

AerCap Holdings N.V.  
Form 6-K  
October 30, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 6-K  
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of October 2018 Commission File Number 001-33159  
AERCAP HOLDINGS N.V.

(Translation of Registrant's Name into English)

AerCap House, 65 St. Stephen's Green, Dublin 2, Ireland, +353 1 819 2010

(Address of Principal Executive Office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T  
Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to  
provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T  
Rule 101(b)(7):

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report or other document that the registrant foreign private issuer must furnish and make public under the laws of the  
jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or  
under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or  
other document is not a press release, is not required to be and has not been distributed to the registrant's security  
holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other  
Commission filing on EDGAR.

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Other Events

On October 30, 2018, AerCap Holdings N.V. filed its interim financial report for the quarter ended September 30, 2018.

The information contained in this Form 6-K is incorporated by reference into the Company's Form F-3 Registration Statement File No. 333-224192 and Form S-8 Registration Statements File Nos. 333-180323, 333-154416, 333-165839, 333-194637 and 333-194638, and related Prospectuses, as such Registration Statements and Prospectuses may be amended from time to time.

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TABLE OF DEFINITIONS

ACSAL	Acsal Holdco, LLC
AerCap, we, us or the Company	AerCap Holdings N.V. and its subsidiaries
AerCap Trust	AerCap Global Aviation Trust
AerDragon	AerDragon Aviation Partners Limited and Subsidiaries
AerLift	AerLift Leasing Limited and Subsidiaries
AICDC	AerCap Ireland Capital Designated Activity Company, a designated activity company with limited liability incorporated under the laws of Ireland
AIG	American International Group, Inc.
Airbus	Airbus S.A.S.
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
EPS	Earnings per share
Ex-Im	Export-Import Bank of the United States
FASB	Financial Accounting Standards Board
GECC	General Electric Capital Corporation
ILFC	International Lease Finance Corporation
LIBOR	London Interbank Offered Rates
MR	Maintenance reserved
Part-out	Disassembly of an aircraft for the sale of its parts
PB	Primary beneficiary
Peregrine	Peregrine Aviation Company and Subsidiaries
SEC	U.S. Securities and Exchange Commission
U.S. GAAP	Accounting Principles Generally Accepted in the United States of America
VIE	Variable interest entity

PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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AerCap Holdings N.V. and Subsidiaries  
 Unaudited Condensed Consolidated Balance Sheets  
 As of September 30, 2018 and December 31, 2017

	Note	September 30, 2018	December 31, 2017
(U.S. Dollars in thousands, except share data)			
<b>Assets</b>			
Cash and cash equivalents	4	\$ 1,175,969	\$ 1,659,669
Restricted cash	4	232,800	364,456
Trade receivables		114,569	73,877
Flight equipment held for operating leases, net	5	33,186,805	32,396,827
Maintenance rights intangible and lease premium, net	6	1,192,617	1,501,858
Flight equipment held for sale	7	449,786	630,789
Net investment in finance and sales-type leases		1,023,454	995,689
Prepayments on flight equipment	22	3,316,091	2,930,303
Other intangibles, net	8	335,936	355,512
Deferred income tax assets	14	144,689	151,234
Other assets	9	976,820	979,930
<b>Total Assets</b>		<b>\$42,149,536</b>	<b>\$42,040,144</b>
<b>Liabilities and Equity</b>			
Accounts payable, accrued expenses and other liabilities	11	\$976,211	\$ 1,017,374
Accrued maintenance liability	12	2,270,131	2,461,799
Lessee deposit liability		802,195	827,470
Debt	13	28,387,468	28,420,739
Deferred income tax liabilities	14	789,939	673,948
Commitments and contingencies	22		
<b>Total Liabilities</b>		<b>33,225,944</b>	<b>33,401,330</b>
Ordinary share capital, €0.01 par value, 350,000,000 ordinary shares authorized as of September 30, 2018 and December 31, 2017; 156,847,345 and 167,847,345 ordinary shares issued and 146,961,077 and 152,992,101 ordinary shares outstanding (including 2,133,610 and 3,007,752 shares of unvested restricted stock) as of September 30, 2018 and December 31, 2017, respectively			
	15, 19	1,923	2,058
Additional paid-in capital	15	2,974,025	3,714,563
Treasury shares, at cost (9,886,268 and 14,855,244 ordinary shares as of September 30, 2018 and December 31, 2017, respectively)	15	(518,192 )	(731,442 )
Accumulated other comprehensive income	15	52,415	14,274
Accumulated retained earnings	15	6,359,681	5,580,257
<b>Total AerCap Holdings N.V. shareholders' equity</b>		<b>8,869,852</b>	<b>8,579,710</b>
Non-controlling interest	15	53,740	59,104
<b>Total Equity</b>		<b>8,923,592</b>	<b>8,638,814</b>
<b>Total Liabilities and Equity</b>		<b>\$42,149,536</b>	<b>\$42,040,144</b>
Supplemental balance sheet information—amounts related to assets and liabilities of consolidated VIEs for which creditors do not have recourse to our general credit:			
Restricted cash		\$87,071	\$162,039
Flight equipment held for operating leases and held for sale		2,278,920	2,220,225

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Other assets	87,780	66,155
Accrued maintenance liability	\$49,080	\$44,078
Debt	1,523,112	1,522,366
Other liabilities	89,330	93,160

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

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AerCap Holdings N.V. and Subsidiaries  
Unaudited Condensed Consolidated Income Statements

For the Three and Nine Months Ended September 30, 2018 and 2017

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2018	2017	2018	2017
(U.S. Dollars in thousands, except share and per share data)					
Revenues and other income					
Lease revenue		\$1,132,460	\$1,201,441	\$3,383,735	\$3,515,965
Net gain on sale of assets		19,992	63,715	160,517	180,568
Other income	17	14,065	8,752	36,043	77,951
Total Revenues and other income		1,166,517	1,273,908	3,580,295	3,774,484
Expenses					
Depreciation and amortization	5, 8	412,722	428,327	1,253,169	1,301,873
Asset impairment	18	12,843	45,603	28,929	50,903
Interest expense		292,082	280,195	851,396	840,891
Leasing expenses		84,814	137,834	320,591	396,588
Restructuring related expenses		—	—	—	14,605
Selling, general and administrative expenses	16	63,401	83,920	234,455	252,035
Total Expenses		865,862	975,879	2,688,540	2,856,895
Income before income taxes and income of investments accounted for under the equity method		300,655	298,029	891,755	917,589
Provision for income taxes	14	(39,089 )	(34,158 )	(115,932 )	(114,699 )
Equity in net earnings of investments accounted for under the equity method		2,711	2,232	8,520	7,319
Net income		\$264,277	\$266,103	\$784,343	\$810,209
Net income attributable to non-controlling interest		(926 )	(256 )	(1,353 )	(309 )
Net income attributable to AerCap Holdings N.V.		\$263,351	\$265,847	\$782,990	\$809,900
Basic earnings per share	19	\$1.81	\$1.68	\$5.36	\$4.95
Diluted earnings per share	19	\$1.79	\$1.62	\$5.21	\$4.77
Weighted average shares outstanding - basic		145,669,773	158,372,466	146,040,042	163,769,226
Weighted average shares outstanding - diluted		147,123,818	164,411,228	150,231,051	169,836,856

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





AerCap Holdings N.V. and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

For the Three and Nine Months Ended September 30, 2018 and 2017

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(U.S. Dollars in thousands)			
Net income	\$264,277	\$266,103	\$784,343	\$810,209
Other comprehensive income:				
Net change in fair value of derivatives (Note 10), net of tax of \$(1,404), \$(388), \$(5,449) and \$(203), respectively	9,830	2,719	38,141	1,422
Total other comprehensive income	9,830	2,719	38,141	1,422
Comprehensive income	274,107	268,822	822,484	811,631
Comprehensive income attributable to non-controlling interest	(926 )	(256 )	(1,353 )	(309 )
Total comprehensive income attributable to AerCap Holdings N.V.	\$273,181	\$268,566	\$821,131	\$811,322

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

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AerCap Holdings N.V. and Subsidiaries  
 Unaudited Condensed Consolidated Statements of Cash Flows  
 For the Nine Months Ended September 30, 2018 and 2017

	Nine Months Ended September 30,	
	2018	2017
	(U.S. Dollars in thousands)	
Net income	\$784,343	\$810,209
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,253,169	1,301,873
Asset impairment	28,929	50,903
Amortization of debt issuance costs and debt discount	49,928	50,099
Amortization of lease premium intangibles	9,703	10,828
Amortization of fair value adjustments on debt	(115,549 )	(154,336 )
Accretion of fair value adjustments on deposits and maintenance liabilities	14,181	24,205
Maintenance rights write-off (a)	234,964	405,406
Maintenance liability release to income	(177,264 )	(184,940 )
Net gain on sale of assets	(160,517 )	(180,568 )
Deferred income taxes	117,716	106,745
Restructuring related expenses	—	5,097
Other	74,412	101,159
Changes in operating assets and liabilities:		
Trade receivables	(47,430 )	(2,688 )
Other assets	(11,206 )	76,124
Accounts payable, accrued expenses and other liabilities	6,555	(4,211 )
Net cash provided by operating activities	2,061,934	2,415,905
Purchase of flight equipment	(2,200,397 )	(2,268,294 )
Proceeds from sale or disposal of assets	1,338,776	1,200,732
Prepayments on flight equipment	(1,505,490 )	(942,736 )
Collections of finance and sales-type leases	73,617	68,569
Other	(21,359 )	(35,876 )
Net cash used in investing activities	(2,314,853 )	(1,977,605 )
Issuance of debt	4,069,555	3,943,152
Repayment of debt	(3,981,988 )	(4,219,708 )
Debt issuance costs paid	(52,734 )	(57,283 )
Maintenance payments received	567,511	571,292
Maintenance payments returned	(364,319 )	(374,952 )
Security deposits received	141,114	116,898
Security deposits returned	(144,795 )	(131,608 )
Dividend paid to non-controlling interest holders	(2,700 )	(266 )
Repurchase of shares and tax withholdings on share-based compensation	(597,047 )	(863,905 )
Net cash used in financing activities	(365,403 )	(1,016,380 )
Net decrease in cash, cash equivalents and restricted cash	(618,322 )	(578,080 )
Effect of exchange rate changes	2,966	(350 )
Cash, cash equivalents and restricted cash at beginning of period	2,024,125	2,364,627
Cash, cash equivalents and restricted cash at end of period	\$1,408,769	\$1,786,197

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

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AerCap Holdings N.V. and Subsidiaries

Unaudited Condensed Consolidated Statements of Cash Flows (Continued)

For the Nine Months Ended September 30, 2018 and 2017

Nine Months Ended  
September 30,  
2018 2017  
(U.S. Dollars in  
thousands)

Supplemental cash flow information:

Interest paid, net of amounts capitalized	\$893,258	\$900,107
Income taxes paid, net	1,289	18,062

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

EOL and MR contract maintenance rights expense	\$122,130	\$272,269
MR contract maintenance rights write-off due to maintenance liability release	19,546	59,240
EOL contract maintenance rights write-off due to cash receipt	93,288	73,897
Maintenance rights write-off	\$234,964	\$405,406

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

AerCap Holdings N.V. and Subsidiaries  
Unaudited Condensed Consolidated Statements of Cash Flows (Continued)  
For the Nine Months Ended September 30, 2018 and 2017

Non-Cash Investing and Financing Activities

Nine Months Ended September 30, 2018:

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

Flight equipment held for operating leases in the amount of \$895.6 million, net, was reclassified to flight equipment held for sale.

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

Accrued maintenance liability in the amount of \$204.8 million was settled with buyers upon sale or disposal of assets.

Nine Months Ended September 30, 2017:

Flight equipment held for operating leases in the amount of \$306.4 million was reclassified to net investment in finance and sales-type leases.

Flight equipment held for operating leases in the amount of \$958.0 million, net, was reclassified to flight equipment held for sale.

Flight equipment held for operating leases in the amount of \$20.6 million was reclassified to inventory, which is included in other assets.

Accrued maintenance liability in the amount of \$224.5 million was settled with buyers upon sale or disposal of assets.

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

AerCap Holdings N.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements

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

1. General

The Company

We are a global leader in aircraft leasing with total assets of \$42.1 billion, primarily consisting of 952 owned aircraft as of September 30, 2018. Our ordinary shares are listed on the New York Stock Exchange (AER). Our headquarters is located in Dublin, and we have offices in Shannon, Los Angeles, Singapore, Amsterdam, Shanghai and Abu Dhabi. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

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

2. Basis of presentation

General

Our Condensed Consolidated Financial Statements are presented in accordance with U.S. GAAP.

We consolidate all companies in which we have direct and indirect legal or effective control and all VIEs for which we are deemed the PB under ASC 810. All intercompany balances and transactions with consolidated subsidiaries are eliminated. The results of consolidated entities are included from the effective date of control or, in the case of VIEs, from the date that we are or become the PB. The results of subsidiaries sold or otherwise deconsolidated are excluded from the date that we cease to control the subsidiary or, in the case of VIEs, when we cease to be the PB.

Unconsolidated investments where we have significant influence are reported using the equity method of accounting.

Our Condensed Consolidated Financial Statements are stated in U.S. dollars, which is our functional currency.

Our interim financial statements have been prepared pursuant to the rules of the SEC and U.S. GAAP for interim financial reporting, and reflect all normally recurring adjustments that are necessary to fairly state the results for the interim periods presented. Certain information and footnote disclosures required by U.S. GAAP for complete annual financial statements have been omitted and, therefore, our interim financial statements should be read in conjunction with our Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC on March 9, 2018. The results of operations for the three and nine months ended September 30, 2018 are not necessarily indicative of those for a full fiscal year.

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

Use of estimates

The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, intangibles, investments, trade and notes receivables, deferred income tax assets and accruals and reserves. Actual results may differ from our estimates under different conditions, sometimes materially.

Reportable segments

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

AerCap Holdings N.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies

Our significant accounting policies are described in our Annual Report on Form 20-F for the year ended December 31, 2017, filed with the SEC on March 9, 2018.

Recent accounting standards adopted during 2018:

Revenue from contracts with customers

In May 2014, the FASB issued an accounting standard that provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This guidance does not apply to lease contracts with customers. The standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update creates a five-step model that requires entities to exercise judgment when considering the terms of the contract including (i) identifying the contract with the customer; (ii) identifying the separate performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the separate performance obligations; and (v) recognizing revenue when each performance obligation is satisfied.

We adopted the standard using the modified retrospective method on its required effective date of January 1, 2018. A significant majority of our revenues are not subject to the new guidance and its adoption did not have a material effect on our Condensed Consolidated Financial Statements or related disclosures.

Statement of cash flows

In August 2016, the FASB issued an accounting standard that is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The standard includes clarifications that (i) cash payments for debt prepayment or extinguishment costs must be classified as cash outflows for financing activities; (ii) cash proceeds from the settlement of insurance claims should be classified based on the nature of the loss; (iii) an entity is required to make an accounting policy election to classify distributions received from equity method investees under either the cumulative-earnings approach or the nature of distribution approach; and (iv) in the absence of specific guidance, an entity should classify each separately identifiable cash source and use on the basis of the underlying cash flows.

We adopted the standard on its required effective date of January 1, 2018 and it did not have a material effect on our Condensed Consolidated Statements of Cash Flows.

Presentation of restricted cash in the statement of cash flows

In November 2016, the FASB issued an accounting standard that clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The standard requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. The standard also requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet.

We adopted the standard on its required effective date of January 1, 2018. We have revised the Condensed Consolidating Statements of Cash Flows for the nine months ended September 30, 2018 to reflect the adoption of this new standard. As a result, "Net cash used in investing activities" in the Condensed Consolidating Statements of Cash Flows for the nine months ended September 30, 2018 now omits "Movement in restricted cash", and that movement is now included within "Net increase (decrease) in cash, cash equivalents and restricted cash" for that period in order to conform to the current period's presentation. Further details are disclosed in Note 4—Restricted cash.

Income taxes on intercompany sales and transfers of assets other than inventory

On January 1, 2018, we adopted a new accounting standard update which requires us to recognize the income tax effects of intercompany sales and transfers of assets other than inventory in the period in which the transfer occurs. Prior to adopting these new requirements, we deferred the income tax effects of these transfers until the asset was sold to an outside party. We adopted the new accounting standards update using the modified retrospective



approach and recognized a cumulative adjustment to opening retained earnings of \$1.2 million on January 1, 2018.

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## AerCap Holdings N.V. and Subsidiaries

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

## 3. Summary of significant accounting policies (Continued)

## Future application of accounting standards:

## Lease accounting

In February 2016, the FASB issued an accounting standard that requires lessees to recognize lease-related assets and liabilities on the balance sheet, other than leases that meet the definition of a short-term lease. In certain circumstances, the lessee is required to remeasure the lease payments. Qualitative and quantitative disclosures, including significant judgments made by management, will be required to provide insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. Under the new standard, lessor accounting remains similar to the current model. The new standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. We will adopt the standard on its required effective date of January 1, 2019. We do not expect the adoption of this standard to have a material impact on our Condensed Consolidated Balance Sheets or Condensed Consolidated Income Statements.

## Allowance for credit losses

In June 2016, the FASB issued an accounting standard that requires entities to estimate lifetime expected credit losses for most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, net investments in leases and off-balance sheet credit exposures. The standard also requires additional disclosures, including how the entity develops its allowance for credit losses for financial assets measured at amortized cost and disaggregated information on the credit quality of net investments in leases measured at amortized cost by year of the asset's origination for up to five annual periods. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption will be permitted in any interim or annual period beginning after December 15, 2018. The new standard must be adopted using the modified retrospective transition approach. We will adopt the standard on its required effective date of January 1, 2020. We are evaluating the effect the adoption of the standard will have on our Condensed Consolidated Balance Sheets and Condensed Consolidated Income Statements.

## 4. Restricted cash

Our restricted cash balance was \$232.8 million and \$364.5 million as of September 30, 2018 and December 31, 2017, respectively, and was primarily related to our ECA financings, our Ex-Im financings, our AerFunding revolving credit facility and other debt. See Note 13—Debt.

The following is a reconciliation of cash, cash equivalents and restricted cash as of September 30, 2018, December 31, 2017 and September 30, 2017:

	September 30, 2018	December 31, 2017	September 30, 2017
Cash and cash equivalents	\$ 1,175,969	\$ 1,659,669	\$ 1,454,233
Restricted cash	232,800	364,456	331,964
Total cash, cash equivalents and restricted cash	\$ 1,408,769	\$ 2,024,125	\$ 1,786,197

AerCap Holdings N.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months Ended	
	September 30,	
	2018	2017
Net book value at beginning of period	\$32,396,827	\$31,501,973
Additions	3,391,450	3,033,712
Depreciation	(1,230,211 )	(1,274,233 )
Disposals and transfers to held for sale	(1,230,677 )	(1,302,639 )
Transfers to net investment in finance and sales-type leases/inventory	(115,330 )	(326,929 )
Impairment (Note 18)	(25,254 )	(50,903 )
Other	—	(2,662 )
Net book value at end of period	\$33,186,805	\$31,578,319
Accumulated depreciation as of September 30, 2018 and 2017, respectively	\$(6,576,230 )	\$(5,889,244 )

6. Maintenance rights intangible and lease premium, net

Maintenance rights intangible and lease premium consisted of the following as of September 30, 2018 and December 31, 2017:

	September 30, December 31,	
	2018	2017
Maintenance rights intangible	\$ 1,165,061	\$ 1,464,599
Lease premium, net	27,556	37,259
	\$ 1,192,617	\$ 1,501,858

Movements in maintenance rights intangible during the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months Ended	
	September 30,	
	2018	2017
Maintenance rights intangible at beginning of period	\$1,464,599	\$2,117,034
EOL and MR contract maintenance rights expense	(122,130 )	(272,269 )
MR contract maintenance rights write-off due to maintenance liability release	(19,546 )	(59,240 )
EOL contract maintenance rights write-off due to cash receipt	(93,288 )	(73,897 )
EOL and MR contract intangible write-off due to sale of aircraft	(64,574 )	(78,249 )
Maintenance rights intangible at end of period	\$1,165,061	\$1,633,379

The following tables present details of lease premium and related accumulated amortization as of September 30, 2018 and December 31, 2017:

	September 30, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Lease premium	\$73,300	\$(45,744 )	\$27,556

December 31, 2017

	Gross carrying amount	Accumulated amortization	Net carrying amount
Lease premium	\$77,977	\$ (40,718 )	\$37,259

Lease premium amounts that are fully amortized are removed from the gross carrying amount and accumulated amortization columns in the tables above.

## AerCap Holdings N.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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

During the three months ended September 30, 2018 and 2017, we recorded lease premium amortization expense of \$2.6 million and \$2.7 million, respectively. During the nine months ended September 30, 2018 and 2017, we recorded lease premium amortization expense of \$8.0 million and \$10.8 million, respectively.

## 7. Flight equipment held for sale

Generally, an aircraft is classified as held for sale when the sale is probable, the aircraft is available for sale in its present condition, and is expected to be sold within one year. Aircraft are reclassified from flight equipment held for operating leases to flight equipment held for sale at the lower of the aircraft carrying value or fair value, less costs to sell. Depreciation is no longer recognized for aircraft classified as held for sale.

As of September 30, 2018, 17 aircraft and one engine with a total net book value of \$449.8 million met the held for sale criteria and were classified as flight equipment held for sale in our Condensed Consolidated Balance Sheet.

Aggregate maintenance and security deposit amounts received from the lessee of approximately \$65 million will be assumed by the buyers of these aircraft upon consummation of the individual sale transactions.

As of December 31, 2017, 18 aircraft with a total net book value of \$630.8 million met the held for sale criteria and were classified as flight equipment held for sale in our Consolidated Balance Sheet. Aggregate maintenance and security deposit amounts received from the lessee of approximately \$115 million were to be assumed by the buyers of these aircraft upon consummation of the individual sale transactions. During the first quarter of 2018, the sale of 12 of those aircraft closed and one aircraft was reclassified to flight equipment held for operating leases. The sale of the remaining five aircraft closed during the second quarter of 2018.

## 8. Other intangibles, net

Other intangibles consisted of the following as of September 30, 2018 and December 31, 2017:

	September 30, December 31,	
	2018	2017
Goodwill	\$ 58,094	\$ 58,094
Customer relationships, net	267,236	283,118
Contractual vendor intangible assets	10,606	10,606
Tradename, net	—	3,694
	\$ 335,936	\$ 355,512

The following tables present details of customer relationships and tradename and related accumulated amortization as of September 30, 2018 and December 31, 2017:

	September 30, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$360,000	\$(92,764)	\$267,236
Tradename	40,000	(40,000)	—
	\$400,000	\$(132,764)	\$267,236

	December 31, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$360,000	\$(76,882)	\$283,118
Tradename	40,000	(36,306)	3,694

\$400,000 \$ (113,188 ) \$286,812

## AerCap Holdings N.V. and Subsidiaries

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

## 8. Other intangibles, net (Continued)

During the three months ended September 30, 2018, we recorded amortization expense for customer relationships of \$5.3 million. During the three months ended September 30, 2017, we recorded amortization expense for customer relationships and tradename of \$7.8 million. During the nine months ended September 30, 2018 and 2017, we recorded amortization expense for customer relationships and tradename of \$19.6 million and \$23.4 million, respectively.

During the three months ended September 30, 2018 and 2017, we utilized nil and \$5.7 million, respectively, of contractual vendor intangible assets to reduce the cash outlay related to purchases of goods and services from our vendors. During the nine months ended September 30, 2018 and 2017, we utilized nil and \$10.4 million, respectively, of contractual vendor intangible assets.

## 9. Other assets

Other assets consisted of the following as of September 30, 2018 and December 31, 2017:

	September 30, December 31,	
	2018	2017
Inventory	\$ 54,995	\$ 38,972
Debt issuance costs	40,718	43,241
Lease incentives	254,757	213,684
Other receivables	220,883	351,925
Investments	130,536	122,946
Notes receivables	40,845	22,497
Derivative assets (Note 10)	120,853	48,896
Other tangible fixed assets	29,039	31,114
Straight-line rents, prepaid expenses and other	84,194	106,655
	\$ 976,820	\$ 979,930

## 10. Derivative financial instruments

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

As of September 30, 2018, we had interest rate caps and swaps outstanding, with underlying variable benchmark interest rates ranging from one to six-month U.S. dollar LIBOR.

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. As of September 30, 2018 and December 31, 2017, we had cash collateral of \$8.6 million and \$3.7 million, respectively, from various counterparties and the obligation to return such collateral was recorded in accounts payable, accrued expenses and other liabilities. We had not advanced any cash collateral to counterparties as of September 30, 2018 or December 31, 2017.

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

AerCap Holdings N.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

10. Derivative financial instruments (Continued)

Our derivative assets are recorded in other assets in our Condensed Consolidated Balance Sheets. The following tables present notional amounts and fair values of derivatives outstanding as of September 30, 2018 and December 31, 2017:

	September 30, 2018		December 31, 2017	
	Notional amount (a)	Fair value	Notional amount (a)	Fair value
Derivative assets not designated as accounting hedges:				
Interest rate caps	\$2,762,500	\$53,389	\$2,721,000	\$25,021
Derivative assets designated as accounting cash flow hedges:				
Interest rate swaps	\$2,108,414	\$67,464	\$1,830,785	\$23,875
Total derivative assets		\$120,853		\$48,896

(a)The notional amount is reported as nil for caps and swaps where the effective date has not yet commenced.

We recorded the following in other comprehensive income related to derivative financial instruments for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gain (Loss)				
Effective portion of change in fair market value of derivatives designated as accounting cash flow hedges:				
Interest rate swaps	\$11,234	\$3,107	\$43,590	\$1,625
Income tax effect	(1,404 )	(388 )	(5,449 )	(203 )
Net changes in cash flow hedges, net of tax	\$9,830	\$2,719	\$38,141	\$1,422

We expect to reclassify approximately \$15 million from AOCI as a reduction to interest expense in our Condensed Consolidated Income Statements over the next 12 months. The following table presents the effect of derivatives recorded as reductions to or (increases) in interest expense in our Condensed Consolidated Income Statements for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Gain (Loss)				
Derivatives not designated as accounting hedges:				
Interest rate caps	\$4,945	\$(2,036)	\$25,999	\$(17,553)
Effect from derivatives on interest expense	\$4,945	\$(2,036)	\$25,999	\$(17,553)



## AerCap Holdings N.V. and Subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

## 11. Accounts payable, accrued expenses and other liabilities

Accounts payable, accrued expenses and other liabilities consisted of the following as of September 30, 2018 and December 31, 2017:

	September 30, December 31,	
	2018	2017
Accounts payable and accrued expenses	\$ 274,871	\$ 307,391
Deferred revenue	408,254	452,846
Accrued interest	290,814	254,865
Guarantees (Note 22)	2,272	2,272
	\$ 976,211	\$ 1,017,374

## 12. Accrued maintenance liability

Movements in accrued maintenance liability during the nine months ended September 30, 2018 and 2017 were as follows:

	Nine Months Ended	
	September 30,	
	2018	2017
Accrued maintenance liability at beginning of period	\$2,461,799	\$2,750,576
Maintenance payments received	567,511	571,292
Maintenance payments returned	(364,319 )	(374,952 )
Release to income upon sale	(204,783 )	(224,467 )
Release to income other than upon sale	(177,265 )	(184,940 )
Lessor contribution, top ups and other	(19,524 )	19,647
Interest accretion	6,712	11,028
Accrued maintenance liability at end of period	\$2,270,131	\$2,568,184

## AerCap Holdings N.V. and Subsidiaries

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

## 13. Debt

As of September 30, 2018, the principal amount of our outstanding indebtedness totaled \$28.4 billion, which excluded fair value adjustments of \$202.2 million and debt issuance costs and debt discounts of \$165.9 million. As of September 30, 2018, our undrawn lines of credit were approximately \$8.9 billion, subject to certain conditions, including compliance with certain financial covenants. As of September 30, 2018, we remained in compliance with the respective financial covenants across our various debt obligations.

The following table provides a summary of our indebtedness as of September 30, 2018 and December 31, 2017:

Debt Obligation	September 30, 2018						December 31, 2017
	Collateral (Number of Commitment aircraft)	Undrawn amounts	Outstanding	Weighted average interest rate (a)	Maturity	Outstanding	
<b>Unsecured</b>							
ILFC Legacy Notes	\$ 4,920,000	\$ —	\$ 4,920,000	6.69 %	2018 - 2022	\$ 5,670,000	
AGAT/AICDC Notes	10,749,864	—	10,749,864	4.08 %	2019 - 2028	8,399,864	
Asia Revolving Credit Facility	950,000	950,000	—	—	2022	300,000	
Citi Revolving Credit Facility	4,000,000	4,000,000	—	—	2021	—	
Other unsecured debt	800,000	—	800,000	3.84 %	2020 - 2022	550,000	
Fair value adjustment	NA	NA	204,752	NA	NA	286,426	
<b>TOTAL UNSECURED</b>	<b>21,419,864</b>	<b>4,950,000</b>	<b>16,674,616</b>			<b>15,206,290</b>	
<b>Secured</b>							
Export credit facilities	32 895,783	—	895,783	2.63 %	2019 - 2030	1,241,262	
Senior Secured Notes							