

AerCap Holdings N.V.  
Form 20-F  
March 23, 2016

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2015**

**Commission file number 001-33159**

**AerCap Holdings N.V.**

(Exact name of Registrant as specified in its charter)

**The Netherlands**

(Jurisdiction of incorporation or organization)

**AerCap  
La Touche House  
IFSC  
Dublin 1  
Ireland  
+ 353 1 819 2010**

(Address of principal executive offices)

**Wouter M. den Dikken, La Touche House, IFSC, Dublin 1, Ireland**

**Telephone number: +353 1 819 2010, Fax number: +353 1 672 0270**

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Ordinary Shares	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

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Indicate the number of outstanding shares of each of the issuer's classes of capital or ordinary stock as of the close of the period covered by the annual report.

Ordinary Shares, Euro 0.01 par value

**200,342,204**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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**TABLE OF DEFINITIONS**

ACSAL	ACSAL HOLDCO, LLC
AeroTurbine	AeroTurbine, Inc.
AerCap, We or the Company	AerCap Holdings N.V. and its subsidiaries
AerCap Trust	AerCap Global Aviation Trust
AerLift	AerLift Leasing Ltd.
AerLift Jet	AerLift Leasing Jet Ltd.
AIG	American International Group, Inc.
Airbus	Airbus S.A.S.
ALS II	Aircraft Lease Securitisation II Limited
ALS Transaction	The sale of our equity interest (E-Notes) in Aircraft Lease Securitisation Limited to Guggenheim Partners, LLC on November 14, 2012.
AOCI	Accumulated other comprehensive income (loss)
Boeing	The Boeing Company
ECA	Export Credit Agency
ECAPS	Enhanced Capital Advantaged Preferred Securities
Embraer	Embraer S.A.
EOL	End of lease
Ex-Im	Export-Import Bank of the United States
FASB	Financial Accounting Standards Board
GECC	General Electric Capital Corporation
GFL	Genesis Funding Limited
GFL Transaction	The sale by AerCap of 100% of the class A common shares in GFL to GFL Holdings, LLC, an affiliate of Wood Creek Capital Management, LLC, on April 22, 2014.
ILFC	International Lease Finance Corporation
ILFC Transaction	The purchase by AerCap and AerCap Ireland Limited, a wholly-owned subsidiary of AerCap, of 100% of ILFC's common stock from AIG on May 14, 2014.
IRS	Internal Revenue Service

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Junior Subordinated Notes	\$500 million of junior subordinated notes due 2045 to AIG.
LIBOR	London Interbank Offered Rates
MR	Maintenance reserved
Part-out	Disassembly of an aircraft for the sale of its parts
PB	Primary beneficiary

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Reorganization	The transfer of substantially all of ILFC's assets to AerCap Trust and AerCap Trust's assumption of substantially all of ILFC's liabilities on May 14, 2014.
SEC	U.S. Securities and Exchange Commission
Share Repurchase	The repurchase by AerCap of 15,698,588 of its ordinary shares from AIG for consideration consisting of the Junior Subordinated Notes and \$250 million of cash on hand on June 9, 2015.
SPE	Special purpose entity
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America
VIE	Variable interest entity
Waha	Waha Capital PJSC

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**SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS**

This annual report includes "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, principally under the captions "Item 3. Key Information Risk Factors Risks related to our business", "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects". We have based these forward looking statements largely on our current beliefs and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed in this annual report, could cause our actual results to differ substantially from those anticipated in our forward looking statements, including, among other things:

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

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

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

changes in the overall demand for commercial aircraft leasing and aircraft management services;

the effects of terrorist attacks on the aviation industry and on our operations;

the economic condition of the global airline and cargo industry and the economic and political conditions;

competitive pressures within the industry;

the negotiation of aircraft management services contracts;

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

the risks set forth in "Item 3. Key Information Risk Factors" included in this annual report.

The words "believe", "may", "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 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 annual report might not occur and are not guarantees of future performance.

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**PART I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**Selected financial data**

The following tables present AerCap Holdings N.V.'s selected consolidated financial data for each of the periods indicated, prepared in accordance with U.S. GAAP. This information should be read in conjunction with AerCap Holdings N.V.'s audited Consolidated Financial Statements and related notes and "Item 5. Operating and Financial Review and Prospects". The financial information presented as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 was derived from AerCap Holdings N.V.'s audited Consolidated Financial Statements included in this annual report. The financial information presented as of December 31, 2013, 2012 and 2011 and for the years ended December 31, 2012 and 2011 was derived from AerCap Holdings N.V.'s audited Consolidated Financial Statements not included in this annual report.



Table of Contents**Consolidated Balance Sheet Data**

	As of December 31,				
	2015	2014	2013	2012	2011
	(U.S. dollar amounts in thousands)				
<b>Assets</b>					
Cash and cash equivalents	\$ 2,403,098	\$ 1,490,369	\$ 295,514	\$ 520,401	\$ 411,081
Restricted cash	419,447	717,388	272,787	280,653	244,495
Flight equipment held for operating leases, net	32,219,494	31,984,668	8,085,947	7,261,899	7,895,874
Maintenance rights intangible and lease premium, net	3,139,045	3,906,026	9,354	18,100	29,677
Prepayments on flight equipment	3,300,426	3,486,514	223,815	53,594	95,619
Other assets	2,432,969	2,282,415	563,724	499,151	438,056
<b>Total Assets</b>	<b>\$ 43,914,479</b>	<b>\$ 43,867,380</b>	<b>\$ 9,451,141</b>	<b>\$ 8,633,798</b>	<b>\$ 9,114,802</b>
<b>Liabilities and Equity</b>					
Debt	29,806,843	30,402,392	6,236,892	5,803,499	6,111,165
Other liabilities	5,681,827	5,522,440	785,017	707,393	720,320
<i>Total Liabilities</i>	35,488,670	35,924,832	7,021,909	6,510,892	6,831,485
Total AerCap Holdings N.V. shareholders' equity	8,348,963	7,863,777	2,425,372	2,122,038	2,277,236
Non-controlling interest	76,846	78,771	3,860	868	6,081
<i>Total Equity</i>	8,425,809	7,942,548	2,429,232	2,122,906	2,283,317
<b>Total Liabilities and Equity</b>	<b>\$ 43,914,479</b>	<b>\$ 43,867,380</b>	<b>\$ 9,451,141</b>	<b>\$ 8,633,798</b>	<b>\$ 9,114,802</b>

Table of Contents**Consolidated Income Statements Data**

	Year Ended December 31,				
	2015	2014	2013	2012	2011(a)
	(U.S. dollar amounts in thousands, except share data)				
<b>Revenues and other income</b>					
Lease revenue	\$ 4,991,551	\$ 3,449,571	\$ 976,147	\$ 997,147	\$ 1,050,536
Net gain (loss) on sale of assets	183,328	37,497	41,873	(46,421)	9,284
Other income	112,676	104,491	32,046	21,794	34,103
<b>Total Revenues and other income</b>	<b>5,287,555</b>	<b>3,591,559</b>	<b>1,050,066</b>	<b>972,520</b>	<b>1,093,923</b>
<b>Expenses</b>					
Depreciation and amortization	1,843,003	1,282,228	337,730	357,347	361,210
Asset impairment	16,335	21,828	26,155	12,625	15,594
Interest expense	1,099,884	780,349	226,329	286,019	292,486
Other operating expenses	522,413	141,572	49,023	78,241	73,836
Transaction, integration and restructuring related expenses	58,913	148,792	10,959		
Selling, general and administrative expenses	381,308	299,892	89,079	83,409	120,746
<b>Total Expenses</b>	<b>3,921,856</b>	<b>2,674,661</b>	<b>739,275</b>	<b>817,641</b>	<b>863,872</b>
<b>Income before income taxes and income of investments accounted for under the equity method</b>	<b>1,365,699</b>	<b>916,898</b>	<b>310,791</b>	<b>154,879</b>	<b>230,051</b>
Provision for income taxes	(189,805)	(137,373)	(26,026)	(8,067)	(15,460)
Equity in net earnings of investments accounted for under the equity method	1,278	28,973	10,637	11,630	10,904
<b>Net income from continuing operations</b>	<b>1,177,172</b>	<b>808,498</b>	<b>295,402</b>	<b>158,442</b>	<b>225,495</b>
Loss from discontinued operations					(52,745)
<b>Net income</b>	<b>\$ 1,177,172</b>	<b>\$ 808,498</b>	<b>\$ 295,402</b>	<b>\$ 158,442</b>	<b>\$ 172,750</b>
Net loss (income) attributable to non-controlling interest	1,558	1,949	(2,992)	5,213	(526)
<b>Net income attributable to AerCap Holdings N.V.</b>	<b>\$ 1,178,730</b>	<b>\$ 810,447</b>	<b>\$ 292,410</b>	<b>\$ 163,655</b>	<b>\$ 172,224</b>
Net earnings per share basic					
Continuing operations	\$ 5.78	\$ 4.61	\$ 2.58	\$ 1.24	\$ 1.53
Discontinued operations	\$	\$	\$	\$	\$ (0.36)
Net earnings per share basic	\$ 5.78	\$ 4.61	\$ 2.58	\$ 1.24	\$ 1.17
Net earnings per share diluted					
Continuing operations	\$ 5.72	\$ 4.54	\$ 2.54	\$ 1.24	\$ 1.53
Discontinued operations	\$	\$	\$	\$	\$ (0.36)
Net earnings per share diluted	\$ 5.72	\$ 4.54	\$ 2.54	\$ 1.24	\$ 1.17

(a)

As a result of the sale of AeroTurbine in 2011 and based on ASC 205-20, which governs financial statements for discontinued operations, the results of AeroTurbine were classified as discontinued operations. As a result of the ILFC Transaction, AeroTurbine again became a subsidiary of AerCap on May 14, 2014.

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**RISK FACTORS**

**Risks related to our business**

*We require significant capital to fund our business.*

As of December 31, 2015 we had 447 new aircraft on order. Due to the capital-intensive nature of our business, we expect that we will incur additional indebtedness in the future and continue to maintain substantial levels of indebtedness. We have significant principal and interest payments on our outstanding indebtedness and substantial aircraft forward purchase contract payments. In order to meet these commitments and to maintain an adequate level of unrestricted cash, we will need to raise additional funds by accessing committed debt facilities, securing additional financing from banks or through capital market transactions, or possibly by selling aircraft. Our typical sources of funding may not be sufficient to meet our liquidity needs, in which case we may be required to raise capital from new sources, including by issuing new types of debt, equity or hybrid securities.

*Despite our substantial indebtedness, we might incur significantly more debt.*

Despite our current indebtedness levels, we expect to incur additional debt in the future to finance our operations, including purchasing aircraft and meeting our contractual obligations. The agreements relating to our debt, including our indentures, term loan facilities, ECA guaranteed financings, revolving credit facilities, securitizations, subordinated joint venture agreements, and other financings, limit but do not prohibit our ability to incur additional debt. If we increase our total indebtedness, our debt service obligations will increase. We will become more exposed to the risks arising from our substantial level of indebtedness as we become more leveraged. As of December 31, 2015, we had approximately \$6.7 billion of undrawn lines of credit available under our credit and term loan facilities, subject to certain conditions, including compliance with certain financial covenants. We regularly consider market conditions and our ability to incur indebtedness to either refinance existing indebtedness or for working capital. If additional debt is added to our current debt levels, the related risks we could face would increase.

*Our level of indebtedness requires significant debt service payments.*

The principal amount of our outstanding indebtedness, which excludes fair value adjustments of \$0.8 billion, was approximately \$29.0 billion as of December 31, 2015 (approximately 66% of our total assets as of December 31, 2015), and our interest payments were \$1.4 billion for the year ended December 31, 2015. Due to the capital-intensive nature of our business, we expect that we will incur additional indebtedness in the future and continue to maintain significant levels of indebtedness. Our fixed rate debt of \$20.2 billion equals 70% of our principal amount of outstanding indebtedness, as of December 31, 2015. Our level of indebtedness:

requires a substantial portion of our cash flows from operations to be dedicated to interest and principal payments and therefore not available to fund our operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;

restricts the ability of some of our subsidiaries and joint ventures to make distributions to us;

may impair our ability to obtain additional financing on favorable terms or at all in the future;

may limit our flexibility in planning for, or reacting to, changes in our business and industry; and

may make us more vulnerable to downturns in our business, our industry or the economy in general.

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***An increase in our cost of borrowing or changes in interest rates may adversely affect our net income.***

We use a mix of fixed rate and floating rate debt to finance our business. Any increase in our cost of borrowing directly impacts our net income. Our cost of borrowing is affected primarily by the market's assessment of our credit risk and fluctuations in interest rates and general market conditions. Interest rates that we obtain on our debt financings can fluctuate based on, among other things, changes in views of our credit risk, fluctuations in U.S. Treasury rates and LIBOR rates, as applicable, changes in credit spreads and swap spreads, and the duration of the debt being issued. If we incur significant 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. If interest rates increase, we would be obligated to make higher interest payments to our lenders on the floating rate debt to the extent that it is not hedged. In addition, we are exposed to the credit risk that the counterparties to our derivative contracts will default in their obligations.

Moreover, if interest rates were to rise sharply, we would not be able to fully offset immediately the negative impact on our net income by increasing lease rates, even if the market were able to bear such increases in lease rates. Our leases are generally for multiple years with fixed lease rates over the life of the lease and, therefore, lags will exist because our lease rates with respect to a particular aircraft cannot generally be increased until the expiration of the lease.

Decreases in interest rates may also adversely affect our interest revenue on cash deposits as well as lease revenue generated from leases with lease rates tied to floating interest rates. During the year ended December 31, 2015, approximately 3% of our basic lease rents for aircraft under operating leases was derived from such leases. Therefore, if interest rates were to decrease, our lease revenue would decrease. In addition, since 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 fixed rate leases we enter into may be at lower lease rates than if no interest rate decrease had occurred and our lease revenue will be adversely affected.

***The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.***

Our indentures, term loan facilities, ECA guaranteed financings, revolving credit facilities, securitizations, other commercial bank financings, and other agreements governing our debt impose operating and financial restrictions on our activities that limit or prohibit our ability to, among other things:

incur additional indebtedness;

create liens on assets;

sell certain assets;

make certain investments, loans, guarantees or advances;

declare or pay certain dividends and distributions;

make certain acquisitions;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into transactions with our affiliates;

change the business conducted by the borrowers and their respective subsidiaries;

enter into a securitization transaction unless certain conditions are met; and

access cash in restricted bank accounts.

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The agreements governing certain of our indebtedness also contain financial covenants, such as requirements that we comply with certain loan-to-value, interest coverage and leverage ratios. These restrictions could impede our ability to operate our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing agreements would result in a default under those agreements and under other agreements containing cross default provisions. Under these circumstances, we may have insufficient funds or other resources to satisfy all our obligations.

***To service our debt and meet our other cash needs, we will require a significant amount of cash, which may not be available.***

Our ability to make payments on, or repay or refinance, our debt and to fund planned aircraft purchases and other cash needs, will depend largely upon our future operating performance. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on our maintaining specified financial ratios and satisfying financial condition tests and other covenants in the agreements governing our debt now and in the future. Our business may not generate sufficient cash flow from operations and future borrowings may not be available in amounts sufficient to pay our debt or to satisfy our other liquidity needs.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to seek alternatives, such as to reduce or delay investments and aircraft purchases, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and might require us to comply with more onerous covenants, which could further restrict our business operations. The terms of our existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations or to meet our aircraft purchase commitments as they come due.

***If we are unable to obtain sufficient cash, we might fail to meet our aircraft purchase commitments.***

If we are unable to meet our aircraft purchase commitments as they come due, we will be subject to several risks, including:

forfeiting deposits and progress payments to manufacturers and having to pay certain significant costs related to these commitments such as actual damages and legal, accounting and financial advisory expenses;

defaulting on our lease commitments, which could result in monetary damages and strained relationships with lessees;

failing to realize the benefits of purchasing and leasing such aircraft; and

risking harm to our business reputation, which would make it more difficult to purchase and lease aircraft in the future on agreeable terms, if at all.

Any of these events could materially and adversely affect our financial results.

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***We may be unable to generate sufficient returns on our aircraft investments.***

Our results depend on our ability to consistently acquire strategically attractive aircraft, continually and profitably lease and re-lease them, and finally sell or otherwise dispose of them, in order to generate returns on the investments we have made, provide cash to finance our growth and operations, and service our existing debt. Upon acquiring new aircraft we may not be able to enter into leases that generate sufficient cash flow to justify the cost of purchase. When our leases expire or our aircraft are returned prior to the date contemplated in the lease, we bear the risk of re-leasing, selling or parting-out the aircraft. Because our leases are predominantly operating leases, only a portion of an aircraft's value is recovered by the revenues generated from the lease and we may not be able to realize the aircraft's residual value after lease expiration.

Our ability to profitably purchase, lease, re-lease, sell or otherwise dispose of our aircraft will depend on conditions in the airline industry and general market and competitive conditions at the time of purchase, lease, and disposition. In addition to factors linked to the aviation industry in general, other factors that may affect our ability to generate adequate returns from our aircraft include the maintenance and operating history of the airframe and engines, the number of operators using the particular type of aircraft, and aircraft age.

***Customer demand for certain types of our aircraft may decline.***

Aircraft are long-lived assets and demand for a particular model and type of aircraft can change over time. Demand may decline for a variety of reasons, including obsolescence following the introduction of newer technologies, market saturation due to increased production rates, technical problems associated with a particular model, new manufacturers entering the marketplace or existing manufacturers entering new market segments, additional governmental regulation such as environmental rules or aircraft age limitations, or the overall health of the airline industry.

The supply and demand for aircraft is affected by various 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;

epidemics and natural disasters;

governmental regulation;

interest rates;

the availability and cost of financing;

airline restructurings and bankruptcies;

manufacturer production levels and technological innovation;

manufacturers merging, entering or exiting the industry;

retirement and obsolescence of aircraft models;

increases in production rates from manufacturers;

reintroduction into service of aircraft previously in storage; and

airport and air traffic control infrastructure constraints.



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Over recent years, the airline industry has committed to a significant number of aircraft deliveries through order placements with manufacturers, and in response, aircraft manufacturers have raised their production output. The increase in these production levels could result in an oversupply of relatively new aircraft if growth in airline traffic does not meet airline industry expectations.

As demand for particular aircraft declines as a result of any of these factors, lease rates are likely to correspondingly decline, the residual values of that type of aircraft could be negatively impacted, and we may be unable to lease such aircraft on favorable terms, if at all. In addition, the risks associated with a decline in demand for particular aircraft model or type increase if we acquire a high concentration of such aircraft. For example, as of December 31, 2015, we had 447 new aircraft on order, including 209 Airbus A320neo family aircraft, 109 Boeing 737MAX aircraft, 51 Boeing 787 aircraft, 50 Embraer E-Jets E2 aircraft, 27 Airbus A350 aircraft, and one Boeing 737NG aircraft. If demand declines for a model or type of aircraft of which we own or will acquire a relatively high concentration, it could materially and adversely affect our financial results.

***The value and lease rates of our aircraft could decline.***

Aircraft values and lease rates have occasionally experienced sharp decreases due to a number of factors, including, but not limited to, decreases in passenger air travel and air cargo demand, changes in fuel costs, government regulation and changes 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, including:

- the particular maintenance, operating history and documentary records of the aircraft;
- the number of operators using a particular type of aircraft;
- the regulatory authority under which the aircraft is operated;
- whether the aircraft is subject to a lease and, if so, whether the lease terms are favorable to the lessor;
- the age of the aircraft;
- 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;
- decrease in the credit-worthiness of lessees;
- compatibility of aircraft configurations or specifications with other aircraft owned by operators of that type;
- comparative value based on newly manufactured competitive aircraft; and
- the availability of spare parts.

Any decrease in the value and lease rates of our aircraft that results from the above factors or other factors may have a material adverse effect on our financial results.

*Strong competition from other aircraft lessors could adversely affect our financial results.*

The aircraft leasing industry is highly competitive. Our competition is primarily comprised of major aircraft leasing companies, but we may also encounter competition from other entities such as:

airlines;

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aircraft manufacturers;

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

aircraft brokers;

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

emerging aircraft leasing companies that we do not currently consider our major competitors.

Some of these competitors may have greater operating and financial resources than we do. We may not always be able to compete successfully with such competitors and other entities, which could materially and adversely affect our financial results.

***Our financial condition is dependent, in part, on the financial strength of our lessees.***

Our financial condition depends on the ability of lessees to perform their payment and other obligations to us under our leases. We generate the primary portion of our revenue from leases to the aviation 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 depends primarily on their financial condition and cash flows, which may be affected by factors outside our control, including:

passenger air travel and air cargo demand;

competition;

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

price and availability of jet fuel;

availability and cost of financing;

fare levels;

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

increases in operating costs, including labor costs and other general economic conditions affecting our lessees' operations;

labor difficulties;

the availability of financial or other governmental support extended to a lessee; and

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governmental regulation and associated fees affecting the air transportation business, including restrictions on carbon emissions and other environmental regulations, and fly over restrictions imposed by route authorities.

Generally, airlines with high financial leverage are more likely than airlines with stronger balance sheets to be affected, and affected more quickly, by the factors listed above. Such airlines are also more likely to seek operating leases.

Any downturns in the aviation industry could greatly exacerbate the weakened financial condition and liquidity problems of some of our lessees and further increase the risk that they will delay, reduce or fail to make rental payments when due. At any point in time, our lessees may be significantly in arrears. 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. Moreover,

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we may not correctly assess the credit risk of each lessee or charge lease rates that incorrectly reflect related risks. Many of our lessees are not rated investment grade by the principal U.S. rating agencies and may be more likely to suffer liquidity problems than those that are so rated.

If lessees of a significant number of our aircraft fail to perform their obligations to us, our financial results and cash flows will be materially and adversely affected.

***A return to historically high fuel prices or continued volatility in fuel prices could affect the profitability of the aviation industry and our lessees' ability to meet their lease payment obligations to us.***

Historically, fuel prices have fluctuated widely depending primarily on international market conditions, geopolitical and environmental events and currency exchange rates. Factors such as natural disasters can also significantly affect fuel availability and prices. The cost of fuel represents a major expense to airlines that is not within their control, and significant increases in fuel costs or hedges that inaccurately assess the direction of fuel costs can materially and adversely affect their operating results. Due to the competitive nature of the aviation industry, operators may be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully offsets the increased fuel costs they may incur. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. The profitability and liquidity of those airlines that do hedge their fuel costs can also be adversely affected by swift movements in fuel prices, if such airlines are required as a result to post cash collateral under hedge agreements. Therefore, if for any reason fuel prices return to historically high levels or show significant volatility, our lessees are likely to incur higher costs or generate lower revenues, which may affect their ability to meet their obligations to us.

***Interruptions in the capital markets could impair our lessees' ability to finance their operations which could prevent the lessees from complying with payment obligations to us.***

The global financial markets have been highly volatile and the availability of credit from financial markets and financial institutions can vary substantially depending on developments in the global financial markets. Many of our lessees have expanded their airline operations through borrowings and are leveraged. These lessees will depend on banks and the capital markets to provide working capital and to refinance existing indebtedness. To the extent such funding is unavailable, or available only at high interest costs or on unfavorable terms, and to the extent financial markets do not allow equity financing as an alternative, our lessees' operations and operating results may be materially and adversely affected and they may not comply with their respective payment obligations to us.

***A sovereign debt crisis could result in higher borrowing costs and more limited availability of credit, as well as impact the overall airline industry and the financial health of our lessees.***

In recent years, significant concerns regarding the sovereign debt of numerous countries have developed and required some of these countries to seek emergency financing. Specifically, the debt crisis in certain European countries could cause the value of the Euro to deteriorate, thus reducing the purchasing power of our European customers. Many of the structural issues facing the Eurozone remain and problems could resurface that could have material adverse effects on our business, results of operations, financial condition and liquidity, particularly if they lead to sovereign debt default, significant bank failures or defaults, or the exit of one or more countries, including the United Kingdom, from the European Monetary Union (the "EMU") or European Union (the "EU"). Financial market conditions could materially worsen if, for example, consecutive Eurozone countries were to default on their sovereign debt, significant bank failures or defaults in these countries were to occur, or one or more of the members of the Eurozone were to exit the EMU. Further, the effects of the Eurozone debt crisis could be even more significant if they lead to a partial or complete breakup of the EMU or EU. The partial or full breakup of the EMU or EU would be unprecedented and its impact highly uncertain. The exit of one or more countries from the EMU or the dissolution of the

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EMU could lead to redenomination of certain obligations of obligors in exiting countries. Any such exit and redenomination would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex and lengthy disputes and litigation.

The downgrade of the credit rating of the United States in 2011 and the intensified concerns around the European debt crisis in 2010 contributed to instability in global credit markets. Concerns have also recently developed regarding the sovereign debt of Russia and certain Latin American countries, including Argentina and Venezuela. A sovereign debt crisis could further adversely impact the financial health of the global banking system, not only due to its exposure to the sovereign debt, but also by the imposition of stricter capital requirements, which could limit availability of credit. Further, a sovereign debt crisis could lower consumer confidence, which could impact global financial markets and economic conditions in the United States and throughout the world. As a result, any combination of lower consumer confidence, disrupted global capital markets or reduced economic conditions could have a material adverse effect on our financial results.

***If the effects of terrorist attacks and geopolitical conditions adversely affect the financial condition of the airline industry, our lessees might not be able to meet their lease payment obligations to us.***

Terrorist attacks, war or armed hostilities, or the fear of such events, have historically had a negative impact on the aviation industry and could 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 or concerns about the safety of flying;

the imposition of "no-fly zone" or other restrictions on commercial airline traffic in certain regions;

uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges;

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

significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, or the unavailability of certain types of insurance;

inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of such events;

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, economic conditions and airline reorganizations; and

an airline's becoming insolvent and/or ceasing operations.

For example, 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 increased, passenger and cargo demand for air travel decreased, and operators faced difficulties in acquiring war risk and other insurance at reasonable costs. Sanctions against Russia and, in the future, uncertainty regarding tensions between Ukraine and Russia and Turkey and Russia, the situation in Iraq, Syria, the Israeli/Palestinian conflict, tension over the nuclear program of North Korea, political



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instability in the Middle East and North Africa, the dispute between Japan and China and the recent tensions in the South China Sea could lead to further instability in these regions.

Terrorist attacks, war or armed hostilities, or the fear of such events, in these or any other regions, could adversely affect the aviation industry and the financial condition and liquidity of our lessees, as well as aircraft values and rental rates. In addition, such events might cause certain aviation insurance to become available only at significantly increased premiums or with reduced amounts of coverage insufficient to comply with the current requirements of aircraft lenders and lessors or by applicable government regulations, or not to be available at all. Although some governments provide for limited coverage under government programs for specified types of aviation insurance, these programs may not be available at the relevant time or governments may not pay under these programs in a timely fashion.

Such events are likely to cause our lessees to incur higher costs and to generate lower revenues, which could result in a material adverse effect on their financial condition and liquidity, including their ability to make rental and other lease payments to us or to obtain the types and amounts of insurance we require. This in turn could lead to aircraft groundings or additional lease restructurings and repossessions, increase our cost of re-leasing or selling aircraft, impair our ability to re-lease or otherwise dispose of aircraft on favorable terms or at all, or reduce the proceeds we receive for our aircraft in a disposition.

***The effects of epidemic diseases and natural disasters, such as extreme weather conditions, floods, earthquakes and volcano eruptions, may adversely affect our lessees' ability to meet their lease payment obligations to us.***

The outbreak of epidemic diseases, such as previously experienced with Ebola, measles, Severe Acute Respiratory Syndrome (SARS), H1N1 (swine flu) and Zika virus, could materially and adversely affect passenger demand for air travel. Similarly the lack of air travel demand or the inability of airlines to operate to or from certain regions due to severe weather conditions and natural disasters, including floods, earthquakes and volcano eruptions, could impact the financial health of certain airlines, including our lessees. These consequences could result in our lessees' inability to satisfy their lease payment obligations to us, which in turn would materially and adversely affect our financial results.

***Airline reorganizations could impair our lessees' ability to comply with their lease payment obligations to us.***

In recent years, several airlines have filed for protection under their local bankruptcy and insolvency laws and, over the past several years, certain airlines have gone into liquidation. Historically, airlines involved in reorganizations have undertaken substantial fare discounting to maintain cash flows and to encourage continued customer loyalty. The bankruptcies have led to the grounding of significant numbers of aircraft, rejection of leases and negotiated reductions in aircraft lease rentals, with the effect of depressing aircraft market values. Additional reorganizations or liquidations by airlines under applicable bankruptcy or reorganization laws or further rejection or abandonment of aircraft by airlines in bankruptcy proceedings may depress aircraft values and aircraft lease rates. Additional grounded aircraft and lower market values would adversely affect our ability to sell certain of our aircraft or re-lease other aircraft at favorable rates if at all.

***Our lessees may fail to properly maintain our aircraft.***

We may be exposed to increased maintenance costs for our leased aircraft if lessees fail to properly maintain the aircraft or pay supplemental maintenance rents. Under our leases, our lessees are primarily responsible for maintaining our aircraft and complying with all governmental requirements applicable to the lessee and the aircraft, including operational, maintenance, government agency oversight, registration requirements and airworthiness directives. We also require many of our lessees to pay us supplemental maintenance rents. If a lessee fails to perform required maintenance on our aircraft during the term of the lease, its market value may decline, which would result in lower



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revenues from its subsequent lease or sale, or the aircraft might be grounded. Maintenance failures by a lessee would also likely require us to incur maintenance and modification costs, which could be substantial, upon the termination of the applicable lease to restore the aircraft to an acceptable condition prior to sale or re-leasing. Supplemental maintenance rents paid by our lessees may not be sufficient to fund such maintenance costs. If our lessees fail to meet their obligations to pay supplemental maintenance rents or fail to perform required scheduled maintenance, or if we are required to incur unexpected maintenance costs, our financial results may be materially and adversely affected.

***Our lessees may fail to adequately insure our aircraft.***

While an aircraft is on lease, we do not directly control its operation. Nevertheless, because we hold title to such aircraft, we could be held liable for losses resulting from its operation under one or more legal theories in certain jurisdictions around the world, or at a minimum, we might be required to expend resources in our defense. We require our lessees to obtain specified levels of insurance and indemnify us for, and insure against, such operational liabilities. However, some lessees may fail to maintain adequate insurance coverage during a lease term, which, although constituting a breach of the lease, would require us to take some corrective action, such as terminating the lease or securing insurance for the aircraft.

In addition, there are certain risks of losses our lessees face that insurers may be unwilling to cover or for which the cost of coverage would be prohibitively expensive. For example, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of coverage available to airlines for liability to persons other than airline employees or passengers for claims resulting from acts of terrorism, war or similar events and significantly increased the premiums for third party war risk and terrorism liability insurance and coverage in general. Therefore, our lessees' insurance coverage may not be sufficient to cover all claims that could be asserted against us arising from the operation of our aircraft.

Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations to us will reduce the insurance proceeds that would be received by us in the event we are sued and are required to make payments to claimants. Moreover, our lessees' insurance coverage is dependent on the financial condition of insurance companies, which might not be able to pay claims. A reduction in insurance proceeds otherwise payable to us as a result of any of these factors could materially and adversely affect our financial results.

***If our lessees fail to cooperate in returning our aircraft following lease terminations, we may encounter obstacles and are likely to incur significant costs and expenses conducting repossessions.***

Our legal rights and the relative difficulty of repossession vary significantly depending on the jurisdiction in which an aircraft is located and the applicable law. We may need to obtain a court order or consents for de-registration or re-export, a process that can differ substantially in different countries. Where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft is registered, repossessing and exporting the aircraft may be challenging, especially if the jurisdiction permits the lessee or the other operator to resist de-registration. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. For example, 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 without paying lease rentals or performing all or some of the obligations under the relevant lease. Certain of our lessees are partially or wholly owned by government-related entities, which can complicate our efforts to repossess our aircraft in that government's jurisdiction. If we encounter any of these difficulties, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in re-leasing the affected aircraft.

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When conducting a repossession, we are likely to incur significant costs and expenses that are unlikely to be recouped. These include legal and other expenses of court or other governmental proceedings, including the cost of posting security bonds or letters of credit necessary to effect repossession of the aircraft, particularly if the lessee is contesting the proceedings or is in bankruptcy. We must absorb the cost of lost revenue for the time the aircraft is off-lease. We may incur substantial maintenance, refurbishment or repair costs that a defaulting lessee has failed to pay and are necessary to put the aircraft in suitable condition for re-lease or sale. We may incur significant costs in retrieving or recreating aircraft records required for registration of the aircraft, and in obtaining the certificate of airworthiness for an aircraft. It may be necessary to pay 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.

Based on historical rates of airline defaults and bankruptcies, at least some of our lessees are likely to default on their lease obligations or file for bankruptcy in the ordinary course of our business. If we incur significant costs in repossessing our aircraft, our financial results may be materially and adversely affected.

***If our lessees fail to discharge aircraft liens for which they are responsible, we may be obligated to pay to discharge the liens.***

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, Eurocontrol and other air navigation charges, landing charges, crew wages, and other liens that may attach to our aircraft. Aircraft may also be subject to mechanic's liens as a result of routine maintenance performed by third parties on behalf of our customers. Some of these liens can secure substantial sums, and if they attach to entire fleets of aircraft, as permitted in certain jurisdictions for certain kinds of liens, they may exceed the value of the aircraft itself. Although the financial obligations relating to these liens are the contractual responsibility of our lessees, if they fail to fulfill their obligations, the liens may ultimately become our financial responsibility. Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our aircraft or engines. 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. If we are obliged to pay a large amount to discharge a lien, or if we are unable take possession of our aircraft subject to a lien in a timely and cost-effective manner, it could materially and adversely affect our financial results.

***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, whereby 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 a 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.

***If our lessees encounter financial difficulties and we restructure or terminate our leases, we are likely to obtain less favorable lease terms.***

If a lessee delays, reduces, or fails to make rental payments when due, or has advised us that it will do so in the future, we may elect or be required to restructure or terminate the lease. A restructured lease will likely contain terms less favorable to us. If we are unable to agree on a restructuring deal and we terminate the lease, we may not receive all or any payments still outstanding,

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and we may be unable to re-lease the aircraft promptly and at favorable rates, if at all. We have conducted restructurings and terminations in the ordinary course of our business, and we expect more will occur in the future. If we are obligated to perform a significant number of restructurings and terminations, the associated reduction in lease revenue could materially and adversely affect our financial results and cash flows.

***The advent of superior aircraft and engine technology or the introduction of a new line of aircraft could cause our existing aircraft portfolio to become outdated and therefore less desirable.***

As manufacturers introduce technological innovations and new types of aircraft and engines, some of the aircraft and engines in our aircraft portfolio may become less desirable to potential lessees. New aircraft manufacturers, such as Mitsubishi Aircraft Corporation in Japan, JSC United Aircraft Corporation in Russia and Commercial Aircraft Corporation of China, Ltd. in China could produce aircraft that compete with current offerings from Airbus, Aerei da Trasporto Regionale (ATR), Boeing, Bombardier and Embraer. Additionally, new manufacturers may develop a narrowbody aircraft that competes with established aircraft types from Airbus and Boeing, putting downward price pressure on and decreasing the marketability of aircraft from Airbus and Boeing. New aircraft types that are introduced into the market could be more attractive for the target lessees of our aircraft. The development of more fuel-efficient engines could make aircraft in our portfolio with engines that are not as fuel-efficient less attractive to potential lessees. In addition, the imposition of increasingly stringent noise or emissions regulations may make some of our aircraft and engines less desirable in the marketplace. A decrease in demand for our aircraft as a result of any of these factors could materially and adversely affect our financial results.

***Airbus and Boeing have launched new aircraft types, which could decrease the value and lease rates of aircraft in our fleet.***

Airbus and Boeing have launched several new aircraft types in recent years, including the Boeing 787 family, the Boeing 737MAX family, the Boeing 777X, the Airbus A320neo family, the Airbus A330neo family, and the Airbus A350 family. The initial variants of the Boeing 787 and the Airbus A350 have already been introduced into service, and the other new aircraft types are scheduled to be introduced into service between 2016 and 2020. The availability of these new aircraft types, and potential variants of these new aircraft types, may have an adverse effect on residual value and future lease rates of older aircraft types and variants. The development of these new types and variants of such new types could decrease the desirability of the older types and variants and thereby increase the supply of the older types and variants in the marketplace. This increase in supply could, in turn, reduce both future residual values and lease rates for such older aircraft types and variants.

***From time to time, Airbus and Boeing have announced scheduled production increases, which could result in overcapacity and decrease the value and lease rates of aircraft in our fleet.***

The market may not be able to absorb the scheduled production increases announced by Airbus and Boeing. If the additional capacity scheduled to be produced by the manufacturers exceeds demand, the resulting overcapacity could have a negative effect on aircraft values and lease rates. If lending capacity does not increase in line with the increased aircraft production, the cost of lending or the ability to obtain debt could be negatively affected. Any such decrease in aircraft values and lease rates, or increase in the cost or availability of funding, could materially and adversely affect our financial results.

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***There are a limited number of aircraft and engine manufacturers and we depend on their ability to meet their obligations to us.***

The supply of commercial jet aircraft is dominated by a small number of airframe and engine manufacturers. As a result, we are dependent on their ability to remain financially stable, manufacture products and related components that meet the airlines' demands and fulfill their contractual obligations to us. In the past we have experienced delays by the manufacturers in meeting their obligations to us, including the Boeing 787 and the Airbus A350 programs. If in the future the manufacturers fail to fulfill their contractual obligations to us, bring aircraft to market that do not meet customers' expectations, or do not respond appropriately to changes in the market environment, we may experience, among other things:

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 that 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 or reputational damage 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.

Moreover, our purchase agreements with manufacturers and the leases we have signed with our customers for future lease commitments are all subject to cancellation rights related to delays in delivery dates. Any manufacturer delays for aircraft that we have committed to lease could strain our relations with our customers, and cancellation of such leases by the lessees could have a material adverse effect on our financial results.

***Existing and future litigation against us could materially and adversely affect our business, financial position, liquidity or results of operations.***

We are, and from time to time in the future may be, a defendant in lawsuits relating to our business. We cannot accurately predict the ultimate outcome of any litigation due to its inherent uncertainties. An unfavorable outcome could materially and adversely affect our business, financial position, liquidity or results of operations. In addition, regardless of the outcome of any litigation, we may be required to devote substantial resources and executive time to the defense of such actions. For a description of certain pending litigation involving our business, please see Note 29 *Commitments and contingencies* to our Consolidated Financial Statements included in this annual report.

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

We conduct our business in many countries. There are risks inherent in conducting our business internationally, including:

general political and economic instability in international markets;

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limitations in the repatriation of our assets;

expropriation of our international assets; and

different liability standards and legal systems that may be less developed and less predictable than those in advanced economies.

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

***We are indirectly subject to many of the economic and political risks associated with emerging markets.***

We derive substantial lease revenue (approximately 60% in 2015, 58% in 2014 and 54% in 2013) from airlines in emerging market countries. Emerging market countries have less developed economies and 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 as a result of these events could adversely affect the value of our ownership interest in aircraft subject to lease in such countries, or the ability of our lessees that operate in these markets to meet their lease obligations. As a result, lessees that 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 may be materially and adversely affected by economic and political developments in emerging market countries.

***Because our lessees are concentrated in certain geographical regions, we have concentrated exposure to the political and economic risks associated with those regions.***

Through our lessees and the countries in which they operate, we are exposed to the specific economic and political conditions and associated risks of those jurisdictions. For example, we have large concentrations of lessees in Russia, and therefore have increased exposure to the economic and political conditions in that country. These risks can include economic recessions, burdensome local regulations or, in extreme cases, increased risks of requisition of our aircraft. An adverse political or economic event in any region or country in which our lessees are concentrated or where we have a large number of aircraft could affect the ability of our lessees in that region or country to meet their obligations to us, or expose us to various legal or political risks associated with the affected jurisdictions, all of which could have a material and adverse effect on our financial results.

***We are subject to various risks and requirements associated with transacting business in many countries.***

Our international operations expose us to trade and economic sanctions, export controls and other restrictions imposed by the United States, the United Kingdom, or other governments or organizations. For example, the U.S. Departments of Justice, Commerce, State and Treasury and other U.S. federal agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of economic sanctions laws, export control laws, the Foreign Corrupt Practices Act ("FCPA"), and other U.S. federal statutes and regulations, including those established by the Office of Foreign Asset Control ("OFAC"). Under these laws and regulations, the U.S. government may require export licenses, may seek to impose modifications to business practices, including cessation of business activities in sanctioned countries, and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions. A violation of any of these laws or regulations could materially and adversely impact our business, operating results, and financial condition.

As disclosed previously, on May 27, 2015, OFAC issued a subpoena to the Company requesting information related to prior transactions with Al Naser Airlines that may have led to aircraft being

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diverted to Iran. Al Naser had been designated by OFAC as a blocked person on May 21, 2015, and had been added by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") to its Denied Persons List on the same date. The Company has cooperated fully with the investigations by OFAC and BIS.

We have implemented and maintain in effect policies and procedures designed to ensure compliance by us, our subsidiaries and our directors, officers, employees, consultants and agents with respect to various export control, anti-corruption, anti-terrorism and anti-money laundering laws and regulations. However, such personnel could engage in unauthorized conduct for which we may be held responsible. Violations of such laws and regulations may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could materially and adversely affect our financial results.

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

Many countries restrict, or in the future might restrict, foreign investments in a manner adverse to us. These restrictions and controls have limited, and may in the future restrict or preclude, our investment in joint ventures or the acquisition of businesses in certain jurisdictions 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 reserve the right to approve the repatriation of capital by, or the payment of dividends to, foreign investors. Restrictive policies regarding foreign investments may increase our costs of pursuing growth opportunities in foreign jurisdictions, which could materially and adversely affect our financial results.

***Our aircraft are subject to various environmental regulations.***

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, the United States and the International Civil Aviation Organization ("ICAO") have adopted a more stringent set of standards for noise levels that apply to engines manufactured or certified beginning in 2006. Currently, United States regulations do not require any phase-out of aircraft that qualify with the older standards, but the European Union has established a framework for the imposition of operating limitations on aircraft that do not comply with the newer standards. These regulations could limit the economic life of certain 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, European Union and other jurisdictions have imposed more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide from engines. Although 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 or indirect taxation. For example, the European Union issued a directive in January 2009 to include aviation within the scope of its greenhouse gas emissions trading scheme, thereby requiring that all flights arriving, departing or flying within any European Union country, beginning on January 1, 2012, comply with the scheme and surrender allowances for emissions, regardless of the age of the engine used in the aircraft. Similar legislation is currently being proposed in the United States. Limitations on emissions such as the one in the European Union could favor younger, more fuel efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to re-lease or otherwise dispose of less efficient aircraft on a timely basis, at favorable terms, or at all. This is an area of law that is rapidly changing and as of yet remains specific to certain jurisdictions. While we do not know at this time whether new

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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 environmental regulations.***

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 our 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 did not cause 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 might not be in complete compliance with these laws, regulations or permits at all times. 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.

***If a decline in demand for certain aircraft causes a decline in its projected lease rates, or if we dispose of an aircraft for a price that is less than its depreciated book value on our balance sheet, then we will recognize impairments or make fair value adjustments.***

We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amounts are not recoverable from their undiscounted cash flows. If the gross cash flow test fails, the difference between the fair value and the carrying amount of the aircraft is recognized as an impairment loss. Factors that may contribute to impairment charges include, but are not limited to, unfavorable airline industry trends affecting the residual values of certain aircraft types, high fuel prices and development of more fuel efficient aircraft shortening the useful lives of certain aircraft, management's expectations that certain aircraft are more likely than not to be parted-out or otherwise disposed of sooner than their expected life, and new technological developments. Cash flows supporting carrying values of older aircraft are more dependent upon current lease contracts. In addition, we believe that residual values of older aircraft are more exposed to non-recoverable declines in value in the current economic environment.

If economic conditions deteriorate, we may be required to recognize impairment losses. In that event, our estimates and assumptions regarding forecasted cash flows from our long-lived assets would need to be reassessed, including the duration of the economic downturn and the timing and strength of the pending recovery, both of which are important variables for purposes of our long-lived asset impairment tests. Any of our assumptions may prove to be inaccurate, which could adversely impact forecasted cash flows of certain long-lived assets, especially for older aircraft. If so, it is possible that an impairment may be triggered for other long-lived assets in the future and that any such impairment amounts may be material. As of December 31, 2015, 173 of our owned aircraft under operating leases were 15 years of age or older. These aircraft represented approximately 6% of the net book value of our total flight equipment and lease-related assets and liabilities as of December 31, 2015.

***A cyber-attack could lead to a material disruption of our IT systems and the loss of business information, which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.***

Parts of our business depend on the secure operation of our computer systems to manage, process, store and transmit information associated with aircraft leasing. Like other global companies, we have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks, internet network scans, systems failures and disruptions. A cyber-attack that bypasses our information technology, or IT, security systems, causing an IT security breach, could lead to a material

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disruption of our IT systems and adversely impact our daily operations and cause the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liability. While we devote substantial resources to maintaining adequate levels of cyber-security, our resources and technical sophistication may not be adequate to prevent all types of cyber-attacks.

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

We depend largely upon our IT systems in the conduct of all aspects of our operations. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, fire and natural disasters. Damage or interruption to our information systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim. In addition, we are currently pursuing a number of IT related projects that will require ongoing IT related development and conversion of existing systems. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our information systems may have a material adverse effect on our business or results of operations.

**Risks related to our organization and structure**

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

We were incorporated 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. Many of our directors and executive officers and most of our assets and the assets of our directors are located outside the United States. In addition, our articles of association do not provide for U.S. courts as a venue for, or for the application of U.S. law to, lawsuits against us, our directors and executive officers. 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 us or them based on the civil liability provisions of the securities laws of the United States. There is doubt as to whether the Dutch courts would enforce certain civil liabilities under U.S. securities laws in original actions and enforce claims for punitive damages.

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 Dutch 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 judgments obtained outside of the Netherlands more difficult to enforce against our assets in the Netherlands or jurisdictions that would apply Dutch law.



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***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 substantially all of our revenues are generated by our subsidiaries. While we do not currently, and do not currently intend to, pay dividends, we will be limited in our ability to pay dividends unless we receive dividends or other cash flow from our subsidiaries. A substantial portion of our owned aircraft are held through SPEs or finance structures that 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.

***As a foreign private issuer, we are permitted to file less information with the SEC than a company incorporated in the United States. Accordingly, there may be less publicly available information concerning us than there is for companies incorporated in the United States.***

As a foreign private issuer, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), which impose disclosure requirements, as well as procedural requirements, for proxy solicitations under Section 14 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor are we generally required to comply with the SEC's Regulation FD, which restricts the selective disclosure of material non-public information.

***The effect of purchases and sales of our ordinary shares by the hedge counterparties (or their affiliates or agents) to modify or terminate their hedge positions may have a negative effect on the market price of our ordinary shares.***

We have been advised that Waha, which previously was a significant direct AerCap shareholder, has entered into funded collar transactions relating to its AerCap ordinary shares, pursuant to which, we have been advised, collar counterparties (or their affiliates or agents) have borrowed from Waha and re-sold, and may continue to purchase and sell, our ordinary shares. The purchases and sales of our ordinary shares by the collar counterparties (or their affiliates or agents) to modify the collar counterparties' hedge positions from time to time during the term of the funded collar transactions may variously have a positive, negative or neutral impact on the market price of our ordinary shares and may affect the volatility of the market price of our ordinary shares, depending on market conditions at such times. In addition, purchases of our ordinary shares by the collar counterparties (or their affiliates or agents) in connection with the termination by Waha of any portion of the loan of our ordinary shares to the collar counterparties under the funded collar transactions, or cash settlement of any funded collar transaction, may have the effect of increasing, or limiting a decrease in, the market price of our ordinary shares during the relevant unwind period.

**Risks related to taxation**

***We may become a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.***

We do not believe we will be classified as a PFIC for 2015. We cannot yet make a determination as to whether we will be classified as a PFIC for 2016 or subsequent years. 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

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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 "Item 10. Additional Information Taxation 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.***

We and our subsidiaries are subject to the income tax laws of Ireland, the Netherlands, the United States and other jurisdictions in which our subsidiaries are incorporated or based. Our effective tax rate in any period is impacted by the source and the amount of earnings among our different tax jurisdictions. A change in the division of our earnings among our tax jurisdictions could have a material impact on our effective tax rate and our financial results. 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, where the lessees of our aircraft (or others in possession of our aircraft) are located or changes in tax laws, regulations or accounting principles. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled, 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.

***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.

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

Our Irish tax resident group companies are currently subject to Irish corporate income tax on trading income at a rate of 12.5%, on capital gains at 33% and on other income at 25%. We expect that substantially all of our Irish income will be treated as trading income for tax purposes in future periods. As of December 31, 2015, we had significant 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 our Irish tax resident group companies and the ability to carry forward Irish tax losses to offset 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. Our Irish tax resident group companies 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 offset future income with tax losses arising from the same trading activity.

***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. This conclusion will depend, in part, on continued

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qualification for the benefits of income tax treaties between the United States and other countries in which we are subject to tax (particularly Ireland and the Netherlands). That in turn may depend on, among others, 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.

The nature of our activities may be such that our subsidiaries may not continue to qualify for the benefits under income tax treaties with the United States and that 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.

*Changes in tax laws may result in additional taxes for us or for our shareholders.*

Tax laws in the jurisdictions in which we reside, in which we conduct activities or operations, or where our aircraft or lessees of our aircraft are located may change in the future. These changes would include changes introduced or otherwise applicable in such jurisdictions as a result, direct or indirectly, of the Organisation for Economic Co-operation and Development initiative on Base Erosion and Profit Shifting. Such changes in tax law could result in additional taxes for us or our shareholders.

**Item 4. Information on the Company**

**History and development of the company**

AerCap Holdings N.V. is incorporated in the Netherlands as a public limited liability company ("*naamloze vennootschap*" or "*N.V.*") on July 10, 2006. On November 27, 2006, we completed the initial public offering of 26.1 million of our ordinary shares on the New York Stock Exchange (the "NYSE"). On August 6, 2007, we completed the secondary offering of 20.0 million additional ordinary shares on the NYSE. Pursuant to our recent migration from the Netherlands to Ireland, we moved our headquarters and executive officers from Amsterdam to Dublin, effective as of February 1, 2016. We continue to have offices in Amsterdam, Los Angeles, Shannon, Fort Lauderdale, Miami, Singapore, Shanghai and Abu Dhabi. We also have representation offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

On May 14, 2014 (the "Closing Date"), we issued 97,560,976 new ordinary shares and paid \$2.4 billion in cash to AIG to successfully complete the ILFC Transaction. Immediately following the ILFC Transaction, AIG owned approximately 46% of AerCap. Following the ILFC Transaction, we effected a reorganization of ILFC's corporate structure and assets, pursuant to which ILFC transferred its assets substantially as an entirety to AerCap Trust, a legal entity formed on February 5, 2014, and AerCap Trust assumed substantially all the liabilities of ILFC, including liabilities in respect of ILFC's indebtedness.

On June 9, 2015, AIG sold 71,184,686 of its AerCap ordinary shares in a secondary public offering and AerCap completed the Share Repurchase of 15,698,588 ordinary shares.

On August 24, 2015, AIG sold 10,677,702 of its AerCap ordinary shares in a secondary public offering. Following this sale, AIG no longer owns any of our outstanding ordinary shares or has any designees on our Board of Directors.

As of December 31, 2015, we had 203,411,207 ordinary shares issued, including 200,342,204 ordinary shares issued and outstanding, and 3,069,003 ordinary shares held as treasury shares. Our issued and outstanding ordinary shares included 3,030,724 unvested restricted stock.

Our principal executive offices are located at La Touche House, IFSC, Dublin 1, Ireland, and our general telephone number is +353 1 819 2010. Our website address is [www.aercap.com](http://www.aercap.com). Information contained on our website does not constitute a part of this annual report. Puglisi & Associates is our authorized representative in the United States. The address of Puglisi & Associates is 850 Liberty Avenue, Suite 204, Newark, DE 19711 and their general telephone number is +1 (302) 738-6680.

Table of Contents**Capital expenditures**

Our primary capital expenditure is the purchase of aircraft under aircraft purchase agreements with Airbus and Boeing. Please refer to "Item 5. Operating and Financial Review and Prospects Liquidity and capital resources" for a detailed discussion of our capital expenditures currently in progress. The following table presents our capital expenditures for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(U.S. dollar amounts in thousands)		
Capital expenditures	\$ 2,772,110	\$ 2,088,444	\$ 1,782,839
Pre-delivery payments	791,546	458,174	213,320

**Business overview****Aircraft leasing**

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

We operate our business on a global basis, leasing aircraft to customers in every major geographical region. As of December 31, 2015, we owned 1,109 aircraft, excluding four aircraft that were owned by AeroTurbine, managed 141 aircraft, including those owned and on order by AerDragon, had 447 new aircraft on order, including 209 Airbus A320neo family aircraft, 109 Boeing 737MAX aircraft, 51 Boeing 787 aircraft, 50 Embraer E-Jets E2 aircraft, 27 Airbus A350 aircraft, and one Boeing 737NG aircraft. The average age of our 1,109 owned aircraft fleet, weighted by net book value, was 7.7 years as of December 31, 2015.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft transactions in a variety of market conditions. During the year ended December 31, 2015, we executed 405 aircraft transactions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and managing our aircraft portfolio. During the year ended December 31, 2015, our weighted average owned aircraft utilization rate was 99.5%, calculated based on the average number of months the aircraft are on lease during the year. The utilization rate is weighted proportionately to the net book value of the aircraft as of December 31, 2015.

**Aircraft leases and transactions**

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. Rather than purchase their aircraft, many airlines operate their aircraft under operating leases because operating leases reduce their capital requirements and costs and allow them to manage their fleet more efficiently. Since the 1970's and the creation of aircraft leasing pioneers, Guinness Peat Aviation ("GPA") and ILFC, the world's airlines have increasingly turned to operating leases to meet their aircraft needs. As of December 31, 2015, our owned and managed aircraft were leased to over 200 commercial airline and cargo operator customers in approximately 80 countries. Over the life of the aircraft, we seek to increase the returns on our investments by managing our aircraft's lease rates, time off-lease, financing costs and maintenance costs, and by carefully timing their sale.

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Our current operating aircraft leases have initial terms ranging in length up to approximately 16 years. By varying our lease terms, we mitigate the effects of changes in cyclical market conditions at the time aircraft become eligible for re-lease. In periods of strong aircraft demand, we seek to enter into medium and long-term leases to lock-in the generally higher market lease rates during those periods, while in periods of low aircraft demand we seek to enter into short-term leases to mitigate the effects of the generally lower market lease rates during those periods. In addition, we generally seek to reduce our aircraft transition costs by entering into lease extensions rather than taking redelivery of the aircraft and leasing it to a new customer. The terms of our lease extensions reflect the market conditions at the time the lease extension is signed and typically contain different terms from the original lease.

Upon expiration of an operating lease, we extend the lease term or take redelivery of the aircraft, remarket and re-lease it to a new lessee or sell the aircraft. Typically, we re-lease our leased aircraft well in advance of the expiration of the then-current lease and deliver the aircraft to a new lessee in less than two months following redelivery by the prior lessee. During the period in which an aircraft is in between leases, we typically perform routine inspections and the maintenance necessary to place the aircraft in the required condition for delivery and, in some cases, make modifications requested by our next lessee.

Our extensive experience, global reach and operating capabilities allow us to rapidly complete numerous aircraft transactions, which enables us to increase the returns on our aircraft investments and reduce the time that our aircraft are not generating revenue for us. We successfully executed 405 aircraft transactions during the year ended December 31, 2015.

The following table provides details regarding the aircraft transactions we executed during the years ended December 31, 2015, 2014 and 2013. The trends shown in the table reflect the execution of the various elements of our leasing strategy for our owned and managed portfolio, as described further below:

	Year Ended			Total
	2015	2014	2013	
<b>Owned portfolio</b>				
New leases on new aircraft	56	82	21	159
New leases on used aircraft	108	35	30	173
Extensions of lease contracts	97	108	23	228
Aircraft purchases	46	33	38	117
Aircraft sales and part-outs	68	64	14	146
<b>Managed portfolio</b>				
New leases on used aircraft	3	10	4	17
Extensions of lease contracts	12	15	7	34
Aircraft sales and part-outs	15	19	14	48
<b>Total aircraft transactions</b>	<b>405</b>	<b>366</b>	<b>151</b>	<b>922</b>

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The following table provides portfolio management metrics for the years ended December 31, 2015, 2014 and 2013.

	Year Ended December 31,			Average
	2015	2014	2013	
<b>Owned portfolio</b>				
Average lease term for new leases (months)(a)	137	144	163	148
Average lease term for re-leases (months)(b)	99	89	59	82
Average lease term for lease extensions (months)(c)	44	44	48	45
Average aircraft utilization rate(d)	99.5%	99.2%	99.5%	99.4%
<b>Managed portfolio</b>				
Average lease term for re-leases (months)(b)	58	80	50	63
Average lease term for lease extensions (months)(c)	25	29	45	33

- (a) Average lease term for new leases contracted during the period. The average lease term is calculated by reference to the period between the contractual delivery and contractual redelivery dates of the aircraft.
- (b) Average lease term for re-leases contracted during the period. The average lease term is calculated by reference to the period between the contractual delivery and contractual redelivery dates of the aircraft.
- (c) Average lease term for aircraft lease extensions contracted during the period. The average lease term is calculated by reference to the period between the date of the original expiration of the lease and the new extended expiration date.
- (d) Our average aircraft utilization rate is calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionately to the net book value of the aircraft at the end of the period measured.

Leases of new aircraft generally have longer terms than used aircraft which are re-leased. In addition, leases of more expensive aircraft generally have longer lease terms than those for less expensive aircraft. Lease terms for owned aircraft tend to be longer than those for managed aircraft because the average age of our owned fleet is lower than that of our managed fleet.

Before making any decision to lease an aircraft, we perform a review of the prospective lessee, which generally includes reviewing financial statements, business plans, cash flow projections, maintenance records, operational performance histories, hedging arrangements for fuel, foreign currency and interest rates and relevant regulatory approvals and documentation. We also perform on-site credit reviews for new lessees, which typically include extensive discussions with the prospective lessee's management before we enter into a new lease. Depending on the credit quality and financial condition of the lessee, we may require the lessee to obtain guarantees or other financial support from an acceptable financial institution or other third parties.

We typically require our lessees to provide a security deposit for their performance under their leases, including the return of the aircraft in the specified maintenance condition at the expiration of the lease. The size of the security deposit is based on the creditworthiness of the lessee and historically has been, on average, three months' rent.

All of our lessees are responsible for their maintenance and repairs and other operating costs during the lease term. Based on the credit quality of the lessee, we require some of our lessees to pay supplemental maintenance rents to cover scheduled major component maintenance costs. If a lessee pays supplemental maintenance rents, we reimburse them for their maintenance costs up to the amount of their supplemental maintenance rent payments. Under the terms of our leases, at lease expiration, to

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the extent that a lessee has paid us more supplemental maintenance rents than we have reimbursed them for their maintenance costs, we retain the excess rent. In most lease contracts that do not require the payment of supplemental maintenance rents, the lessee is generally required to redeliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease. To the extent that the redelivery condition is different from the acceptance condition, we generally receive EOL cash compensation for the difference at redelivery. As of December 31, 2015, 575 of our 1,109 owned aircraft leases provided for the payment of supplemental maintenance rents. Regardless of whether a lessee pays supplemental maintenance rents, we usually agree to compensate a lessee for scheduled maintenance on airframe and engines related to the prior utilization of the aircraft. For this prior utilization, we have normally received cash compensation from prior lessees of the aircraft, which was recognized as revenue during or at the end of the prior lease.

In all cases, we require the lessee to reimburse us for any costs we incur if the aircraft is not in the required condition upon redelivery. All of our leases contain provisions regarding our remedies and rights in the event of default by the lessee, and also include specific provisions regarding the required condition of the aircraft upon its redelivery.

Our lessees are also responsible for compliance with all applicable laws and regulations governing the leased aircraft and all related costs. We require our lessees to comply with either the Federal Aviation Administration, European Aviation Safety Agency or their equivalent standards in other jurisdictions.

During the term of our leases, some of our lessees have experienced financial difficulties resulting in the need to restructure their leases. Generally, our restructurings have involved a number of possible changes to the lease terms, including the voluntary termination of leases prior to their scheduled expiration, the arrangement of subleases from the primary lessee to a sublessee, the rescheduling of lease payments and the exchange of lease payments for other consideration, including convertible bonds, warrants, shares and promissory notes. We generally seek to receive these and other marketable securities from our restructured leases, rather than deferred receivables. In some cases, we have been required to repossess a leased aircraft and, in those cases, we have usually exported the aircraft from the lessee's jurisdiction to prepare it for remarketing. In the majority of these situations, we have obtained the lessee's cooperation and the return and export of the aircraft were completed without significant delay, generally within two months. In some situations, however, our lessees have not cooperated in returning aircraft and we have been required to take legal action. In connection with the repossession of an aircraft, we may be required to settle claims on the aircraft or to which the lessee is subject, including outstanding liens on the repossessed aircraft.

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#### *Scheduled lease expirations*

The following table presents the scheduled lease expirations (for the minimum non-cancelable period, which does not include contracted unexercised lease extension options) for our owned aircraft under operating leases by aircraft type as of December 31, 2015:

<b>Aircraft type</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>Total</b>
Airbus A319	22	19	21	17	33	15	7	2	1								137
Airbus A320	23	36	36	43	43	23	18	7	1	1							231
Airbus A321	8	14	18	14	15	16	1	2	2	4							94
Airbus A330	13	9	10	12													