				
Reclassify historical interest revenue for AeroTurbine to interest revenue	\$ 5	\$	\$	\$ (5)
Reclassify historical interest expense for AeroTurbine to interest on debt		2,630		2,630
Reclassify historical other income for AeroTurbine to other revenue			56	(56)
Reclassify pro forma interest expense for AeroTurbine to interest on debt*		2,535		2,535
Total	\$ 5	\$ 5,165	\$ 56	\$ 5,104

* This amount is a reclassification of adjustment 1(f) to these pro forma financial statements.

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- 2(b) Adjusted to reclassify depreciation expenses in the cost of goods sold and selling, general and administrative expenses line items to the depreciation line item and to reclassify leasing expenses in the cost of goods sold line item to leasing expenses. AeroTurbine historically recorded depreciation of leased engines and leasing expenses associated with such engines and aircraft as part of cost of goods sold. In addition, AeroTurbine has recorded depreciation of property and equipment as selling, general and administrative expenses. The following table summarizes the adjustments made to reclassify the amounts to the line items described above:

Adjustments for the year ended December 31, 2006	Depreciation	Cost of goods sold	Selling, general and administrative	Leasing expenses
<i>(US dollars in thousands)</i>				
Reclassify historical depreciation on leased engines for AeroTurbine	\$ 1,411	\$ (1,411)	\$	\$
Reclassify historical leasing expenses for AeroTurbine		(3,653)		3,653
Reclassify pro forma depreciation of fair value adjustment on leased engines for AeroTurbine	837	(837)		
Reclassify historical depreciation in selling, general and administrative expenses for AeroTurbine	150		(150)	
Reclassify pro forma depreciation of fair value adjustment of property and equipment for AeroTurbine	381		(381)	
Total	\$ 2,779	\$ (5,901)	\$ (531)	\$ 3,653

3. As a result of the expected redemption of the Bermuda Parent's ordinary shares and vested options held by certain members of our senior management and of our Board of Directors and an employee of Cerberus with the proceeds of this offering and assuming the underwriters do not exercise their overallotment option, an amount of approximately \$2.9 million of share-based compensation charges will be accelerated and recognized at the time of the offering. Due to the non-recurring nature of this adjustment, no pro forma adjustment has been included.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion in conjunction with our audited and unaudited consolidated financial statements and the related notes included in this prospectus. Our financial statements are presented in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP. The discussion below contains forward looking statements that are based upon our current expectations and are subject to uncertainty and changes of circumstances. See "Risk Factors" and "Special Note About Forward Looking Statements".

Overview

We are an integrated global aviation company with a leading market position in aircraft and engine leasing, trading and parts sales. We also provide aircraft management services and perform aircraft and engine MRO services and aircraft disassemblies through our certified repair stations.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of March 31, 2007, we owned 140 aircraft and 65 engines, managed 98 aircraft, had 95 new aircraft and three new engines on order, had entered into a purchase contract for two new aircraft and had executed letters of intent to purchase an additional six aircraft.

As of March 31, 2007, our owned and managed aircraft and engines were leased to 105 commercial airline and cargo operator customers in 46 countries and were managed from our offices in The Netherlands, Ireland and the United States. We expect to expand our leasing activity in Asia and in China in particular through our AerDragon joint venture with China Aviation Supplies Import & Export Group Corporation, which commenced operations in October 2006.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios. From January 1, 2003 to March 31, 2007, we executed over 1,100 aircraft and engine transactions, including 283 aircraft leases, 275 engine leases, 158 aircraft purchase or sale transactions, 204 engine purchase or sale transactions and the disassembly of 54 aircraft and 139 engines. Between January 1, 2003 and March 31, 2007, our weighted average owned aircraft utilization rate was 98.6%.

Joint Ventures

We expect to conduct an increasing portion of our business in the future through joint ventures. Entering into joint venture arrangements allows us to:

order new aircraft and engines in larger quantities to increase our buying power and economic leverage;

increase the diversity of our portfolio;

obtain stable servicing revenues; and

diversify our exposure to the economic risks related to aircraft and engine purchases.

AerVenture. In December 2005, we established AerVenture. In January 2006, LoadAir, a subsidiary of Al Fawares, an investment and construction company based in Kuwait City, purchased a 50% equity interest in AerVenture. We have invested \$25.0 million in AerVenture and LoadAir has invested \$25.0 million in AerVenture. We have each agreed to make additional equity contributions of up to \$90.0 million. We consolidate AerVenture's financial results in our financial statements. We have developed AerVenture as a joint venture because this structure allows us to leverage our buying power to achieve more favorable aircraft acquisition terms. We have entered into exclusive agreements to

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provide management and marketing services to AerVenture in return for aircraft management fees and specified incentive fees which are tied to the profitability of AerVenture. Payments under these agreements will not provide any additional revenues as a result of consolidation. Our management and marketing services agreement may not be terminated by AerVenture until 2014, other than for cause. Due to the size of its order of 70 A320 family aircraft from Airbus, we expect AerVenture to become an important growth driver of our business.

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Import & Export Group Corporation and affiliates of Calyon S.A. establishing AerDragon. AerDragon consists of two companies, Dragon Aviation Leasing Company, Limited, or Dragon Aviation, based in Beijing with a registered capital of \$10.0 million and AerDragon Aviation Partners Limited, based in Ireland with a registered capital of \$50.0 million. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Calyon. Following receipt of the local Chinese approvals required for it to begin operations, AerDragon commenced operations in October 2006. We act as the exclusive aircraft manager for the joint venture. This contract may be terminated upon the earlier to occur of either July 1, 2009, or the occurrence of specified events, such as AerDragon developing the expertise to manage its own aircraft. In the future, one of the main sources of aircraft for AerDragon is likely to be the acquisition of aircraft through sale leaseback transactions with Chinese airlines. This joint venture enhances our presence in the increasingly important China market and will enhance our ability to lease and sell our aircraft and engines throughout the entire Asia-Pacific region. We do not consolidate AerDragon's financial results in our financial statements. AerDragon acquired its first aircraft, an Airbus A320 aircraft, from us in February 2007.

Annabel and Bella. In 2005, we signed a joint venture agreement with Deucalion Capital Limited, or Deucalion, to form the Annabel joint venture in which we hold a 25% equity interest. Annabel purchased a used Airbus A340 aircraft in 2005. The aircraft is on lease to Sri Lanka Airlines through 2008. In 2006, we signed a joint venture agreement with Deucalion to form the Bella joint venture in which we hold a 50% equity interest. Bella purchased two used Airbus A330-300 aircraft in April 2006, one of which is on lease through 2009 and one of which is on lease through 2013. We receive fee income for providing aircraft management services to both Annabel and Bella. We consolidate Bella's financial results in our financial statements but do not consolidate Annabel's financial results in our financial statements. We do not expect these joint ventures to acquire additional aircraft.

We use the equity method to account for joint ventures that we do not consolidate.

Factors Affecting our Results

Our results of operations have been affected by a variety of factors, primarily:

the number, type, age and condition of the aircraft and engines we own;

aviation industry market conditions;

the demand for our aircraft and engines and the resulting lease rates we are able to obtain for our aircraft and engines;

the purchase price we pay for our aircraft and engines;

the number, types and sale prices of aircraft and engines we sell in a period;

the ability of our lessee customers to meet their lease obligations and maintain our aircraft and engines in airworthy and marketable condition;

the utilization rate of our aircraft and engines;

the recognition of non cash stock based compensation expense related to the issuance by our Bermuda Parents of restricted stock and stock options to our employees and our non executive directors; and

interest rates which affect our aircraft lease revenues and our interest on debt expense.

Factors Affecting the Comparability of Our Results

Our Acquisition by Cerberus

On June 30, 2005, AerCap Holdings C.V., a Netherlands partnership owned by Cerberus acquired all of AerCap B.V.'s (formerly known as debis AirFinance B.V.) shares and \$1.8 billion of liabilities owed by AerCap B.V. to its prior shareholders. AerCap Holdings C.V. paid total consideration of \$1.4 billion for AerCap B.V.; \$370 million of the total consideration paid by AerCap Holdings C.V. was funded through equity contributions by Cerberus and \$1.0 billion was funded through a term loan. The 2005 Acquisition resulted in a net decrease of \$802.0 million of indebtedness on our balance sheet the difference between the \$1.8 billion of intercompany liabilities and the indebtedness incurred to fund the acquisition. In accordance with FAS 141, *Business Combinations*, we allocated the purchase consideration to the assets acquired and liabilities assumed based on their fair values. Since the purchase consideration of \$1.4 billion was less than the \$1.9 billion combined carrying value of the liabilities and the equity purchased by Cerberus, the purchase price allocation resulted in lower carrying values for our assets after the 2005 Acquisition. The carrying values of our assets and liabilities influence our results of operations and, accordingly, the net decrease in asset carrying values, which resulted from the 2005 Acquisition, has resulted in improved operating performance when compared to periods prior to the 2005 Acquisition.

The material impacts on our consolidated income statement of the 2005 Acquisition relate to purchase accounting adjustments in our assets which are reflected in lower depreciation expense and lower cost of goods sold due to reduced net book values, and in lower interest on debt expense due to the elimination of \$802.0 million of debt as described in the preceding paragraph. Other than the corresponding effect on income from continuing operations before provision for income taxes and net income, the 2005 Acquisition did not materially impact any of the other line items in our consolidated income statement.

Acquisition of AeroTurbine

On April 26, 2006, we acquired all of the existing share capital of AeroTurbine, Inc. an engine trading and leasing and part sales company. We acquired AeroTurbine to implement our strategy of managing aircraft profitably throughout their lifecycle, to diversify our investment in aviation assets and to obtain a more significant presence in the market for older aircraft equipment. The total payment for the AeroTurbine shares of \$144.7 million, including acquisition expenses, was funded through cash from our operations of \$70.9 million and \$73.8 million of cash raised from a refinancing of AeroTurbine's existing debt. The new financing totaled \$175.0 million and included \$160.0 million of senior secured debt and a \$15.0 million subordinated loan guaranteed by AerCap B.V. We used the net proceeds from our initial public offering for the prepayment of the senior and subordinated debt at AeroTurbine.

In accordance with FAS 141, *Business Combinations*, we allocated the purchase price paid to the assets acquired and liabilities assumed based on their fair values. Since the purchase consideration of \$144.7 million was greater than the \$82.1 million combined carrying value of the assets purchased and liabilities assumed by us, the purchase price allocation resulted in higher carrying values for the AeroTurbine assets as well as \$25.6 million of intangible assets and goodwill of \$38.2 million. The increase in net book values of assets and intangible assets will be reflected in higher depreciation and amortization expense in future periods than would have occurred without the acquisition. The inclusion of AeroTurbine in our consolidated results has increased our lease and sales revenue and cost of goods

sold through the addition of \$249.5 million and \$229.4 million of combined flight equipment and inventory in our December 31, 2006 and March 31, 2007 consolidated balance sheets, respectively. In addition, the interest on AeroTurbine's debt has increased our consolidated interest expense. The inclusion of AeroTurbine's operations has also increased our selling, general and administrative expenses and we recognized \$62.4 million of share-based compensation, net of taxes, in our consolidated selling, general and administrative expenses for the year ended December 31, 2006 related to restricted shares, of the Bermuda Parents sold by Cerberus to the selling shareholders of AeroTurbine, in connection with the AeroTurbine Acquisition.

Prior to the AeroTurbine Acquisition, we operated our business as one reportable segment: leasing, financing, sales and management of commercial aircraft. From the date of the AeroTurbine Acquisition, we manage our business and analyze and report our results on the basis of two business segments: leasing, financing, sales and management of commercial aircraft ("Aircraft") and leasing, financing and sales of engines and parts ("Engines and Parts").

Stock Compensation Expenses

Our financial results for the year ended December 31, 2006 include a charge of \$68.3 million, net of tax of \$10.3 million for non-cash share-based compensation expense related to the vesting of options and restricted stock previously granted or sold to the owners of AeroTurbine at the time of its acquisition by us and to members of our senior management, our non-executive directors and an employee of Cerberus primarily in connection with the 2005 Acquisition. While we will continue to recognize some additional non-cash, share-based compensation in connection with these options and restricted shares (excluding the shares sold to the owners of AeroTurbine), those charges are not expected to be of a similar magnitude as those recognized in 2006. We recognized a share-based compensation charge of \$1.9 million, net of tax of \$0.5 million, in the three months ended March 31, 2007.

Goodwill Impairment

In 2004, we recorded an impairment of all of our existing goodwill of \$132.4 million as a result of our annual goodwill impairment test. We calculate our valuation using a discounted cash flow approach that considers all of our existing assets and liabilities as well as our business plans. Based on the factors described below, in 2004 our goodwill impairment analysis resulted in the impairment of all of our then existing goodwill. In years prior to the 2005 Acquisition, our ability to grow and make additional aviation investments was primarily controlled by our prior shareholders who were also our primary source of debt funding. In 2004, we signed a new \$1.6 billion facility agreement with our prior shareholders to refinance all of our previous senior debt contracted with them. The new facility agreement included significant constraints on our operations and our ability to make additional investments and required that a substantial amount of internally generated cash from asset sales be used to pre-pay our obligations under the facility agreement. In 2004, our shareholders also indicated that they were not willing to invest additional equity capital in us. We revised our discounted cash flow projection downward in 2004 to reflect these factors. In addition, we were aware that our shareholders were in discussions to sell their stake in us for consideration significantly less than our net equity value. As a result of our analysis, we recorded a \$132.4 million impairment to write down all of our then existing goodwill in 2004.

Critical Accounting Policies Applicable to Us

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP, and require us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The use of estimates is or could be a

significant factor affecting the reported carrying values of flight equipment, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Our estimates and assumptions are based on historical experiences and currently available information. We utilize professional appraisers and valuation experts, where possible, to support our estimates, particularly with respect to flight equipment. Despite our best efforts, actual results may differ from our estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results of operations and require our most subjective judgments, estimates and assumptions. Our most critical accounting policies and estimates are described below.

Lease Revenue Recognition

We lease flight equipment principally under operating leases and report rental income on a straight-line basis over the life of the lease as it is earned. Virtually all of our lease contracts require payment in advance. Rents collected in advance of when they are earned are recorded as deferred revenue on our balance sheet and recorded as lease revenue as they are earned. Provisions for doubtful notes and accounts receivables are recorded in the income statement when rentals become past-due and the rentals exceed security deposits held, except where it is anticipated that the lease will end in repossession and then provisions are made regardless of the level of security deposits. Our management monitors the status of customers and the collectability of their receivables based on factors such as the customer's credit worthiness, payment performance, financial condition and requests for modifications of lease terms and conditions. Customers for whom collectability is not reasonably assured are placed on non-accrual status and revenue is recorded on a cash basis. When our management deems the collectability to be reasonably assured, based on the above factors, the customer is removed from non-accrual status and revenue is recognized on an accrual basis. As described below under "Accrued Maintenance Liability", revenue from supplemental maintenance rent is recognized when we are no longer legally obligated to refund such rent to our customer, which normally coincides with lease termination or where the terms of the lease allow us to control the occurrence, timing or amount of such reimbursement.

Depreciation and Amortization

Flight equipment held for operating leases, including aircraft, is recorded on our balance sheet at cost less accumulated depreciation and impairment. Aircraft are depreciated over the assets' useful life, which is 25 years from the date of manufacture for substantially all of our aircraft, using the straight-line method to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's price.

We depreciate current production model engines on a straight-line basis over a 15-year period from the acquisition date to an estimated residual value. We estimate residual values of current production model engines based on observed current market prices and management expectations of value trends. Out-of-production engines are depreciated on a straight-line basis over an estimated useful life ranging from five to seven years to an estimated residual value. The carrying value of flight equipment that we designate for disassembly is transferred to our inventory pool and is held for sale at the time of such designation. We discontinue the depreciation of our flight equipment when it is held as inventory. Differences between our estimates of useful lives and residual values and actual experience may result in future impairments of aircraft or engines and/or additional gains or losses upon disposal. We review residual values of aircraft and engines periodically based on our knowledge of current residual values and residual value trends to determine if they are appropriate and record adjustments as necessary.

Intangibles related to customer relationships are amortized over ten years, which is the length of time that we expect to benefit from existing customer relationships. The amortization in each year is based on the anticipated sales in each year which benefit from such relationships. Our FAA certificate is amortized straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the term of the employment agreements of the related individuals and the term of the non-compete agreements.

Inventory

Inventory, which consists exclusively of finished goods, is valued at the lower of cost or market. Cost is primarily determined using the specific identification method for individual part purchases and whole engines and on an allocated basis for dismantled engines, aircraft, and bulk inventory purchases using the relationship of the cost of the dismantled engine, aircraft or bulk inventory purchase to estimated remaining sales value at the time of purchase. We evaluate the carrying value of inventory on a regular basis in order to account for any permanent impairment in values. We estimate market value for this purpose based on internal estimates of sales values and recent sales activity of similar inventory.

Impairments

In accordance with FAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, our flight equipment held for operating lease and definite lived intangible assets are evaluated for impairment when events and circumstances indicate that the carrying amounts of those assets may not be recoverable. The review for recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its fair value. Fair value reflects the present value of cash expected to be received from the asset in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar assets, appraisal data and industry trends. Residual value assumptions generally reflect an asset's booked residual, except where more recent industry information indicates a different value is appropriate.

In accordance with FAS 142, *Goodwill and Other Intangible Assets*, we evaluate any goodwill and indefinite lived intangible assets for impairment at the reporting unit level each year or upon the occurrence of events or circumstances that indicate that the asset may be impaired. We determine the fair value of our reporting units using discounted cash flow and earnings multiples valuation methodologies. When our valuation suggests that the fair value of our reporting unit is less than our net equity, we determine the amount of implied goodwill by allocating the fair value of the reporting unit to our assets and liabilities as we would in purchase accounting and adjust our goodwill to its implied value through an impairment entry. If we fail to meet our forecasted future cash flows or if weak economic conditions prevail in our primary markets, the estimated fair values of our reporting unit may be adversely affected, resulting in impairment charges.

Allocation of Purchase Price to Acquired Assets

We account for business combinations in accordance with FAS 141, *Business Combinations*. We apply the purchase price of all acquisitions to the fair value of acquired assets and liabilities, including identifiable intangible assets and liabilities. To determine fair value, we utilize a combination of third

party appraisers, our own recent experience in the market place and discounted cash flow analyses. Our discounted cash flow analyses require us to make estimates and assumptions of the future use of these assets and their impact on our financial position. We apply a discount rate to each different asset or liability based on prevailing interest rates and the underlying credit of the obligor.

Accrued Maintenance Liability

On September 8, 2006, the Financial Accounting Standards Board issued the FSP No. AUG AIR-1 "*Accounting for Planned Major Maintenance Activities*" (the "FSP"). The FSP amends certain provisions in the AICPA Industry Audit Guide, "Audit of Airlines", and is applicable for our financial year beginning January 1, 2007.

In all of our leases, lessees are responsible for maintenance and repairs of our flight equipment and related expenses during the term of the lease. In many operating lease and finance lease contracts, the lessee has the obligation to make periodic payments of supplemental rent which are calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. In the majority of these types of leases, we do not recognize such supplemental rent received as revenue, but as an accrued maintenance liability. In these leases, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the flight equipment, we make a payment to the lessee up to the amount of supplemental rents collected and charge such payment against the existing accrued maintenance liability. In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow us to directly manage the occurrence, timing and associated cost of qualifying maintenance work on the flight equipment, we recognize supplemental rents collected during the lease as lease revenue and not as accrued maintenance liability. For flight equipment subject to these shorter-term contracts, we record a charge to leasing expenses at the time maintenance work is performed on the flight equipment.

In most lease contracts not requiring the payment of supplemental rents, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at redelivery. We recognize receipts of end-of-lease compensation adjustments as lease revenue when received and payments of end-of-lease adjustments as leasing expenses when paid.

In addition, in both types of contracts, we may be obligated to make additional payments to the lessee for maintenance related expenses (lessor maintenance contributions or top-ups) primarily related to usage of major life-limited components occurring prior to the lease. We record a charge to leasing expenses at the time of the occurrence of a lessor contribution or top-up payment, except in instances where we have established an accrual as an assumed liability for such payment in connection with the purchase of an aircraft with a lease attached, in which case such payments are charged against the existing accrual.

For all of our lease contracts, any amounts of accrued maintenance liability existing at the end of a lease are released and recognized as lease revenue at lease termination. When flight equipment is sold, the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from the balance sheet and recognized as sales revenue as part of the sale of the flight equipment.

Consolidation

We consolidate all companies in which we have direct or indirect legal or effective control and all variable interest entities for which we are deemed the primary beneficiary under FIN 46R. Consolidated entities include certain joint ventures such as our AerVenture and Bella joint ventures,

our Aircraft Lease Securitisation securitization vehicle and our AerFunding financing vehicle, but exclude AerDragon and Annabel. The determination of which entities are variable interest entities and of which variable interest entities we are the primary beneficiary involves the use of significant estimates, including whether the entity has sufficient equity to finance its activities without additional subordinated financial support and the expected cash flows to the entity and distributions of those cash flows in the future. We estimate expected cash flows based on the variable interest entities' contractual rights and obligations as well as reasonable expectations for future business developments. We then adjust these cash flow estimates to simulate possible changes in economic trends which could impact the variable interest entity to determine which entity will absorb a majority of the variability in order to determine if we are the primary beneficiary of the variable interest entity.

Deferred Income Taxes

We provide for income taxes according to FAS 109, *Accounting for Income Taxes*. We have significant tax loss carryforwards in certain of our subsidiaries. We evaluate valuation allowances for tax losses at the individual company level or consolidated tax group level in accordance with the tax law in the specific jurisdiction. We evaluate the potential for recovery of our tax losses by estimating the future taxable profits expected from each subsidiary and considering prudent and feasible tax planning strategies. In estimating future taxable profits, we consider all current contracts and assets of the business, as well as a reasonable estimation of future taxable profits achievable by us. If we are not able to achieve the level of projected taxable profits used in our assessment, and no tax planning strategies are available to us, an additional valuation allowance may be required against our tax assets with a corresponding charge to our income statement in the future.

Financial Period Convention

AerCap Holdings C.V. (the predecessor to AerCap Holdings N.V.) was formed on June 27, 2005; however, it did not commence operations until June 30, 2005, when it acquired all of the shares and certain of the liabilities of AerCap B.V. AerCap Holdings C.V.'s initial accounting period was from June 27, 2005 to December 31, 2005 but it generated no material revenue or expense between June 27, 2005 and June 30, 2005, and did not have any material assets before the 2005 Acquisition. For convenience of presentation only, we have labeled AerCap Holdings C.V.'s initial accounting period in table headings in this prospectus as the six months ended December 31, 2005. In addition, for presentation purposes in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we have combined the six months ended June 30, 2005 of AerCap B.V., our predecessor, with AerCap Holdings C.V.'s initial accounting period into a 12 month period ended December 31, 2005. The financial information presented for this combined period reflects the addition, with no adjustments, of the results of AerCap B.V. for the six months ended June 30, 2005 and for AerCap Holdings C.V.'s initial accounting period ended December 31, 2005. The combined period information is included as a combined presentation since it is the way our management analyzes our business results. This combined presentation, however, is not in accordance with U.S. GAAP and should be considered as supplemental information only.

Revenues

Our revenues consist primarily of lease revenue from aircraft and engine leases, sales revenue, management fee revenue and interest revenue.

Lease Revenue

Nearly all of our aircraft and engine lease agreements provide for the payment of a fixed, periodic amount of rent or a floating, periodic amount of rent tied to interest rates during the term of the lease. In limited circumstances, our leases may require a basic rental payment based partially or exclusively on

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the amount of usage during a period. In addition, we recognize revenue at lease termination when we collect end-of-lease compensation payments or release accrued maintenance liabilities which are not required to be paid to the lessee. The amount of lease revenue we recognize is primarily influenced by five factors:

the contracted lease rate, which is highly dependent on the age, condition and type of the leased equipment;

for leases with rates tied to floating interest rates, interest rates during the term of the lease;

the number, type, condition and age of flight equipment subject to lease contracts;

the lessee's performance of their lease obligations; and

the amount of end-of-lease compensation payments we receive and the amount of accrued maintenance liabilities released to revenue at the end of a lease.

In addition to aircraft or engine specific factors such as the type, condition and age of the asset, the lease rates for our leases with fixed rental payments are determined in part by reference to the prevailing interest rate for a debt instrument with a term similar to the lease term and with a similar credit quality as the lessee at the time we enter into the lease. Many of the factors described in the bullet points above are influenced by global and regional economic trends, airline market conditions, the supply and demand balance for the type of flight equipment we own and our ability to remarket flight equipment subject to expiring lease contracts under favorable economic terms.

We operate our business on a global basis. As of March 31, 2007, we had 133 aircraft on lease (excluding four aircraft that we intend to disassemble or sell at the end of their leases) to 57 customers in 35 countries, with no lessee accounting for more than 10% of lease revenue in the year ended December 31, 2006 and the three months ended March 31, 2007. The following table shows the regional profile of our lease revenue for the periods indicated:

	AerCap B.V.		AerCap Holdings N.V.		
	Year ended December 31, 2004	Six months ended June 30, 2005	Six months ended December 31, 2005	Year ended December 31, 2006	Three months ended March 31, 2007
Asia-Pacific	35%	43%	44%	43%	33%
Europe	36	33	33	35	37
North					
America/Caribbean	21	18	18	15	21
Latin America	7	6	5	7	9
Africa/Middle East	1				
Total	100%	100%	100%	100%	100%

The geographical concentration of our customer base has varied historically, reflecting the opportunities available in particular markets at a given time.

Sales Revenue

Our sales revenue is generated from the sale of our aircraft, engines, and inventory. The price we receive for our aircraft, engines and inventory is largely dependent on the condition of the asset being sold, prevailing interest rates, airline market conditions and the supply and demand balance for the type of asset we are selling. Before the 2005 Acquisition, we primarily sold older Fokker, Airbus and Boeing aircraft. After the 2005 Acquisition, we began focusing on aircraft trading and began opportunistically selling newer Airbus and Boeing aircraft. As a result, our sales revenue has increased significantly after the 2005 Acquisition. The timing of the closing of aircraft and engine sales is often uncertain, as a sale may be concluded swiftly or negotiations may extend over several weeks or months.

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As a result, even if sales are comparable over a long period of time, during any particular fiscal quarter or other reporting period we may close significantly more or fewer sale transactions than in other reporting periods. Accordingly, sales revenue recorded in one fiscal quarter or other reporting period may not be comparable to sales revenue in other periods.

Management Fee Revenue

We generate management fee revenue through a variety of management services that we provide to non-consolidated aircraft securitization vehicles and joint ventures and third party owners of aircraft. Our management services include leasing and remarketing services, cash management and treasury services, technical advisory services and accounting and administrative services. We currently generate almost three quarters of our management fee income from services we provide to two securitization vehicles, Airplanes Group and AerCo. Since Aircraft Lease Securitisation's results are consolidated in our financial statements, we do not generate any accounting revenue from the services we provide to it.

Interest Revenue

Our interest revenue is derived primarily from deposit interest on unrestricted and restricted cash balances and interest recognized on financial instruments we hold, such as notes issued by lessees in connection with lease restructurings and subordinated debt investments in unconsolidated securitization vehicles or affiliates. The amount of interest revenue we recognize in any period is influenced by the amount of free or restricted cash balances, the principal balance of financial instruments we hold, contracted or effective interest rates, and movements in provisions for financial instruments which can affect adjustments to valuations or provisions.

Other Revenue

Our other revenue includes net gains or losses we generate from the sale of aircraft related investments, such as our subordinated interests in securitization vehicles and notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings. The amount of other revenue recognized in any period is influenced by the number of saleable financial instruments we hold, the credit profile of the obligor and the demand for such investments in the market at the time. Since there is limited or no market liquidity for some of the securities we receive in connection with lease restructurings, making the securities difficult to value, and because many of the issuers of the securities are in a distressed financial condition, we may experience volatility in our revenues when we sell our aircraft related investments due to significant changes in their value.

Operating Expenses

Our primary operating expenses consist of depreciation, interest on debt, other operating expenses and selling, general and administrative expenses.

Depreciation

We depreciate our aircraft on a straight-line basis over the asset's useful life, which is 25 years from the date of manufacture for substantially all of our aircraft, to an estimated residual value. We depreciate current production model engines on a straight-line basis over a 15-year period from the acquisition date to an estimated residual value. Out-of-production engines are depreciated on a straight-line basis over an estimated useful life ranging from five to seven years to an estimated residual value. Our depreciation expense is influenced by the adjusted gross book values of our flight equipment, the depreciable life of the flight equipment and the estimated residual value of the flight equipment. Adjusted gross book value is the original cost of our flight equipment, including purchase

expenses, adjusted for subsequent capitalized improvements, impairments, and accounting basis adjustments associated with business combinations.

Cost of Goods Sold

Our cost of goods sold consists of the net book value of flight equipment, including inventory, sold to third parties at the time of the sale. Before the 2005 Acquisition, we primarily sold older Fokker, Airbus and Boeing aircraft. After the 2005 Acquisition, we began focusing on aircraft trading and began opportunistically selling newer Airbus and Boeing aircraft. As a result, our cost of good sold has increased significantly after the 2005 Acquisition.

Interest on Debt

Our interest on debt expense arises from a variety of funding structures and related derivative instruments as described in "Indebtedness". Interest on debt expense in any period is primarily affected by contracted interest rates, principal amounts of indebtedness, including notional values of derivative instruments and unrealized mark-to-market gains or losses on derivative instruments. Since we recognize mark-to-market gains and losses on our derivative instruments, our interest on debt expense may fluctuate significantly from one period to another due to changes in market interest rates. Accordingly, interest on debt expense recorded in one fiscal quarter or other reporting period may not be comparable to interest on debt expense in other periods.

Other Operating Expenses

Our other operating expenses consist primarily of operating lease-in costs, leasing expenses and provision for doubtful notes and accounts receivable.

Our operating lease-in costs relate to our lease obligations for aircraft we lease from financial investors and sublease to aircraft operators. We entered into all of our lease-in transactions between 1988 and 1992 and these leases expire between 2008 and 2012. As described in Note 16 to our consolidated financial statements included in this prospectus, we have established an onerous contract accrual equal to the difference between the present value of our lease expenses and the sublease revenue we receive, discounted at appropriate discount rates. The amount of this liability amortizes monthly as a reduction of operating lease-in costs on a constant yield basis as we meet our obligations to the aircrafts' legal owners under the applicable leases.

Our leasing expenses consist primarily of maintenance expenses on our flight equipment, which we incur when our flight equipment is off lease, lessor maintenance contribution expenses, technical expenses we incur to monitor the maintenance condition of our flight equipment during a lease, end of lease compensation payments, expenses to transition flight equipment from an expired lease to a new lease contract and non-capitalizable flight equipment transaction expenses. As indicated in our unaudited condensed consolidated interim income statements for the three months ended March 31, 2006 and 2007 and our audited consolidated income statements for the year ended December 31, 2004, the six months ended June 30, 2005, the six months ended December 31, 2005 and the year ended December 31, 2006 included in this prospectus, we have adjusted leasing our expenses in each period in connection with our adoption of FSP No. AUG AIR-1 "Accounting for Planned Major Maintenance Activities" issued on September 8, 2006, by the Financial Standards Board (the "FSP").

Our provision for doubtful notes and accounts receivable consists primarily of provisions we establish to reduce the carrying value of our notes and accounts receivables to estimated collectible levels.

The primary factors affecting our other operating expenses are:

lessee defaults, which may result in additional provisions for doubtful notes and accounts receivable, material expenses to repossess flight equipment and restore it to an airworthy and marketable condition, unanticipated lease transition costs, and an increase to our onerous contract accrual;

the amount of lessor maintenance contribution payments we are required to make; and

the frequency of lease transitions and the associated costs.

Selling, General and Administrative Expenses

Our principal selling, general and administrative expenses consist of personnel expenses, including salaries, share-based compensation charges, employee benefits, professional and advisory costs and office and travel expenses as summarized in Note 23 to our audited consolidated financial statements included in this prospectus. The level of our selling, general and administrative expenses is influenced primarily by our number of employees and the extent of transactions or ventures we pursue which require the assistance of outside professionals or advisors. Our selling, general and administrative expenses also include the mark-to-market gains and losses for our foreign exchange rate hedges related to our Euro denominated selling, general and administrative expenses.

Provisions for Income Taxes

Our operations are taxable primarily in four main jurisdictions in which we manage our business: The Netherlands, Ireland, the United States and Sweden. Deferred income taxes are provided to reflect the impact of temporary differences between our U.S. GAAP income from continuing operations before income taxes and minority interests and our taxable income. Our effective tax rate has varied significantly year to year from 2003 to 2006. The primary source of temporary differences is the availability of accelerated tax depreciation in our primary operating jurisdictions. Our effective tax rate in any year depends on the tax rates in the jurisdictions from which our income is derived along with the extent of permanent differences between U.S. GAAP income from continuing operations before income taxes and minority interests and taxable income.

We have substantial tax losses in certain jurisdictions which can be carried forward, which we recognize as tax assets. We evaluate the recoverability of tax assets in each jurisdiction in each period based upon our estimates of future taxable income in those jurisdictions. If we determine that we are not likely to generate sufficient taxable income in a jurisdiction prior to expiration, if any, of the availability of tax losses, we establish a valuation allowance against the tax loss to reduce the tax asset to its recoverable value. We evaluate the appropriate level of valuation allowances annually and make adjustments as necessary. Increases or decreases to valuation allowances can affect our provision for income taxes on our consolidated income statement and consequently may affect our effective tax rate in a given year. The consummation of this offering will give rise to an "ownership change" for U.S. federal income tax purposes. This ownership change will create an annual limitation on our ability to utilize some of our U.S. tax net operating loss carryforwards against the taxable income of our U.S. subsidiaries. Notwithstanding this limitation, we believe that we will be able to utilize all U.S. tax net operating loss carryforwards that are valued as tax assets on our balance sheet prior to the expiration of those loss carryforwards.

Recent Developments

On May 8, 2007, Aircraft Lease Securitisation completed a refinancing of its securitized notes with the issuance of \$1.66 billion of AAA-rated class G-3 floating rate notes. The proceeds from the issuance of these notes were used to redeem all of the outstanding Aircraft Lease Securitisation debt,

other than the most junior class of notes, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing Aircraft Lease Securitisation's aircraft portfolio size to 70 aircraft. The class G-3 notes bear an interest rate of one-month LIBOR plus 26 basis points. Concurrently with the Aircraft Lease Securitisation refinancing, our revolving credit facility was amended and restated, resulting in a reduced interest rate spread and a two-year extension of the revolving period. The size of our revolving credit facility remains \$1.0 billion. As a result of the Aircraft Lease Securitisation refinancing and the amendment to our revolving credit facility, we expect to report a non-recurring expense in the second quarter of 2007 of approximately \$27 million for the write-off of unamortized debt issuance costs related to the refinanced debt, costs related to the prepayment of the prior Aircraft Lease Securitisation notes and other related fees.

During the three months ended June 30, 2007, in addition to sales of parts inventory and one aircraft by our subsidiary, AeroTurbine, we sold one Airbus A321 aircraft and one Boeing 737-400 aircraft, both of which were previously classified as flight equipment held for operating leases. Sales revenue resulting from the sale of these two aircraft totaled \$57.4 million. The cost of goods sold related to the sale of these two aircraft totaled \$37.8 million. During the three months ended June 30, 2007, we took delivery of one Airbus A320-200 aircraft, one A319-100 aircraft and one Boeing 737-800, each of which we had contracted to purchase in prior periods. In addition, AeroTurbine, our subsidiary, purchased two Airbus A320-200 aircraft, two Boeing 757 aircraft, three Bombardier aircraft and one McDonnell Douglas MD-83 aircraft in the three months ending June 30, 2007. At June 30, 2007, the anticipated gross book value of flight equipment we expect to take delivery of or agree to acquire during the full year 2007, based on contracted purchase agreements and signed letters of intent was \$791.9 million. Of that amount, a total of approximately \$458.6 million was delivered to us during the first six months of 2007, including the aircraft discussed above delivered during the three months ended June 30, 2007.

During the three months ended June 30, 2007, we reached an agreement on the value of a damages claim we had filed with a previous lessee which had filed for bankruptcy protection. We had previously sold our claim to a third party subject to final valuation of the claim. We recognized a gain of \$9.0 million upon signing the settlement agreement with the airline which will be recorded as other income on our consolidated income statements for the three months ended June 30, 2007.

During the three months ended June 30, 2007, we executed sale agreements for the sale of three Airbus A330-300 aircraft subject to leases, which we expect to deliver in July 2007. In addition, we executed agreements for the sale of two A300 freighter aircraft subject to leases, of which one is expected to be delivered in September 2007 and the other is expected to be delivered in September 2008. The aggregate sales price for the four aircraft to be delivered in the three months ending September 30, 2007 was approximately \$170 million. All aircraft mentioned above will be classified as flight equipment available for sale on our consolidated balance sheet at June 30, 2007.

Results of Operations***Results of Operations for the Three Months Ended March 31, 2007 Compared to the Three Months Ended March 31, 2006***

The following table shows a comparison of our results for the three months ended March 31, 2007 to the three months ended March 31, 2006.

AerCap Holdings N.V.				
	Three months ended March 31, 2006	Three months ended March 31, 2007	Increase/ (decrease)	Percentage difference
(US dollars in millions)				
Revenues				
Lease revenue	\$ 88.0	\$ 139.7	\$ 51.7	58.8 %
Sales revenue	33.2	148.9	115.7	348.5 %
Management fee revenue	3.7	3.0	(0.7)	(18.9)%
Interest revenue	8.9	7.3	(1.6)	(18.0)%
Other revenue	5.3	10.6	5.3	100.0 %
Total revenues	139.1	309.5	170.4	122.5 %
Expenses				
Depreciation	24.3	33.9	9.6	39.5 %
Cost of goods sold	20.5	118.0	97.5	475.6 %
Interest on debt	28.2	50.5	22.3	79.1 %
Other operating expenses	9.6	10.1	0.5	5.2 %
Selling, general and administrative expenses	11.1	26.6	15.5	139.6 %
Total expenses	93.7	239.1	145.4	155.2 %
Income from continuing operations before income taxes and minority interest				
	45.4	70.4	25.0	55.1 %
Provision for income taxes	(10.4)	(10.0)	0.4	3.8%
Minority interest net of taxes	0.6	0.2	(0.4)	(66.7)%
Net income	\$ 35.6	\$ 60.6	\$ 25.0	70.2 %

Revenues. Our total revenues increased by \$170.4 million, or 122.5%, to \$309.5 million in the three months ended March 31, 2007 from \$139.1 million in the three months ended March 31, 2006. In the three months ended March 31, 2007, we generated \$256.4 million in our aircraft segment and \$53.0 million in our engine and parts segment, and, in the three months ended March 31, 2006, we generated \$139.1 million in our aircraft segment and no revenue in our engine and parts segment since we had not yet acquired AeroTurbine.

The increase in lease revenue was attributable primarily to:

the acquisition between January 1, 2006 and March 31, 2007 of 54 aircraft with an aggregate net book value of \$1.1 billion at the date of acquisition, partially offset by the sale of 21 aircraft, (primarily older Fokker aircraft) during such period, with an aggregate net book value of \$230.4 million at the date of sale, which resulted in a \$20.9 million increase in lease revenue;

an increase of \$16.2 million in lease revenue in the three months ended March 31, 2007 resulting from previously collected maintenance rents which were recognized as revenue at the termination of leases on four aircraft in the three months ended March 31, 2007. The revenue from recognition of previously received maintenance rents in the three months ended March 31, 2006 was primarily the result of a lease termination on one aircraft;

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the AeroTurbine acquisition on April 26, 2006, which resulted in a \$11.7 million increase in lease revenue in the three months ended March 31, 2007; and

an increase in payments from leases with lease rates tied to floating interest rates in the three months ended March 31, 2007 due to increases in market interest rates, which resulted in a \$4.5 million increase in lease revenue between the two periods.

The increase in sales revenue was attributable primarily to:

an increase in average sales price to \$21.4 million (four aircraft) in the three months ended March 31, 2007 from \$5.5 million (six aircraft) in the three months ended March 31, 2006. The increase of the average sales price was mainly the result of the mix of aircraft types sold and increased demand for the sold aircraft. In the three months ended March 31, 2007, we sold one A330 in addition to three Fokker 100 aircraft while in the prior period we sold six Fokker 100 aircraft;

the AeroTurbine Acquisition on April 26, 2006, which resulted in a \$41.2 million increase in sales revenue in the three months ended March 31, 2007; and

the sale of three spare engines by AerVenture, which resulted in a \$22.1 million increase in sales revenue in the three months ended March 31, 2007.

The decrease in management fee revenue in the three months ended March 31, 2007 compared to the three months ended March 31, 2006 was due to the termination of a management contract due to the liquidation of the aircraft-owning entity and due to a decrease in management fees on one of our contracts as a result of a reduction, over time, in managed aircraft under the contract due to sales of aircraft in the portfolio.

The decrease in interest revenue in the three months ended March 31, 2007 compared with the three months ended March 31, 2006 was due to the sale of financial assets in 2006. In 2006 we sold four unsecured notes receivable which generated interest revenue in the three months ended March 31, 2006.

The increase in other revenue was primarily due to the gain of \$10.7 million in the three months ended March 31, 2007 from the reversal of a liability upon cancellation of a guarantee we provided in connection with a lease-in/lease-out structure that was unwound in the three months ended March 31, 2007. The \$10.7 million increase in other revenue increased our net income in the three months ended March 31, 2007 by an equivalent amount. In the three months ended March 31, 2006, we sold two unsecured notes receivable for a gain of \$4.2 million and received \$1.1 million from an investment in liquidation.

Depreciation. Depreciation increased by \$9.6 million, or 39.5%, to \$33.9 million in the three months ended March 31, 2007 from \$24.3 million in the three months ended March 31, 2006 due primarily to the acquisition between January 1, 2006 and March 31, 2007 of 54 aircraft for leasing with an aggregate net book value of \$1.1 billion at the date of acquisition, partially offset by the sale of 21 aircraft, (primarily older Fokker aircraft) during such period, with an aggregate net book value of \$230.4 million at the date of sale and the increased depreciation resulting from the AeroTurbine Acquisition.

Cost of Goods Sold. Cost of goods sold increased by \$97.5 million, or 475.6%, to \$118.0 million in the three months ended March 31, 2007 from \$20.5 million in the three months ended March 31, 2006 primarily due to:

an increase in average cost of goods sold for each aircraft. The average cost of goods sold for each aircraft increased to \$15.3 million in the three months ended March 31, 2007 from \$3.4 million in the three months ended March 31, 2006. The increase of the average cost of

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goods sold was the result of the mix of aircraft types sold, which included one A330 aircraft in the three months ended March 31, 2007;

the AeroTurbine Acquisition on April 26, 2006, which resulted in a \$35.2 million increase in cost of goods sold; and

the sale of three spare engines by AerVenture, which resulted in a \$21.8 million increase in cost of goods sold in the three months ended March 31, 2007.

Interest on Debt. Our interest on debt increased by \$22.3 million, or 79.1%, to \$50.5 million in the three months ended March 31, 2007 from \$28.2 million in the three months ended March 31, 2006. The increase in interest on debt was principally caused by:

a \$9.9 million decrease in the recognition of mark-to-market gains on derivatives to a \$3.3 million loss in the three months ended March 31, 2007 from a \$6.6 million gain in the three months ended March 31, 2006;

the AeroTurbine Acquisition on April 26, 2006, which resulted in a \$1.4 million increase in interest on debt; and

an increase in the average interest rate on our debt in the three months ended March 31, 2007 to 7.1% from 6.0% in the three months ended March 31, 2006 due to the increase in market interest rates.

Other Operating Expenses. Our other operating expenses increased by \$0.5 million, or 5.2%, to \$10.1 million in the three months ended March 31, 2007 from \$9.6 million in the three months ended March 31, 2006. The principal categories of our other operating expenses and their variances were as follows:

	Three months ended March 31, 2006	Three months ended March 31, 2007	Increase/ (decrease)	Percentage difference
<i>(US dollars in millions)</i>				
Operating lease in costs	\$ 6.4	\$ 6.2	\$ (0.2)	(3.1)%
Leasing expenses	4.5	4.0	(0.5)	(11.1)%
Provision for doubtful notes and accounts receivable	(1.3)	(0.1)	1.2	92.3 %
Total	\$ 9.6	\$ 10.1	\$ 0.5	5.2 %

The increase in our other operating expenses was primarily due to a \$1.2 million decrease in the level of recoveries of certain provisioned receivables in the three months ended March 31, 2007 compared to the three months ended March 31, 2006.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by \$15.5 million, or 139.6%, to \$26.6 million in the three months ended March 31, 2007 from \$11.1 million in the three months ended March 31, 2006, due primarily to (i) the AeroTurbine Acquisition on April 26, 2006, which resulted in a \$11.0 million increase in selling, general and administrative expenses and (ii) charges for share-based compensation in the amount of \$2.5 million in the three months ended March 31, 2007 which did not occur in the three months ended March 31, 2006.

Income From Continuing Operations Before Income Taxes and Minority Interests. For the reasons explained above, our income from continuing operations before income taxes and minority interests increased by \$25.0 million, or 55.1%, to \$70.4 million in the three months ended March 31, 2007 from \$45.4 million in the three months ended March 31, 2006.

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Provision for Income Taxes. Our provision for income taxes decreased by \$0.4 million to \$10.0 million in the three months ended March 31, 2007 from \$10.4 million in the three months ended March 31, 2006. Our effective tax rate for the three months ended March 31, 2007 was 14.2% and was 23.0% for the three months ended March 31, 2006. The effective tax rate decreased primarily due to an increase in income generated in lower tax jurisdictions and a reduction in the Netherlands corporate tax rate from 29.6% to 25.5%.

Net Income. For the reasons explained above, our net income increased by \$25.0 million, or 70.2%, to \$60.6 million in the three months ended March 31, 2007 from \$35.6 million in the three months ended March 31, 2006.

Results of Operations for 2006 Compared to 2005

	Year ended December 31, 2005	Year ended December 31, 2006		
	Aggregate non-GAAP	AerCap Holdings N.V.	Increase/ (decrease)	Percentage Difference
<i>(US dollars in millions)</i>				
Revenues				
Lease revenue	\$ 335.8	\$ 443.9	\$ 108.1	32.2 %
Sales revenue	88.3	301.4	213.1	241.3 %
Management fee revenue	14.2	14.1	(0.1)	(0.7)%
Interest revenue	33.4	34.7	1.3	3.9 %
Other revenue	4.5	20.3	15.8	351.1 %
Total revenues	476.2	814.4	338.2	71.0 %
Expenses				
Depreciation	112.3	102.4	(9.9)	(8.8)%
Cost of goods sold	68.2	220.3	152.1	223.0 %
Interest on debt	114.6	166.2	51.6	45.0 %
Other operating expenses	59.0	46.5	(12.5)	(21.2)%
Selling, general and administrative expenses	46.5	149.4	102.9	221.3 %
Total expenses	400.6	684.8	284.2	70.9 %
Income from continuing operations before income taxes and minority interest	75.6	129.6	54.0	71.4 %
Provision for income taxes	(10.0)	(21.2)	(11.2)	(112.0)%
Minority interest net of taxes		0.6	0.6	100.0 %
Net income	\$ 65.6	\$ 109.0	\$ 43.4	66.2 %

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Our results of operations for the year ended December 31, 2005 represent an aggregation of the results of operations for AerCap B.V. from January 1, 2005 to June 30, 2005 when it was owned by our prior shareholders and the results of operations for AerCap Holdings N.V. from June 27, 2005 (inception of AerCap Holdings C.V.) to December 31, 2005 following the 2005 Acquisition on June 30, 2005. These results have been aggregated to provide investors with information related to our operating results for the full year of 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our results of operations in 2005 with our results for the year ended December 31, 2006. Results of operations for AerCap Holdings N.V. after the 2005 Acquisition include the effects of purchase accounting related to the 2005 Acquisition and, therefore, are not directly comparable to the results of operation for AerCap B.V. in the prior periods. In addition, due to the effects of purchase accounting related to the 2005 Acquisition, results of operations for periods which combine the results of AerCap B.V. prior to the 2005 Acquisition with the results of AerCap N.V. after the 2005 Acquisition are not comparable to periods of a similar length, but which include the results exclusively for periods after the 2005 Acquisition. The material impacts on our consolidated income statement of the 2005 Acquisition are reflected in lower depreciation expense due to reduced net book values, which resulted in a \$20.9 million decrease in depreciation expense in 2005, and in lower interest on debt expense due to the elimination of certain debt, which resulted in a \$19.6 million decrease in interest on debt expense in 2005. Other than the corresponding effect on income from continuing operations before income taxes and net income, the 2005 Acquisition did not materially impact any of the other line items in our consolidated income statement in 2005. We have included a reconciliation of our 2005 aggregate period results to our consolidated income statements prepared in accordance with U.S. GAAP in the table below:

	AerCap B.V.	AerCap Holdings N.V.	Aggregate non-GAAP
	Six months ended June 30, 2005	Six months ended December 31, 2005	Year ended December 31, 2005
<i>(US dollars in millions)</i>			
Revenues			
Lease revenue	\$ 162.2	\$ 173.6	\$ 335.8
Sales revenues	75.8	12.5	88.3
Management fee revenue	6.5	7.7	14.2
Interest revenue	13.1	20.3	33.4
Other revenue	3.5	1.0	4.5
	261.1	215.1	476.2
Expenses			
Depreciation	66.4	45.9	112.3
Cost of goods sold	57.6	10.6	68.2
Interest on debt	69.9	44.7	114.6
Other operating expenses	32.4	26.6	59.0
Selling, general and administrative expenses	19.6	26.9	46.5
	245.9	154.7	400.6
Income from continuing operations before income taxes	15.2	60.4	75.6
Provisions for income taxes	0.6	(10.6)	(10.0)
	15.8	49.8	65.6
Net income	\$ 15.8	\$ 49.8	\$ 65.6

The aggregation of the results of operations data for 2005 is not in accordance with U.S. GAAP. Since AerCap Holdings N.V. is a different reporting entity for accounting purposes from AerCap B.V., the aggregated information should be considered as supplemental information only. The financial information presented for this combined period reflects the addition, with no adjustments, of the results

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of AerCap B.V. for the six months ended June 30, 2005 and the results of AerCap Holdings N.V. for the initial accounting period of the six months ended December 31, 2005.

Revenues. Our total revenues increased by \$338.2 million, or 71.0%, to \$814.4 million in the year ended December 31, 2006 from \$476.2 million in the year ended December 31, 2005. In the year ended December 31, 2006, we generated \$689.2 million of revenue in our aircraft segment and \$125.2 million of revenue in our engine and parts segment, and, in the year ended December 31, 2005, we generated \$476.2 million of revenue in our aircraft segment and no revenue in our engine and parts segment since we had not yet acquired AeroTurbine.

The increase in lease revenue was attributable primarily to:

an increase of \$33.6 million in the year ended December 31, 2006 resulting from previously collected maintenance rents which were recognized as revenue at the termination of leases on several A321 aircraft in 2006 whereas the revenue from recognition of previously collected maintenance rents in 2005 was primarily the result of lease terminations on Fokker aircraft, which have lower levels of related accrued maintenance; and

the AeroTurbine Acquisition which resulted in a \$29.0 million increase in lease revenue in the year ended December 31, 2006;

the acquisition between January 1, 2005 and December 31, 2006 of 47 aircraft for leasing with an aggregate net book value of \$1.2 billion at the date of acquisition, partially offset by the sale of 40 aircraft, (primarily older Fokker aircraft) during such period, with an aggregate net book value of \$250.2 million at the date of sale, which resulted in a \$28.9 million increase in lease revenue;

an increase in payments from leases with lease rates tied to floating interest rates in the year ended December 31, 2006 due to increases in market interest rates, which resulted in a \$16.4 million increase in lease revenue.

The increase in sales revenue was attributable primarily to:

an increase in average sales price to \$12.2 million (19 aircraft) in the year ended December 31, 2006 from \$4.2 million (21 aircraft) in the year ended December 31, 2005. The increase of the average sales price was mainly the result of the mix of aircraft types sold and increased demand for the sold aircraft. In the year ended December 31, 2006, we sold four A320 aircraft and two Boeing 757 aircraft in addition to 13 Fokker 100 aircraft while in the prior period we sold Fokker 50 and Fokker 100 aircraft and we only sold one A320 aircraft; and

the AeroTurbine Acquisition, which resulted in a \$93.7 million increase in sales revenue.

Management fee revenue did not materially change in the year ended December 31, 2006 compared to the year ended December 31, 2005.

Interest revenue did not materially change in the year ended December 31, 2006 compared to the year ended December 31, 2005.

The increase in other revenue was due to the increase in revenue from the sale of financial assets in the year ended December 31, 2006 compared to the year ended December 31, 2005. In the year ended December 31, 2006, we sold four unsecured notes receivable for a gain of \$15.8 million, received \$2.1 million from an investment in liquidation, sold notes secured by aircraft for a gain of \$0.7 million and received \$1.7 million from an insurance claim on an engine. In the year ended December 31, 2005, we sold our AerCo Series D Note for a gain of \$4.6 million which was partially offset by our sale of notes secured by aircraft for a loss of \$0.1 million.

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Depreciation. Depreciation decreased by \$9.9 million, or 8.8%, to \$102.4 million in the year ended December 31, 2006 from \$112.3 million in the year ended December 31, 2005 due primarily to the reduction of our asset values in connection with the 2005 Acquisition. The decrease was partially offset by the acquisition of 41 new aircraft between December 31, 2005 and December 31, 2006 with a book value at the time of the acquisition of \$928.5 million and the increased depreciation resulting from the AeroTurbine Acquisition.

Cost of Goods Sold. Cost of goods sold increased by \$152.1 million, or 223.0%, to \$220.3 million in the year ended December 31, 2006 from \$68.2 million in the year ended December 31, 2005 primarily due to:

an increase in average cost of goods sold for each aircraft. The average cost of goods sold for each aircraft increased to \$9.1 million in the year ended December 31, 2006 from \$3.2 million in the year ended December 31, 2005. The increase of the average cost of goods sold was the result of the mix of aircraft types sold, which included four A320 aircraft in 2006;

the AeroTurbine Acquisition, which resulted in a \$66.3 million increase in cost of goods sold.

Interest on Debt. Our interest on debt increased by \$51.6 million, or 45.0%, to \$166.2 million in the year ended December 31, 2006 from \$114.6 million in the year ended December 31, 2005. The increase in interest on debt was principally caused by:

a \$24.5 million decrease in the recognition of mark-to-market gains on derivatives to \$7.9 million in the year ended December 31, 2006 from \$32.4 million in the year ended December 31, 2005;

the AeroTurbine Acquisition on April 26, 2006, which resulted in a \$17.3 million increase in interest on debt; and

an increase in the average interest rate on our debt in the year ended December 31, 2006 to 6.4% from 6.2% in the year ended December 31, 2005 due to the increase in market interest rates and the fact that we refinanced low interest rate indebtedness owed to our prior shareholder with higher interest rate debt with a longer maturity.

Other Operating Expenses. Our other operating expenses decreased by \$12.5 million, or 21.2%, to \$46.5 million in the year ended December 31, 2006 from \$59.0 million in the year ended December 31, 2005. The principal categories of our other operating expenses and their variances were as follows:

	Year ended December 31, 2005	Year ended December 31, 2006	Increase/ (decrease)	Percentage Difference
<i>(US dollars in millions)</i>				
Operating lease in costs	\$ 25.3	\$ 25.2	\$ (0.1)	(0.4)%
Leasing expenses	27.5	21.5	(6.0)	(21.8)%
Provision for doubtful notes and accounts receivable	6.2	(0.2)	(6.4)	(103.2)%
Total	\$ 59.0	\$ 46.5	\$ (12.5)	(21.2)%

Our leasing expenses decreased in the year ended December 31, 2006 primarily because we incurred lower maintenance expenses due to fewer lessee defaults than in 2005.

Our provision for doubtful notes and accounts receivable was lower in the year ended December 31, 2006 when compared to the year ended December 31, 2005 due to the decrease in lessee defaults in the year ended December 31, 2006 and the impact of certain recoveries of provisioned receivables in the year ended December 31, 2006.

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Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by \$102.9 million, or 221.3%, to \$149.4 million in the year ended December 31, 2006 from \$46.5 million in the year ended December 31, 2005, due primarily to (i) charges for share-based compensation in the amount of \$78.6 million in 2006 which did not occur in 2005, (ii) the AeroTurbine Acquisition, which resulted in a \$21.5 million increase in selling, general and administrative expenses and (iii) start-up costs for our two consolidated joint ventures, AerVenture and Bella, which totaled \$3.8 million.

Net Income From Continuing Operations Before Income Taxes and Minority Interests. For the reasons explained above, our income from continuing operations before income taxes and minority interests increased by \$54.0 million, or 71.4%, to \$129.6 million in the year ended December 31, 2006 from \$75.6 million in the year ended December 31, 2005.

Provision for Income Taxes. Our provision for income taxes increased by \$11.2 million, or 112.0%, to \$21.2 million in the year ended December 31, 2006 from \$10.0 million in the year ended December 31, 2005. Our effective tax rate for the year ended December 31, 2005 was 13.2% and was 16.4% for the year ended December 31, 2006. The effective tax rate in 2006 was impacted by (i) charges for share-based compensation in the U.S., only a portion of which are tax-deductible, (ii) a reduction in The Netherlands corporate tax rate which resulted in a reduction of our Netherlands deferred tax assets and (iii) the reduction of a valuation allowance against our Swedish tax assets.

Net Income. For the reasons explained above, our net income increased by \$43.4 million, or 66.2%, to \$109.0 million in the year ended December 31, 2006 from \$65.6 million in the year ended December 31, 2005.

Results of Operations for 2005 Compared to 2004

Results of operations

	Year ended December 31, 2004	Aggregate non-GAAP Year ended December 31, 2005	Increase/ (decrease)	Percentage difference
<i>(US dollars in millions)</i>				
Revenues				
Lease revenue	\$ 308.5	\$ 335.8	\$ 27.3	8.8 %
Sales revenue	32.1	88.3	56.2	175.1 %
Management fee revenue	15.0	14.2	(0.8)	(5.3)%
Interest revenue	21.6	33.4	11.8	54.6 %
Other revenue	13.7	4.5	(9.2)	(67.2)%
Total revenues	390.9	476.2	85.3	21.8 %
Expenses				
Depreciation	125.9	112.3	(13.6)	(10.8)%
Cost of goods sold	19.0	68.2	49.2	258.9 %
Interest on debt	113.1	114.6	1.5	1.3 %
Impairments	134.7		(134.7)	(100.0)%
Other operating expenses	68.9	59.0	(9.9)	(14.4)%
Selling, general and administrative expenses	36.4	46.5	10.1	27.7 %
Total expenses	498.0	400.6	(97.4)	(19.6)%
Income (loss) from continuing operations before income taxes	(107.1)	75.6	182.7	170.6 %
Provisions for income taxes	0.2	(10.0)	(10.2)	(5,100.0)%
Net income	\$ (106.9)	\$ 65.6	\$ 172.5	161.4 %

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Our results of operations for the year ended December 31, 2005 represent an aggregation of the results of operations for AerCap B.V. from January 1, 2005 to June 30, 2005 when it was owned by our prior shareholders and the results of operations for AerCap Holdings N.V. from June 27, 2005 (inception of AerCap Holdings C.V.) to December 31, 2005 following the 2005 Acquisition on June 30, 2005. These results have been aggregated to provide investors with information related to our operating results for the full year of 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our results of operations in 2005 with prior periods. Results of operations for AerCap Holdings N.V. after the 2005 Acquisition include the effects of purchase accounting related to the 2005 Acquisition and, therefore, are not directly comparable to the results of operation for AerCap B.V. in the prior periods. In addition due to the effects of purchase accounting related to the 2005 Acquisition, results of operations for periods which combine the results of AerCap B.V. prior to the 2005 Acquisition with the results of AerCap N.V. after the 2005 Acquisition are not comparable to periods of a similar length, but which include the results exclusively for periods after the 2005 Acquisition. The material impacts on our consolidated income statement of the 2005 Acquisition are reflected in lower depreciation expense due to reduced net book values, which resulted in a \$20.9 million decrease in depreciation expense in 2005, and in lower interest on debt expense due to the elimination of certain debt, which resulted in a \$19.6 million decrease in interest on debt expense in 2005. Other than the corresponding effect on income from continuing operations before income taxes and net income, the 2005 Acquisition did not materially impact any of the other line items in our consolidated income statement in 2005. We have included a reconciliation of our 2005 aggregate period results to our consolidated income statements prepared in accordance with U.S. GAAP in the table below:

	AerCap B.V.	AerCap Holdings N.V.	Aggregate non-GAAP
	Six months ended June 30, 2005	Six months ended December 31, 2005	Year ended December 31, 2005
<i>(US dollars in millions)</i>			
Revenues			
Lease revenue	\$ 162.2	\$ 173.6	\$ 335.8
Sales revenues	75.8	12.5	88.3
Management fee revenue	6.5	7.7	14.2
Interest revenue	13.1	20.3	33.4
Other revenue	3.5	1.0	4.5
Total revenue	261.1	215.1	476.2
Expenses			
Depreciation	66.4	45.9	112.3
Cost of goods sold	57.6	10.6	68.2
Interest on debt	69.9	44.7	114.6
Other operating expenses	32.4	26.6	59.0
Selling, general and administrative expenses	19.6	26.9	46.5
Total expenses	245.9	154.7	400.6
Income from continuing operations before income taxes	15.2	60.4	75.6
Provisions for income taxes	0.6	(10.6)	(10.0)
Net income	\$ 15.8	\$ 49.8	\$ 65.6

The aggregation of the results of operations data for 2005 is not in accordance with U.S. GAAP. Since AerCap Holdings N.V. is a different reporting entity for accounting purposes from AerCap B.V., the aggregated information should be considered as supplemental information only. The financial information presented for this combined period reflects the addition, with no adjustments, of the results

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of AerCap B.V. for the six months ended June 30, 2005 and the results of AerCap Holdings N.V. for the initial accounting period ended December 31, 2005.

Revenues. Our total revenues increased by \$85.3 million, or 21.8%, from \$390.9 million in 2004 to \$476.2 million in 2005. The principal categories of our revenue and their year over year variances were:

	Year ended December 31, 2004	Year ended December 31, 2005	Increase/ (decrease)	Percentage Difference
<i>(US dollars in millions)</i>				
Lease revenue	\$ 308.5	\$ 335.8	\$ 27.3	8.8 %
Sales revenue	32.1	88.3	56.2	175.1 %
Management fee revenue	15.0	14.2	(0.8)	(5.3)%
Interest revenue	21.6	33.4	11.8	54.6 %
Other revenue	13.7	4.5	(9.2)	(67.2)%
Total	\$ 390.9	\$ 476.2	\$ 85.3	21.8 %

The increase in lease revenue was attributable primarily to:

the recognition of supplemental maintenance rent from lease terminations and reductions in our estimated accrued maintenance liability, which resulted in a \$8.0 million increase in lease revenue;

an increase in lease revenue due to the acquisition of 15 aircraft between January 1, 2004 and December 31, 2005 with a cumulative net book value of \$656.8 million at the date of acquisition, partially offset by the sale of 30 primarily older Fokker aircraft during such period with a cumulative net book value of \$83.5 million at the date of sale, which resulted in a \$16.2 million increase in lease revenue;

an increase in payments under leases with lease rates tied to floating interest rates due to increases in market interest rates, which resulted in a \$13.2 million increase in lease revenue;

partially offset by:

the absence of voluntary lease termination penalties collected in 2005, which generated \$6.2 million in revenue in 2004;

the amortization of the intangible lease premium generated at the time of the 2005 Acquisition, which resulted in a \$3.3 million decrease in lease revenue; and

a decrease in lease revenue from the expiration of older, longer-term leases and the entry into new leases at lower rates, which decreased lease revenue by \$1.1 million.

The increase in sales revenue to \$88.3 million in 2005 from \$32.1 million in 2004 reflects an increase in the number of aircraft sold in 2005 (21 aircraft) as compared to those sold in 2004 (nine aircraft). The average sales price per aircraft in 2005 was \$4.2 million compared to \$3.5 million in 2004. The number of aircraft sold in 2005 increased as our management decided to take advantage of favorable market conditions by selling some of our older, less desirable aircraft, including 16 of our Fokker aircraft.

Management fee revenue decreased slightly between 2004 and 2005 primarily because of a reduction in AerCo fees due to lower AerCo cash flows. In 2005, we generated 39.2% of our management fee revenue from Airplanes Group and 34.9% of our management fee revenue from AerCo. In 2004, we generated 39.0% of our management fee revenue from Airplanes Group and 36.0% of our management fee revenue

from AerCo.

The increase in interest revenue in 2005 compared with 2004 was due to:

an increase in our average cash and cash equivalents and restricted cash balances to \$303.9 million in 2005 compared to \$295.6 million in 2004, and an increase in the average

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interest rates to 2.41% in 2005 from 1.09% in 2004 on those balances, which resulted in a \$4.1 million increase in interest revenue; and

the accretion of purchase price adjustments on our interest bearing financial assets written down in connection with the 2005 Acquisition, which resulted in a \$6.1 million increase in interest revenue.

The decrease in other revenue primarily reflects the net gain on sale of a claim which we sold in 2004, which originated from the bankruptcy of one of our lessees. The gain recognized was \$8.2 million. We recognized a gain on the sale of our AerCo Series D notes in 2005 of \$4.6 million and a similar amount of other revenue in 2004 from penalty fees received from a lessee in connection with a lease restructuring.

Depreciation. Depreciation decreased by \$13.6 million, or 10.8%, to \$112.3 million in 2005 from \$125.9 million in 2004 due primarily to the reduction of our asset values in connection with the 2005 Acquisition. The decrease was partially offset by an increase in depreciation related to increased aggregate book values of our assets resulting from the acquisition of six new aircraft with a net book value of \$250.3 million and the sale of 19 aircraft (18 of which were older aircraft) with an aggregate net book value of \$67.4 million during 2005.

Cost of Goods Sold. The increase in cost of goods sold in 2005 reflected the increase in the number of aircraft sold to 21 with an average carrying value of \$3.2 million in 2005 from nine with an average carrying value of \$2.1 million in 2004.

Interest on Debt. Our interest on debt increased by \$1.5 million, or 1.3%, to \$114.6 million in 2005 from \$113.1 million in 2004. Our interest on debt expense was principally affected by:

an increase in our average interest rate in 2005 to 5.9% from 5.2% in 2004 due to increases in market interest rates and the fact that we refinanced low interest rate indebtedness owed to our prior shareholders with higher interest rate debt with a longer maturity;

largely offset by:

a \$210.2 million decrease in our average outstanding indebtedness balance which was \$2,490.9 million in 2005 compared to \$2,701.1 million in 2004; and

a \$12.5 million increase in the recognition of mark-to-market gains on derivatives to \$32.4 million in 2005 from \$19.9 million in 2004.

Our average outstanding indebtedness declined primarily due to the 2005 Acquisition. This decrease as a result of the 2005 Acquisition was only partially offset by our incurrence of \$1.0 billion of indebtedness to pay a portion of the 2005 Acquisition purchase price and \$221.0 million of indebtedness which was incurred in connection with the acquisition of new aircraft in 2005.

Impairments. In 2004, we recorded a \$132.4 million impairment for all of our existing goodwill as a result of our annual goodwill impairment test described in " Factors Affecting the Comparability of our Results Goodwill Impairment". In addition, we recorded an impairment on investments of \$2.3 million in 2004. We did not record any impairments in 2005.

Other Operating Expenses. Our other operating expenses decreased by \$9.9 million, or 14.4%, to \$59.0 million in 2005 from \$68.8 million in 2004. The principal categories of our other operating expenses and their year over year variances were as follows:

	2004	2005	Increase/ (decrease)	Percentage Difference
<i>(US dollars in millions)</i>				
Operating lease in costs	\$ 35.8	\$ 25.3	\$ (10.5)	(29.3)%
Leasing expenses	32.5	27.5	(5.0)	(15.4)%
Provision for doubtful notes and accounts receivable	0.6	6.2	5.6	933.3 %
Total	\$ 68.9	\$ 59.0	\$ (9.9)	(14.4)%

<u>2004</u>	<u>2005</u>	<u>Increase/ (decrease)</u>	<u>Percentage Difference</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>

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Our operating lease-in costs decreased due primarily to the repurchase of an aircraft previously leased-in and the termination of our lease obligation to the prior legal owner of the aircraft and an amendment to the lease on one of our other leased in aircraft which lowered our lease obligations.

Our leasing expenses decreased in 2005 primarily because we incurred lower maintenance expenses due to fewer lessee defaults than in 2004. Leasing expenses in 2004 reflected lease transition costs totaling \$7.2 million related to the transition of six A320 aircraft, which we had repossessed in 2003, from two defaulting lessees to new lessees.

Our provision for doubtful notes and accounts receivable was lower in 2004 when compared to 2005 due to the collection in 2004 of \$9.5 million of receivables for which we had previously taken a reserve.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by \$10.1 million, or 27.7%, to \$46.5 million in 2005 from \$36.4 million in 2004, due primarily to increased personnel costs of \$5.1 million in 2005 mainly arising from the hiring of new employees, an increase in professional fees of \$1.9 million and an increase in foreign exchange losses of \$3.9 million in 2005. We recognized an increase in net foreign exchange losses between 2004 and 2005 as a result of losses on our mark-to-market foreign exchange hedges, which are used to partially hedge our euro expense against changes in the euro/US dollar exchange rate.

Income From Continuing Operations Before Income Taxes and Minority Interests. For the reasons explained above, our income from continuing operations before income taxes and minority interests increased by \$182.7 million to an income from continuing operations before income taxes and minority interests of \$75.6 million in 2005 from a loss on income from continuing operations before income taxes and minority interests of \$107.1 million in 2004.

Provision for Income Taxes. Our provision for income taxes increased by \$10.2 million to \$10.0 million in 2005 from \$(0.2) million in 2004 primarily due to our increased income from continuing operations before income taxes and minority interests. The effect of our increase in income from continuing operations before income taxes and minority interests was partially offset by a decrease in our average effective tax rate below the statutory tax rates as a result of the effects of the 2005 Acquisition structure described above and the reduction in non taxable permanent differences between our U.S. GAAP income from continuing operations before income taxes and minority interests and taxable income. In 2004, we had a net tax charge despite recording a net loss primarily as a result of the goodwill impairment charge of \$132.4 million which was not tax deductible in The Netherlands. Our 2005 tax rate was reduced below the average enacted tax rates in the relevant jurisdictions producing income in that year because we were able to deduct interest expenses in The Netherlands on AerCap B.V.'s debts to its parent, AerCap Holdings N.V. while the corresponding interest income for AerCap Holdings N.V. was not subject to taxes in any jurisdiction.

Net Income. For the reasons explained above, our net income increased by \$172.5 million to a net income of \$65.6 million in 2005 from a net loss of \$106.9 million in 2004.

Liquidity and Capital Resources

We satisfy our liquidity requirements through several sources, including:

lines of credit and other secured borrowings;

aircraft and engine lease revenues;

sales of aircraft, engines and parts;

supplemental maintenance rent and security deposits provided by our lessees; and

management fee revenue.

Aircraft leasing and trading is a capital intensive business. We believe that our existing cash balance and anticipated future operating cash flows, including proceeds arising from the sale of aircraft,

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engines and parts, will be sufficient to satisfy the operating requirements of our business for the next twelve months. In the longer term, we expect to fund the growth of our business, including the acquisition of aircraft and engines, through internally generated cash flows, the incurrence of bank debt and the issuance of debt and equity securities. For additional information on the availability of funding under our revolving credit facilities see "Indebtedness".

The acquisition of aircraft and engines drives our growth and fuels our long-term need for liquidity. It is our intention to fund future aircraft and engines acquisitions initially through cash flows from our operations, borrowings under credit facilities and government guaranteed debt issuances, and to repay all or a portion of the borrowings from time to time with the net proceeds from a variety of capital market and bank sources, including securitizations and from aircraft and engine sale proceeds. Therefore, our ability to execute our business strategy, particularly the growth of our business, depends to a significant degree on our ability to secure additional financing. Whether we will be able to obtain financing will depend upon a number of factors, such as our historical and expected performance, industry and market trends, the availability of capital and the relative attractiveness of alternative investments. We believe that funds will be available to support our growth strategy. However, future deterioration in our performance or our markets could limit our ability to obtain financing and/or increase our cost of capital, which may negatively affect our ability to raise additional funds and grow our business.

Our liquidity also depends on the ability of our subsidiaries to dividend cash to us. Substantially, all of our owned aircraft are held through special purpose subsidiaries, consolidated joint ventures or finance structures which borrow funds to finance or refinance the aircraft. Most of the commercial bank loans and export credit facility financings restrict the payment of dividends in the event that the borrower is in default under the applicable loan, which can include the failure to meet financial ratios or tests. Our revolving credit facility with a syndicate of banks led by affiliates of UBS Real Estate Securities Inc. permits limited distributions to us by the relevant subsidiary borrower during the first two years provided specified principal payments are made. AeroTurbine's revolving credit facility with a syndicate of banks led by affiliates of Calyon permits distributions to us provided that specified financial ratios are met. The securitization of Aircraft Lease Securitisation allows distributions on the subordinated notes to us after the senior classes of notes are repaid. We believe we are in compliance with the financial covenants in all of our indebtedness. For more information on our indebtedness, see "Indebtedness".

From time to time, we enter into intercompany funding arrangements with our subsidiaries and/or provide capital contributions to them to ensure that our subsidiaries have sufficient liquidity to satisfy their contractual and operational requirements.

Cash Flows

Three months ended March 31, 2007 compared to three months ended March 31, 2006

	AerCap Holdings N.V.	
	Three months ended March 31,	
	2006	2007
	<i>(US dollars in millions)</i>	
Net cash flow provided by operating activities	\$ 54.0	\$ 18.7
Net cash flow used in investing activities	(77.9)	(119.3)
Net cash flow provided by financing activities	93.1	109.4

Cash Flows From Operating Activities. Our cash flows provided by operating activities decreased by \$35.3 million to \$18.7 million in the three months ended March 31, 2007 from \$54.0 million in the three months ended March 31, 2006 primarily due to a one time non-recurring receipt of \$20.2 million in the three months ended March 31, 2006 from a lessee as settlement of a receivable that was past due, as well as an increase of \$26.9 million in payments related to accounts payable and accrued

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expenses, a \$15.5 million increase in selling, general and administrative expenses and a \$22.3 million increase in interest expense, partially offset by a \$51.8 million increase in lease revenue, in each case in the three months ended March 31, 2007.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities increased by \$41.4 million, to cash used in investing activities of \$119.3 million in the three months ended March 31, 2007 from cash used in investing activities of \$77.9 million in the three months ended March 31, 2006. The reasons for the increase in cash used in investing activities in the three months ended March 31, 2007 was an increase of \$29.1 million in net cash used for the purchase of aircraft and intangible lease premiums, net of aircraft sales proceeds and a \$14.4 million reduction in the change in restricted cash balances in the three months ended March 31, 2007, compared to the three months ended March 31, 2006 related to the release of restricted cash from our Aircraft Lease Securitisation securitization vehicle and from a lender upon the substitution of letter of credit in the three months ended March 31, 2006.

Cash Flows Provided by Financing Activities. Our cash flows provided by financing activities increased by \$16.3 million, to \$109.4 million provided by financing activities in the three months ended March 31, 2007 from \$93.1 million provided by financing activities in the three months ended March 31, 2006. The principal reason for the increase in cash provided by financing activities in the three months ended March 31, 2007 was an increase of \$41.3 million in the amount of net additional financing proceeds, net of debt issuance costs paid, in the three months ended March 31, 2007, compared to the three months ended March 31, 2006, due to the need to finance increases in net aircraft purchases, partially offset by cash received from our joint venture partner in AerVenture of \$25.0 million in the three months ended March 31, 2006.

Year ended December 31, 2006 compared to year ended December 31, 2005

Aggregate non-GAAP	AerCap Holdings N.V.
Year ended December 31, 2005	Year ended December 31, 2006

(US dollars in millions)

Net cash flow provided by operating activities	\$ 216.5	\$ 348.4
Net cash flow used in investing activities	(1,416.7)	(843.3)
Net cash flow provided by financing activities	1,363.5	443.6

Our cash flows for the year ended December 31, 2005 represent the cash flows for AerCap B.V. from January 1, 2005 to June 30, 2005, when it was owned by our prior shareholders, and the cash flows for AerCap Holdings N.V. from June 27, 2005 (inception of AerCap Holdings C.V.) to December 31, 2005, following the 2005 Acquisition on June 30, 2005. For the period from June 27, 2005 to June 30, 2005, we did not generate any cash flows. The cash flows have been aggregated to provide investors with data for year ended December 31, 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our cash flows for the year ended December 31, 2006 to cash flows for prior periods. We have included a reconciliation of the aggregate year ended December 31, 2005 cash flows to the consolidated statements of cash flows prepared in accordance with U.S. GAAP in the table below:

AerCap B.V.	AerCap Holdings N.V.	Aggregate non-GAAP
Six months ended June 30, 2005	Six months ended December 31, 2005	Year ended December 31, 2005

(US dollars in millions)

Net cash flow provided by operating activities	\$ 107.3	\$ 109.2	\$ 216.5
Net cash flow provided by (used in) investing activities	14.5	(1,431.2)	(1,416.7)
Net cash flow (used in) provided by financing activities	(142.0)	1,505.5	1,363.5

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The aggregation of cash flow data for the year ended December 31, 2005 is not in accordance with U.S. GAAP, as AerCap Holdings N.V. is a different reporting entity for accounting purposes from AerCap B.V. and the periods presented are not directly comparable because the cash flow information for the six months ended December 31, 2005 includes the effects of the 2005 Acquisition. The AerCap Holdings N.V. cash flow information for the year ended December 31, 2005 reflects the addition, without adjustment, of the cash flows of AerCap B.V. for the six months ended June 30, 2005 and of AerCap Holdings N.V. for the six months ended December 31, 2005. The aggregated cash flow information should be considered as supplemental information only.

Cash Flows From Operating Activities. Our cash flows provided by operating activities increased by \$131.9 million, or 60.9%, to \$348.4 million in the year ended December 31, 2006 from \$216.5 million in the year ended December 31, 2005. This increase is due primarily to (i) a \$71.7 million increase in the change in accounts payable and accrued expenses, including maintenance liabilities and lessee deposits, which was due primarily to the increase in accrued maintenance liabilities and lessee deposits from the purchase of 24 used aircraft, subject to leases, during 2006 and (ii) a \$109.5 million increase in net income after giving effect to all non-cash add-backs or deductions to net income on the consolidated statements of cash flows. These increases were partially offset by the use of \$24.2 million in the year ended December 31, 2006 for the purchase of inventory, which did not occur in the year ended December 31, 2005 and a \$38.6 million decrease in the change to trade and notes receivable, both of which resulted primarily from the inclusion of AeroTurbine's operating results in our consolidated financial statements following the AeroTurbine Acquisition.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities decreased by \$573.4 million, or 40.5%, to \$843.3 million in the year ended December 31, 2006 from \$1,416.7 million in the year ended December 31, 2005. The principal reason for the decrease in cash used in investing activities was the consideration paid in 2005, net of cash acquired, of \$1,245.6 million to acquire AerCap B.V., which was partially offset by a \$579.4 million, or 412.1% increase in net cash used to buy and sell flight equipment and additional pre-delivery payments made under our aircraft purchase agreement with Airbus to \$720.0 million in the year ended December 31, 2006 from \$140.6 million in the year ended December 31, 2005.

Cash Flows Provided by Financing Activities. Our cash flows provided by financing activities decreased by \$919.9 million, or 67.5%, to \$443.6 million in the year ended December 31, 2006 from \$1,363.5 million in the year ended December 31, 2005. This decrease in cash flows provided by financing activities was due primarily to (i) a decrease of \$696.9 million of borrowings, net of repayments, to \$300.4 million in the year ended December 31, 2006 from \$997.3 million in the year ended December 31, 2005 which was primarily attributable to the \$1,000.0 million term loan contracted in connection with the 2005 Acquisition and (ii) a \$261.4 million decrease in the amount of additional equity investments. In the year ended December 31, 2005 we received additional equity investments of \$405.0 million in connection with the 2005 Acquisition whereas in the year ended December 31, 2006 we received net additional equity investments of \$143.6 million related to our initial public offering.

Indebtedness

As of March 31, 2007, our outstanding indebtedness totaled \$2.7 billion and primarily consisted of export credit facilities, Japanese operating lease financings, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

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The following table provides a summary of our indebtedness at March 31, 2007:

Debt Obligation	Collateral	Commitment	Outstanding	Undrawn amounts	Weighted average interest rate	Final stated maturity
<i>(US dollars in thousands)</i>						
Export credit facilities guaranteed financings	17 aircraft	\$ 775,336	\$ 570,632	\$ 204,704	5.57%	2007-2019
Japanese operating lease financings	3 aircraft	98,328	98,328		5.59%	2007-2015
Pre-delivery payment facility		118,912	19,505	99,407	6.97%	2007-2010
UBS revolving credit facility(1)	16 aircraft	970,000	370,117	599,883	7.81%	2007-2012
AT revolving credit facility	60 engines	220,000	35,688	184,312	6.85%	2007-2011
GATX portfolio acquisition facility(2)	24 aircraft	210,553	210,553		7.07%	2007-2013
Commercial bank debt(3)	23 aircraft and three engines	380,547	380,547		6.77%	2007-2019
Aircraft Lease Securitisation debt(4)	42 aircraft	818,466	818,466		6.25%	2007-2016
Capital lease obligations under defeasance structures	4 aircraft	162,151	162,151			2007-2010
Total		\$ 3,754,293	\$ 2,665,987	\$ 1,088,306		

- (1) On May 8, 2007, we amended and restated our UBS revolving credit facility and repaid the amounts outstanding under the revolving credit facility with a portion of the proceeds from the refinancing of the Aircraft Lease Securitisation securitization. As of May 31, 2007, we had drawn \$41.4 million on the amended and restated UBS revolving credit facility.
- (2) As of May 31, 2007, we had repaid \$55.5 million of the GATX portfolio acquisition facility relating to three aircraft with a portion of the proceeds from the refinancing of the Aircraft Lease Securitisation securitization.
- (3) As of May 31, 2007, we had repaid \$110.3 million of our commercial bank debt in connection with a portion of the proceeds of the refinancing of the Aircraft Lease Securitisation securitization.
- (4) On May 8, 2007, Aircraft Lease Securitization completed a refinancing of \$1.0 billion of its securitized notes with the issuance of \$1.66 billion of new securitized notes with a weighted average interest rate of one-month LIBOR plus 26 basis points and a final stated maturity of 2032. The new notes are secured by 70 aircraft.

The weighted average interest rate in the table above excludes the impact of related derivative financial instruments, which we hold to hedge our exposure to interest rates. See "Indebtedness" for more information regarding our indebtedness and see "Interest Rate Risk" for more information on our portfolio of derivative financial instruments.

Contractual Obligations

Our contractual obligations consist of principal and interest payments on term debt, executed purchase agreements to purchase aircraft, operating lease rentals on aircraft under lease in/lease out structures and rent payments pursuant to our office leases. We intend to fund our contractual obligations through our lines of credit and other borrowings as well as internally generated cash flows. We believe that our sources of liquidity will be sufficient to meet our contractual obligations.

The following table sets forth our contractual obligations and their maturity dates as of March 31, 2007:

Payments Due By Period as of March 31, 2007(1)

Contractual Obligations	2007(7)	2008 to 2010	2011 to 2012	Thereafter	Total
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(U.S. dollars in thousands)

Debt(2)(3)	\$ 447,880	\$ 1,145,757	\$ 756,705	\$ 1,099,332	\$ 3,449,674
Purchase obligations(1)(4)	479,659	4,059,442	630,397		5,169,498
Operating leases(5)	14,200	92,491	49,464	5,154	161,309
Derivative obligations	(3,649)	(9,545)	(3,297)	(2,538)	(19,029)
Total(6)	\$ 938,090	\$ 5,288,145	\$ 1,433,269	\$ 1,101,948	\$ 8,761,452

(1)

The table above is as of March 31, 2007, except for commitments arising from our agreement with Airbus signed on May 11, 2007 to purchase ten additional A330-200 aircraft. The table above includes the commitments related to this purchase agreement as of May 11, 2007.

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- (2) Includes estimated interest payments based on one-month LIBOR as of March 31, 2007, which was 5.32%.
- (3) On May 8, 2007, Aircraft Lease Securitization completed a refinancing of \$1.0 billion of its securitized notes with the issuance of \$1.66 billion of new securitized notes. The proceeds of the refinancing were used to redeem all of the outstanding Aircraft Lease Securitisation debt, other than the most junior class of notes, to repay other indebtedness owed by us, to refinance the indebtedness that had been incurred to purchase 24 previously acquired aircraft, and to finance the purchase of four additional new aircraft, increasing Aircraft Lease Securitisation's aircraft portfolio size to 70 aircraft. As of May 31, 2007, we had repaid net \$362.6 million of indebtedness under our UBS revolving credit facility and \$165.8 million of commercial bank debt with the proceeds of the new securitization.
- (4) At March 31, 2007 there were five aircraft remaining to be delivered under our 1999 aircraft purchase agreement with Airbus. We also had 20 new A330-200 widebody aircraft on order from Airbus and two new Boeing 737-800 aircraft. In addition, AerVenture had 47 Airbus A320, 23 Airbus A319 aircraft and three additional engines on order. On May 11, 2007 we ordered an additional ten new A330-200 widebody aircraft from Airbus which are also reflected i