Forward-Looking Statements

This presentation includes certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on beliefs of Company management, as well as assumptions and estimates based on information currently available to the Company, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, including those factors discussed under Item 1A, entitled “Risk Factors,” included in the Company’s May 31, 2009 Form 10-K. Should one or more of these risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. These events and uncertainties are difficult or impossible to predict accurately and many are beyond the Company’s control. The Company assumes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. For additional information, see the comments included in AAR’s filings with the Securities and Exchange Commission.
<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>7:00 AM</td>
<td>Breakfast</td>
<td></td>
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<tr>
<td>8:00 AM</td>
<td>AAR CORP. Overview</td>
<td><strong>David Storch</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chairman and Chief Executive Officer</td>
</tr>
<tr>
<td>8:30 AM</td>
<td>Structures &amp; Systems</td>
<td><strong>Terry Stinson</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group Vice President</td>
</tr>
<tr>
<td>8:50 AM</td>
<td>Government &amp; Defense Programs</td>
<td><strong>Randy Martinez</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>9:10 AM - 9:30 AM</td>
<td>BREAK</td>
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<tr>
<td>9:30 AM</td>
<td>Aviation Supply Chain</td>
<td><strong>Jim Clark</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group Vice President</td>
</tr>
<tr>
<td>9:50 AM</td>
<td>Maintenance, Repair &amp; Overhaul</td>
<td><strong>Don Wetekam</strong></td>
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<tr>
<td></td>
<td></td>
<td>Group Vice President</td>
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<tr>
<td>10:10 AM</td>
<td>Operational Review</td>
<td><strong>Tim Romenesko</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>President and Chief Operating Officer</td>
</tr>
<tr>
<td>10:25 AM</td>
<td>Financial Highlights</td>
<td><strong>Rick Poulton</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chief Financial Officer and Treasurer</td>
</tr>
<tr>
<td>10:40 AM</td>
<td>Q&amp;A</td>
<td>Chaired by David Storch</td>
</tr>
</tbody>
</table>
AAR CORP. Overview

David Storch
Chairman and
Chief Executive Officer
AAR Overview

► 58 years as a market leader in aviation support

► Diverse markets, products and customers
  > 57% Commercial, 43% Defense
  > 66% Aftermarket, 34% Front-end
  > 80% North America, 20% International

► 18% Sales CAGR over last four years

► History of consistent profitability

► Strong balance sheet

► Three primary operating segments
  > Aviation Supply Chain
  > Maintenance, Repair & Overhaul (MRO)
  > Structures & Systems

► Experienced management team

► 5,900 employees world-wide at 60 locations
Investment Highlights

► Diversified base of over 2,600 customers

► **Business transformation** has improved portfolio balance, strength and consistency

► Strong growth and focus on **Government & Defense** business

► Developing **engineering** capabilities to improve value offering

► Expertise in providing **integrated supply chain support solutions**

► **#2 independent MRO provider** in North America with full spectrum of capabilities

► Strong **balance sheet** to support business and enable growth

► Attractive long-term **growth** opportunities

► Experienced **management team** with proven track record
AAR Provides Products and Services to Over 2,600 Diverse Customers

**Airlines**
- Air France
- AirTran Airways
- Alaska Airlines
- American Airlines
- British Airways
- Continental Airlines
- China Airlines
- Delta Air Lines
- Lufthansa
- Singapore Airlines
- United Airlines

**International Freight Delivery**
- DHL
- FedEx
- UPS

**US & Foreign Governments**
- US ARMY
- U.S. AIR FORCE
- US Department of Defense
- Marines
- UAE
- Italian MoD
- Kuwait MoD
- Saudi MoD
- UK MoD

**OEMs & MROs**
- Airbus
- BAE Systems
- Gulfstream
- Bombardier
- HAECO
- Northrop Grumman
- Boeing
- Cessna
- Hamilton Sundstrand
- Raytheon
- Sikorsky

**Customer Focus**
- Key Supplier to Aerospace & Defense Industry
- High Quality
- Cost Competitive
- Engineered Solutions
Diversification Strategy Better Prepared Company for Current Downturn

May 31, 2001

- Aftermarket: 89%
- Front-End Manufacturing: 11%

May 31, 2009

- Aftermarket: 66%
- Front-End Manufacturing: 34%

A more diversified and balanced portfolio
Diversification Strategy Better Prepared Company for Current Downturn

May 31, 2001

Commercial 83%
Defense 17%

May 31, 2009

Commercial 57%
Defense 43%

A more diversified and balanced portfolio
Strong Growth in Government & Defense

FY2009 Sales of $606 million (43% of AAR)

**Products 70%**
- Containers, Shelters, Pallets
  - Used as in-theatre command and control centers, briefing rooms, kitchens, sleeping quarters
- Precision Machined Parts
  - Cargo Roll On Roll Off Pallets
- Composites Structures
  - S-92 and CH-148 Helicopter interiors
  - F22 countermeasures and structures
- Cargo Handling Systems
  - CH-47 & C-130

**Services 30%**
- Supply Chain Management
- Parts Distribution
- Logistics Support
- Component Repair
- Aircraft Maintenance and Modification
- Representative Programs
  - UK AWACS
  - J-STARS
- AAR Global Solutions
Developing Engineering Capabilities

- Airframe Maintenance
  - Added Engineering Services
- Cargo Systems Manufacturing
  - Expanded Design and Engineering Capabilities
- Composite Manufacturing
  - Expanded Design and Engineering Capabilities
- Mobility Shelter Manufacturing
  - Added Systems Integration Capability
- Aerostructure Manufacturing
  - Added Precision Machining and Fabrication Capability

Greater capabilities will create greater opportunities
Integrated Supply Chain Support Solutions

- Inventory management, planning and scheduling
- Repair and exchanges across multiple fleet types
- STC development and implementation
- OEM part distribution and pre-draw kits for MRO customers
- Broad internal repair capability
- Engine and engine parts supply and management
Continued Growth in Core MRO Platform

**Added capabilities since 2001**
- Indianapolis – Nose-to-tail state of the art facility for narrow-body aircraft
- Miami – Wide-body capacity and access to Latin American customers
- Arkansas – Increased capacity for regional aircraft

**Top 5 North American Based Third Party MRO Providers**

Expanded MRO platform enhances AAR capabilities across the U.S.

Financially Strong Position to Support Business and Enable Growth

<table>
<thead>
<tr>
<th></th>
<th>May 31, 2003</th>
<th>May 31, 2009</th>
<th>CAGR</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>$606.3</td>
<td>$1,424.0</td>
<td>15.3%</td>
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<tr>
<td>Operating Income</td>
<td>3.6</td>
<td>134.0</td>
<td>82.7%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>0.6%</td>
<td>9.4%</td>
<td></td>
</tr>
<tr>
<td>Cash and Available Credit Lines</td>
<td>38.2</td>
<td>302.8</td>
<td>41.2%</td>
</tr>
<tr>
<td>Net Debt-to-EBITDA</td>
<td>5.9x</td>
<td>1.4x</td>
<td></td>
</tr>
<tr>
<td>Interest Coverage (GAAP)</td>
<td>0.2x</td>
<td>4.3x</td>
<td></td>
</tr>
<tr>
<td>Cash Interest Coverage</td>
<td>0.2x</td>
<td>7.4x</td>
<td></td>
</tr>
</tbody>
</table>

Note:
Excludes $5M and $31M impairment charges during FY 2003 and FY 2009 respectively.
FY 2009 financials adjusted to reflect new accounting standards for convertible securities.
Three Pillars of Growth for Commercial Business

Commercial Market Growth
- Worldwide commercial fleet expected to grow at a 3.2% CAGR over next 20 years
- Global MRO spend expected to grow at a 2.3% CAGR

Increase Outsourced MRO
- Outsourced share of MRO expected to increase to 73% by 2018, up from 52%
- Global outsourced MRO expected to grow at a 6.2% CAGR

Expand AAR Market Share
- Niche player in $22 Bn Global Outsourced MRO market with 4% share
- Significant opportunity to expand share; product and geography
Significant Growth Opportunity in Government/Defense

Fleet Sustainment
- Support existing fleet
- Army’s plan to equip modular units, expand the force and reset equipment

Troop Sustainment
- Support in theater activity
- Mobilization and sustainment of troops into new theaters

“Soft Power”
- Increase efforts to address security, stabilization, reconstruction and capacity-building efforts
Experienced Management Team with Proven Track Record

An accomplished and experienced leadership team dedicated to integrity, fiscal responsibility, operational excellence, customer satisfaction and stockholder value
AAR Strategies

Portfolio Strength and Balance
- Increase mix of government & defense services
- Increase front end manufacturing

Higher Quality / Stickier Customer Relationships
- Offer total supply chain support
- Align with OEMs / “Primes”

Strengthen Balance Sheet
- Focus on cash flow generation
- Increase working capital turns

Margin Expansion
- Focus on operational excellence
- Add higher-margin product lines into portfolio
- Increase engineering content

Growth
- Organic commercial: Take market share
- Organic defense: New niches
- Selectively pursuing acquisitions
Disciplined Approach to Strategic M&A

- Focus on Aerospace & Defense industry

- Strategic fit with existing businesses
  - Complementary capabilities
  - Expand products/services offered
  - Enhance and expand customer relationships

- Balance and strengthen business
  - Increase non-U.S. DoD government business
    - Department of State
    - Homeland Security
    - Other governments
  - Increase front-end manufacturing

- Attractive financial characteristics
  - Accretive to earnings
  - Enhance margins
  - Broader and deeper platforms
## Board of Directors

<table>
<thead>
<tr>
<th>Board Member</th>
<th>Experience</th>
<th>Years on Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Ronald R. Fogleman</td>
<td>Former USAF Chief of Staff</td>
<td>8 years</td>
</tr>
<tr>
<td>James E. Goodwin</td>
<td>Former Chairman and CEO, UAL Inc.</td>
<td>7 years</td>
</tr>
<tr>
<td>Ronald Woodard</td>
<td>Former President of Boeing Commercial Airplane Group</td>
<td>5 years</td>
</tr>
<tr>
<td>David P. Storch</td>
<td>Chairman and Chief Executive Officer, AAR CORP.</td>
<td>20 years</td>
</tr>
<tr>
<td>James G. Brocksmith, Jr.</td>
<td>Former Deputy Chairman and COO, KPMG LLP</td>
<td>8 years</td>
</tr>
<tr>
<td>Marc J. Walfish</td>
<td>Managing Director, Merit Capital Partners</td>
<td>6 years</td>
</tr>
<tr>
<td>Michael R. Boyce</td>
<td>Chairman and CEO, PQ Corporation and Peak Investments</td>
<td>4 years</td>
</tr>
<tr>
<td>Gerald F. Fitzgerald, Jr.</td>
<td>President and Chairman, Cornerstone Bancorp and LaSalle Bancorp, Inc.</td>
<td>3 years</td>
</tr>
<tr>
<td>Patrick J. Kelly</td>
<td>Chief Executive Officer, Resource One</td>
<td>3 years</td>
</tr>
<tr>
<td>Norman R. Bobins</td>
<td>Chairman of The Private Bank — Chicago</td>
<td>2 years</td>
</tr>
<tr>
<td>Timothy J. Romenesko</td>
<td>President and Chief Operating Officer, AAR CORP.</td>
<td>2 years</td>
</tr>
</tbody>
</table>
Structures & Systems

Terry Stinson
Group Vice President
Terry Stinson
Group Vice President, Structures & Systems

► Leads AAR’s SUMMA Technology, Cargo Systems, Composites and Mobility Systems businesses
► Joined AAR CORP. in 2007
► An Aerospace industry veteran
  ● President of Commercial Operations for Thomas Group, an operational consulting firm
  ● Chairman and CEO of Xelus Inc.
  ● Chairman and Chief Executive Officer of Bell Helicopter Textron Inc.
  ● President and Chief Executive Officer of Hamilton Standard, a UTC division
► Fully qualified fixed wing and helicopter pilot and is certified to fly all commercial products manufactured by Bell Helicopter
► Several awards from US Air Force Reserve and National Guard
► Education
  ● Degree in Industrial Management from Georgia Institute of Technology
Key Supplier to Aerospace & Defense Industry

- Four major businesses
  - Mobility Systems, Summa Technology, Composites and Cargo Systems
- Key supplier to government and defense industry
  - 88% Government and 12% Commercial
- 12 facilities in the U.S. across 7 States
- Solid backlog of $365M, up 21% in 2009
- Strong future growth opportunities
  - Strategic initiatives
  - Acquisitions

Portfolio shift to more front-end manufacturing to offset cyclicality of commercial aftermarket
Key Strengths - Structures & Systems Group

► **Large and diverse customer base**
  - Supplier to U.S. & foreign governments, OEMs, Tier 1 suppliers, airlines and international freight delivery

► **Strong market positions** across product lines

► **Broad machining capability** and expertise in machining hard alloys

► Key investments in **manufacturing facilities**

► **Well positioned for growth** on major programs & in international markets
Large Customer Base

Key Supplier to Aerospace & Defense Industry

Customer Focus
High Quality
Engineered Solutions
Cost Competitive

International Freight Delivery
- DHL
- FedEx

Airlines
- UPS
- Lufthansa
- Northwest Airlines

Tier 1 Suppliers
- ARINC
- Kitgore
- Kippertool

US & Foreign Governments
- US ARMY
- U.S. AIR FORCE
- US Department of Defense
- Kuwait MoD
- UAE
- Italian MoD
- Saudi MoD
- UK MoD

OEMs
- Boeing
- Gulfstream
- Raytheon
- Airbus
- Cessna
- Northrop Grumman
- BAE Systems
- Bombardier
- Sikorsky
Mobility Systems

Rapid Deployment Equipment to aid the mobilization of troops, gear and specialized workspaces:

- Shelters, pallets and containers
- Strong market position across product lines
- 5% annual sales growth rate
- Growth opportunities
  - International markets
  - Broader definition of Shelter market

Market Share
(Pallets, Containers & Shelters)

- Mobility 60%
- Other 40%

Expandable Shelters
Expandable Light Air Mobile Shelter (ELAMS)
C-17 Seat Pallets
Mobility Systems

Standard Automotive Tool Set (SATS)

20' Expandable ISO Shelter with Optional EMI Shielding

20' ISO Shelter with US Army Petroleum Quality Analysis System (PQAS)

Integrated Medical, Shower, Ablution and Laundry Shelter Systems

Integrated USO in a Box Expandable Light Air Mobile Shelter (ELAMS)
SUMMA Technology

- Precision machining, fabrication & engineering services
  - Aerospace, Defense & Commercial products
  - Broad machining capability
    - 22 five axis machining centers
    - 7 gantries
    - 15 three & four axis machining centers
  - Expertise in machining hard alloys
  - Machining centers of excellence
  - Growth through acquisitions

Key Customers

US Army (TACOM)
- Gulfstream
- Raytheon
- Lockheed
- Northrop
- Others

Double bridge 5 axis Gantry
F-35 Structural part
C-130 Flaptrack
Space Shuttle External Tank
Composites

- Design & manufacture interior & exterior composite structures for commercial & defense customers
  - Growing market of 7.3% per year
  - Transition to a Tier I supplier
  - Leverage customer base from other businesses
  - Large capacity with the addition of Sacramento facility
  - Key supplier on F22 for 12 years
    - Well positioned on F35
  - Significant growth opportunities
Cargo Systems

► In-flight Cargo Handling Systems for main deck of military & commercial aircraft

► Well positioned on major programs
  - Airbus A400M – 200 units at a peak rate of 30 per year
    • Next generation cargo loading & aerial delivery system
  - Northrop AF KC-45 Tanker Program
  - International programs
    • Japanese CX Military Transport
    • Embraer KC-390 Military Transport

► State of the art manufacturing facility

![C-130 Hercules](image1)
![A400M Cargo Compartment Depiction](image2)
![CH-47 Helicopter Internal Cargo Handling System (HICHS)](image3)

![A300B4 DHL Cargo System](image4)
Financial Trends

- 23% sales growth in FY2009
  - 6% organic

- Consistent year over year margin improvement

- Strong Q1 FY2010 performance
  - Sales & Margin increase over FY2009

- Continued investment in businesses
  - Capex - $15M to $20M per year
Summary

Maintaining the Growth Trajectory

- Broaden market definition
- Acquire companies synergistic to the business
- Capitalize on commonality across the businesses (i.e., customers, processes, etc…)
- Transition to a Tier 1 Supplier
- Invest in infrastructure
Government & Defense Programs

Randy Martinez
Senior Vice President
Randy Martinez
Senior Vice President, Government & Defense Programs

- Leads AAR’s Defense Systems & Logistics, Brown International, Global Solutions, responsible for government/defense business development and Legislative Affairs program

- Joined AAR CORP. in 2009

- Formerly served as CEO and board member of World Air Holdings, Inc.
  - Publicly traded $950M global enterprise with 2,200 employees
  - Also served as World Airways’ President, CEO and COO

- Distinguished 21-year career with the U.S. Air Force
  - Principal Advisor to the Chief of Staff of NATO’s Strategic Planning Staff
  - Senior Aide-de-Camp to the Chairman of the Joint Chiefs of Staff
  - Command pilot rating, retired Colonel

- Education
  - Bachelor of Science Degree from the U.S. Air Force Academy
  - Master of Science Degrees from the University of Arkansas and the National Defense University
Increased Government & Defense Focus

- Government and Defense business within AAR now accounts for 46% of Net Sales up from 17% in 2001

- AAR recently re-organized Government & Defense Business Development at a corporate level to increase opportunities across business units

- Realigned two P&L businesses

- Centralized and formalized Legislative Affairs approach

- AAR Global Solutions created June 15, 2009
Government/Defense Budget Trends

- Department of Defense budget will be slightly reduced
  - DoD “new program” cancellations not a major issue for AAR business

- Department of State and Department of Homeland Security expect budget increases
  - AAR building “Soft Power” capability through Global Solutions
  - Significant opportunity with domestic and international governments

- New Administration focus on Coalition and Nation Building
  - Iraq drawdown and Afghan buildup both offer opportunities
  - Changing world makes “Soft Power” capabilities a long-term focus

US DoD budget will be slightly reduced

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<th>Year</th>
<th>Budget ($ billions)</th>
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<td>2006</td>
<td>535</td>
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<tr>
<td>2007</td>
<td>601</td>
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<tr>
<td>2008</td>
<td>666</td>
</tr>
<tr>
<td>2009</td>
<td>655</td>
</tr>
<tr>
<td>2010</td>
<td>636</td>
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</tbody>
</table>

In addition, DoS and DHS budgets are $76 Bn

- DOS 33%
- DHS 67%

Source: United States of America, Department of Defense, Department of State and Department of Homeland Security Budgets.
Government & Defense Programs

P&L Responsibility

- Defense Systems & Logistics
- Brown International
- AAR Global Solutions

Senior Vice President Government & Defense Programs

Legislative Affairs

Business Development

- Defense Programs
- Special Operations Programs
- Other Government Agency Programs
- International Government & Defense Opportunities
Key Government & Defense Strategies

Increase Visibility with Customer Base
- Educate key customers on AAR capabilities
  - Improve marketplace recognition
  - Expand government & defense opportunities

Enterprise Approach Model
- Improve internal collaboration, synchronization and integration
  - Strategic-level understanding of program opportunities
  - Access to key information

Become a Larger Player as a “Prime” Contractor
- Complementary teaming to “Operationalize”
  - Synergy between Business Units
  - Increased visibility and control over margins
  - Use of more core capabilities in programs being targeted

Increase market share
Better decisions made for the company
Better delivery and value to customers
Mergers and Acquisitions

Objective: Profitably grow revenues and expand customer base

Objective: Profitable Delivery of Quality Products and Services

Improve Interoperability and Synchronization within AAR CORP.: Effective and Efficient delivery of Products and Services to an Increasing Customer Base

Increased Market Share
Increased Shareholder Value
Defense Systems & Logistics

- Comprehensive supply chain management services to the U.S. Government, its allies and to the Original Equipment Manufacturers (OEM) that support military aerospace programs
  - 15 Performance Based Logistics (PBL) programs
  - Primary sub-contractor to Tier 1 Primes & OEMs
  - Core competencies include Supply Chain Management, Diminished Manufacturing Sources, IT, Labor Displacement and Parts Distribution

Major Contract Wins

- USAF KC-10 Extender (Northrop Grumman)
- USAF E-8C JSTARS (Northrop Grumman)
- UK RAF E-3D Sentry (Northrop Grumman)
- USN/USMC H-46/H-53 APU (Hamilton Sundstrand)
- USN/USMC F-414 Engine PBL (General Electric)
- USN MH-60 Helicopter PBL (Lockheed / Sikorsky)
- USN T-64 Engine PBL (General Electric)
- US Army FMTV Vehicles Reset (BAE Systems)
- USAF C-130, B-2 APU PBL (Honeywell)
- USN/USMC AV-8B Harrier PBL (Boeing)
KC-10 Contractor Logistics Support

- Largest contract award in AAR CORP. history
- Sub-contract to Northrop Grumman Technical Services
- Primary responsibility is Supply Chain Management for 59 KC-10 aircraft and refueling system support for 2 RNLAF aircraft
  - Global support including deployments and forward operations
  - US Operating Bases (Travis AFB, McGuire AFB)
  - FMS support for Royal Netherlands AF (Eindhoven AFB)
- World Class Partners – Northrop Grumman, Chromalloy Gas Turbine, MTU Maintenance & Timco Aviation Services
- AAR committed to USAF goals of increased global aircraft availability and decreased Operations & Support cost (O&S)
Brown International

► ISO 9001:2000 registered company
► Advanced Command and Control System design and integration
  ● Rapid prototyping of C4I products
  ● Systems integrator & service provider with global presence
  ● Top Secret clearances
► Product lines include
  ● Advanced digitized C4ISR facilities
  ● Tactical Operations Centers
  ● Command Posts
  ● Mobile Shelter complexes
  ● Trailers
  ● Advanced digital Data Link and Satellite Communications Systems
AAR Global Solutions

Aviation Services
- Aviation Supply Chain
- Maintenance, Repair & Overhaul
- Operational Flying

Potential Programs
- US Army - C-12 LCCS
- US AID - Airlift in Afghanistan
- Navy / Air Force – C-12 LCCS

Technical Services
- Personal Security & Law Enforcement
- Logistics Programs
- Vehicle & Weapons Systems Maintenance Programs

Potential Programs
- DoS – Criminal Justice Program
- FEMA – First Responder Camps
- DoD – Afghanistan Logistics Support

Construction Services
- Facilities & Infrastructure
  - Aviation Facilities
  - Government Housing & Infrastructure
  - General Infrastructure
  - Medical Facilities
  - Educational Institutions
  - Mixed Use Facilities

Potential Programs
- Corps of Engineers – Afghanistan Construction Projects
Example: Aviation Services Program

Integrate multiple core capabilities to bid as a “Prime” contractor on select programs
Summary

► Business re-aligned to capitalize on significant opportunity for capture of additional Government/Defense revenue

► Formalize legislative process to raise AAR’s visibility at the local, state and federal levels

► Collaboration, synchronization and integration between AAR businesses to drive results

► Increase capability to be a “Prime” contractor in large aviation support programs
Aviation Supply Chain

Jim Clark
Group Vice President
Jim Clark
Group Vice President, Aviation Supply Chain

- Leads AAR’s Aircraft Component Services, Aircraft Turbine Center and Allen Asset Management
- Joined AAR CORP. in 1982
- Held various senior level positions
  - Director of Finance, European Operations
  - General Manager of AAR Aircraft Component Services – Amsterdam
- In 2000 became Group Vice President for the Component Repair & Overhaul Group
- Education
  - Bachelor of Science degree in Accounting from Bradley University
  - Kellogg School of Business CEO Perspectives
Leading Provider of Airframe & Engine Parts

► 41% of total corporate sales

► Full range of products and services
  • Material supply
  • Repair
  • Integrated fleet management programs

► Participate in a $42B market
  • Addressable market of $5B
  • International growth opportunities

► Focused on lowering our customers’ total cost of ownership
  • Transaction cost
  • Network solutions

► Brand power, product knowledge, global presence and breadth of capabilities deliver competitive strength
Products & Services Overview

Airframe and Engine Parts Supply
- Over 45,000 line items from 250 manufacturers
- Boeing, Airbus and Regional Aircraft coverage
- Engine expertise with GE, CFMI, Pratt & Whitney, IAE and Rolls Royce products
- Trading, leasing and programmatic supply
- Offices in 12 countries

Component Repair
- Broad technical capability for commercial and defense platforms
- Instrument, pneumatic, hydraulic, fuel and electromechanical systems
- Reliability and configuration management
- Significant engineering content
- Facilities in New York and Amsterdam

Fleet Management
- Integrated Supply Chain Management programs
- Material planning, sourcing, logistics, repair and information management
- Asset ownership
- Guaranteed service level & cost
- Airframe and engine applications
Market Scope - $42B MRO Spend

- Addressable market of up to $5B
  - Market share opportunity

- Primarily concentrated in North America and Europe
  - Fastest growth in Asia and Middle East

- Market trends:
  - Continued outsourcing
  - Integrated support demand
  - Delivery of low cost solutions
  - International markets driving growth

Source: AeroStrategy, 2009 forecast.
Key Competitors

OEMs

Parts Traders

Independent MRO

Airline MRO
Key Strengths

- Long-Standing Leadership Position
- Global Presence & Relationships
- Deep Product Knowledge
- Operational Performance
- Sourcing, Engineering & IT
- Scope of Capability

AAR Aviation Supply Chain
The Customer Perspective

Desire to Consolidate Suppliers + Asset Divestitures + Network Optimization + IT Integration

Lower and Predictable Costs  Improve Dispatch/Turntime Reliability  Transfer of Execution Responsibility

Profitability Impact
How AAR Creates Value in the Supply Chain

Maximize impact of lower cost of ownership
Diversified Customer Base

**Airlines**
- Air France
- Alaska Airlines
- American Airlines
- British Airways
- China Airlines
- Delta
- Lufthansa
- Southwest Airlines
- Mesa
- Singapore Airlines
- United
- U.S. Airways

**OEMs & MROs**
- Airbus
- BAE Systems
- Bombardier
- Boeing
- Gulfstream
- HAECO
- Hamilton Sundstrand
- Honeywell
- Lockheed Martin
- MTU Aero Engines
- Northrop Grumman

**Cargo**
- FedEx
- UPS
- DHL

**Government**
- U.S. Army
- U.S. Air Force
- Royal Netherlands Air Force
Recent Program Awards

Within the last year, Aviation Supply Chain has closed new agreements worth over $250M in total contract value

- Seven-year supply chain agreement supporting CSA B737 fleet
- Manage fleet phase-out with transition to new fleet
- Landing gear and other group opportunities
- Branding leverage for other Eastern European operators

- Three-year complete logistics support of Gulf Air in partnership with SIAEC
- Support 39 new generation Airbus narrow and widebody aircraft – a first for AAR
- Establish a firm presence in the growing Middle East market
- Partnership with SIAEC will lead to more opportunities

- Ten-year complete inventory and repair support for Air Canada Jazz
- Covers 70 new generation and classic Bombardier regional aircraft
- Leverage existing inventory pool supporting Mesa and Republic Airways
- First significant supply chain program in Canada
Financial Trends

**Highlights**

- Capacity reductions and short-term maintenance deferrals impacted top line in FY2009
- Short-term focus on turning assets to cash and reducing inventory positioning, in preparation for market recovery
- Early signs of improved business activity

**Financial Results**

<table>
<thead>
<tr>
<th>% Margin</th>
<th>FY2007</th>
<th>FY2008</th>
<th>FY2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$544</td>
<td>$606</td>
<td>$584</td>
</tr>
<tr>
<td>% Margin</td>
<td>21.0%</td>
<td>23.9%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>
Inventory Position

- Total Inventory value of ~$250M
- 97% of Inventory associated with active aircraft fleets of greater than 500
- Compatibility across multiple aircraft and engine types
Summary

► Continue to build our program baseload

► Capitalize on market investment opportunities

► Build relationship networks and enhance geographic positioning to expand market share

► Foster innovation and technical advancement

► Deliver operational excellence
Donald J. Wetekam
Group Vice President, MRO

► Leads AAR’s Maintenance, Repair and Overhaul businesses and Landing Gear services

► Joined AAR CORP. in 2007

► Retired Lieutenant General in the Air Force
  ● Final assignment as Deputy Chief of Staff for Installations and Logistics in Washington, DC
  ● Directed operations at the Warner Robins Air Logistics Center in Georgia
  ● Distinguished 34-year career

► Noted proponent of lean process improvement
  ● One of the first public sector inductees into the Shingo Prize Academy

► Education
  ● Bachelor of science from the U.S. Air Force Academy
  ● Master of engineering administration from the University of Utah
  ● Master of national resource management from the National Defense University
  ● Adjunct faculty member with the University of Tennessee School of Business Administration
Major Provider of Outsourced MRO Services

► 24% of total corporate sales

► Aggressive 5-year growth strategy
  • Moved from small player in 2003 to #2 outsourcing provider in North America
  • Unifying factor in aviation aftermarket services

► Four airframe MRO facilities across the U.S. along with landing gear facility
  • 2004: Reopened former UAL Indianapolis facility
  • Acquired Reebaire (Hot Springs) in 2007 and Avborne (Miami) in 2008

► Provide full range of airframe heavy maintenance services
  • Narrow to wide body
  • Regional
  • Government

![MRO Sales Growth Chart]
Extensive Footprint Across the U.S.

Indianapolis
- 1.1 Million SF in 10 hangars
- Climate controlled hangars
- Aircraft docking systems
- Back-shop
- Paint bay
- Engineering

Miami
- Class 4 FAA repair station
- 226,000 SF in 3 hangars
- Bridging checks, interior modifications and refurbishments, avionics upgrades
- Paint bay

Oklahoma City
- 300,000 SF in 6 hangars
- Aircraft painting/strip and paint
- Propeller/brake overhaul
- Fixed Base Operations
- Government programs

Hot Springs
- Regional aircraft depot maintenance
- 60,000 SF of hangar space

Landing Gear (Miami)
- 120,000 SF of shop space
- Largest independent gear facility in North America
### Growth in Outsourced Heavy Maintenance

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2018</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global MRO</td>
<td>41.8</td>
<td>55.2</td>
<td></td>
</tr>
<tr>
<td>% US Share of Global Market</td>
<td>35%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td><strong>US MRO</strong></td>
<td>14.6</td>
<td>15.9</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

| % of Airframe Heavy Maintenance Outsourced | 58%  | 70%  |      |
| **Outsourced US Heavy Maintenance**       | 2.0  | 2.9  | 4.5% |

Source: AeroStrategy. $ in Billions.

- Market will shrink near-term due to continued domestic capacity reductions
- Trend toward outsourcing expected to continue
- Focus will be on larger airframes for both the regional and narrow-body markets
- Government MRO business focused on legacy fleets that are expected to remain steady
AAR Accounts for 18% of the Outsourced Domestic MRO Market

- Competitors equity fund owned and foreign owned; frequent ownership turnover
  - AAR offers unmatched stability

- Short-term market contraction due to airline capacity reductions
  - Focus on market share gain

Source: Overhaul & Maintenance.
Airframe Maintenance Outsourcing

- **Level of Airframe Outsourcing**
  - Low
  - High

- **Size of Fleet**
  - Low
  - High

- **Market Potential**
  - Limited Opportunity

- **Long-term Partnerships**
  - Strategic Relationships
Key Strengths

► **Strong footprint across the U.S.**
  - #2 MRO provider in N. America
  - Strategic placement of facilities on/near customer routes

► **Full range of aircraft capabilities**
  - Regional, narrow-body, wide-body
  - Strong synergy with other AAR capabilities

► **Best-in-class ERP systems – continued investment focused on retaining that edge**

► **Sophisticated work control processes**

► **Strong reputation with government primes**

► **Robust Lean process improvement program**

---

**Our focus is on being the high value MRO provider in a highly competitive market**
Strong Relationships with Key Customers

**SOUTHWEST**
- Fleet size: 544
- AAR’s largest MRO customer and their largest provider
- Operating 6 check and one special visit lines
- 2 winglet lines and paint capability added in 2009
- 2nd largest landing gear customer

**MESA**
- Fleet size: 163
- Exclusive MRO arrangement
- Running 4-5 lines at OKC and 1-2 at HOT
- Innovative pricing arrangement has been beneficial to both parties
- Closely manage credit exposure

**AirTran Airways**
- Fleet size: 136
- Signed exclusive MRO agreement that runs through 2010
- Long-term MIA customer
- Strengthened previously existing ties

**Department of Defense**
- Build on established relationships as preferred subcontractor to L3 and Boeing
- Current legacy contracts coming to an end
- Well positioned to win recompetes and new contracts
- Teamed with Global Solutions
## Major New Business Wins

<table>
<thead>
<tr>
<th>Continental Airlines</th>
<th>Sikorsky</th>
<th>Hawaiian Airlines</th>
<th>Alaska Airlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶️ 757 winglet program began in Sept at Indy</td>
<td>▶️ New customer and market</td>
<td>▶️ Won competitive bid for all B717 aircraft at MIA facility</td>
<td>▶️ Second heavy check line at OK City</td>
</tr>
<tr>
<td>▶️ Building on legacy success of previous relationship</td>
<td>▶️ Recently began modification of S-92 tail boom pylons at OK City</td>
<td>▶️ Begins Jan 2010</td>
<td>▶️ Begins mid-Oct after completion of hangar renovation</td>
</tr>
<tr>
<td>▶️ Working to bring aircraft check work in behind winglet program</td>
<td>▶️ Program off to strong start</td>
<td>▶️ Capitalizes on our extensive B717 experience</td>
<td>▶️ Further solidifies long standing partnership of 7 years</td>
</tr>
<tr>
<td></td>
<td>▶️ Good prospects for future helicopter business as a result</td>
<td>▶️ Strong support from AirTran in bid process</td>
<td></td>
</tr>
</tbody>
</table>
Financial Trends

**Highlights**

- Strong growth from 2007 to 2009, with Net Sales up 64%
- Capacity reductions and short-term maintenance deferrals impacting top line
- Gross Margins have held up well
- Focus on cash generation and cost controls

**Financial Results**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2007</td>
<td>$212</td>
<td>$30</td>
</tr>
<tr>
<td>FY2008</td>
<td>$301</td>
<td>$44</td>
</tr>
<tr>
<td>FY2009</td>
<td>$347</td>
<td>$52</td>
</tr>
</tbody>
</table>

% Margin: 14.1%, 14.6%, 14.9%
Summary

► Catapulted to #2 in North American market in last five years

► MRO provides corporate portal to wider aviation services business

► We aim to distinguish ourselves as the high value MRO provider
Operational Review

Tim Romenesko
President and Chief Operating Officer
Timothy Romenesko  
President and Chief Operating Officer

- Responsible for maximizing the performance of AAR’s operating units and implementing the Company’s strategies for growth
- Joined AAR CORP. in 1981
- Named Vice President and Chief Financial Officer in 1994
- Named President and Chief Operating Officer in 2007
- Elected to AAR CORP. Board of Directors in 2007

Education
- BA from St. Norbert College
- MBA from DePaul University
- Holds a CPA designation in Illinois and is a member of the Financial Executives Institute and the Illinois CPA Society
- Kellogg School of Business CEO Perspectives
Operational Focus

Activities are becoming an embedded part of our management system
Operational Focus – Quality

- Process Improvements:
  - Lean Initiatives
    - Lower span times
      - Southwest Airlines; AirTran
    - Higher throughput
      - Landing Gear
    - Margin expansion
      - Low cost manufacturing

- Training and Systems

- Culture of Quality and Safety

Goal is to be our customers highest quality supplier
Operational Focus – Capture

- Leverage Existing Relationships
  - MRO supporting Components

- Develop New Customers
  - Jazz; Continental

- Develop New Products and Capabilities
  - Helicopter Market; Structural Repairs

- New Markets
  - Global Solutions; Middle East

Driving business development across the company
Operational Focus – Cost

- Driving Productivity Gains
- Leverage Technology to Improve Efficiency
- Acquisition Integration
- Purchasing Economies of Scale
- Staffing Levels

Q1 2010 SG&A run-rate is down $10M year-over-year
Operational Focus – Cash

► Very Selective Asset Acquisitions
► Converting Assets to Cash
► Cash for New Investments and Growth

$106 million in operating cash flow over the past six months
Strengthened Management Team

► Randy Martinez – Government and Defense Programs
► Dave Cann – Vice President of Regulatory Compliance
► Dany Kleiman – Vice President of Operations
► General Managers with Strong Industry Backgrounds
Financial Highlights

Rick Poulton
Vice President, Chief Financial Officer
and Treasurer
Rick Poulton
Vice President, Chief Financial Officer and Treasurer

► Appointed Chief Financial Officer and Treasurer in June 2007
► Joined AAR CORP. in 2006
  ● Responsible for strategic development
► Previous 12 years with UAL Corp. and United Airlines
  ● Senior Vice President Business Development
  ● Senior Vice President Strategic Sourcing
  ● President and Chief Financial Officer of UAL Loyalty Services
  ● Director of Financial Planning and Director of Financial Accounting
► Previously served on the Boards of Alliant Credit Union, Airliance Materials, Skytech Solutions and BELAC
► Education
  ● BS in accounting, with honors, from Marquette University
  ● Masters degree, with concentrations in strategy and finance, from Northwestern University’s Kellogg Graduate School of Management
  ● Kellogg School of Business CEO Perspectives
Proven Record Delivering Shareholder Value

Diluted Earnings Per Share From Continuing Operations (As Reported)

<table>
<thead>
<tr>
<th>Year</th>
<th>Diluted Earnings Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2005</td>
<td>$0.57</td>
</tr>
<tr>
<td>FY 2006</td>
<td>$0.96</td>
</tr>
<tr>
<td>FY 2007</td>
<td>$1.42</td>
</tr>
<tr>
<td>FY 2008</td>
<td>$1.77</td>
</tr>
<tr>
<td>FY 2009</td>
<td>$1.92</td>
</tr>
</tbody>
</table>

35% CAGR - FY2005 to FY2009
EPS Reflecting Adoption of New Convertible Debt Accounting Standard (FSP APB 14-1)

Diluted Earnings Per Share From Continuing Operations

27% CAGR - FY2005 to FY2009
Aircraft Sales and Leasing Portfolio

- Equity investment of $64.3 million
  - 5 wholly owned aircraft ($24.1 million)
  - 26 aircraft held in joint ventures ($40.2 million)
- Opportunistic business with variability in earnings contribution

### Aircraft Lease Expiration Schedule

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th># of Aircraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>9</td>
</tr>
<tr>
<td>FY12</td>
<td>13</td>
</tr>
<tr>
<td>FY13</td>
<td>4</td>
</tr>
<tr>
<td>FY14</td>
<td>1</td>
</tr>
<tr>
<td>FY15</td>
<td>1</td>
</tr>
<tr>
<td>FY16</td>
<td>1</td>
</tr>
<tr>
<td>FY17</td>
<td>2</td>
</tr>
</tbody>
</table>

### Op Profit Contribution ($ Millions)

- FY2005: 0.6
- FY2006: 2.7
- FY2007: 11.3
- FY2008: 22.0
- FY2009*: 10.3
- FY2010 est: Break even

* excludes Impairment charge of $21.0M (pre 9/11/01 aircraft)

We continue to reduce our net equity investment in aircraft
Adjusted EPS

Diluted Earnings Per Share From Continuing Operations
(Adjusted for interest expense impact of FSP APB 14-1 and Aircraft Sales and Leasing)

FY2007: $1.42
- $1.25 (FSP APB 14-1)
- $0.17 (AS&L)
- $0.03 (Adjusted)

FY2008: $1.77
- $1.41 (FSP APB 14-1)
- $0.33 (AS&L)

FY2009: $1.92
- $1.66 (FSP APB 14-1)
- $0.16 (AS&L)
- $0.10 (Adjusted)
Growth Opportunity
Three Pillars of Growth

Market Growth
- Worldwide commercial fleet expected to grow at a 3.2% CAGR over next 20 years
- While DOD spending may be flat to down slightly, DOS and Homeland Security spending is expected to continue to steadily increase

Increased Outsourcing
- Outsourced share of domestic MRO expected to increase to 70% by 2018, up from 58% (4.5% CAGR). Global expected to grow at 6.2% CAGR
- Economic forces that have driven the commercial market to outsource will also impact DOD

Expand AAR Market Share
- Commercial MRO and supply chain services markets are heavily fragmented. Estimate no provider greater than 20% of market
- Significant opportunity to expand share
- DOD, DOS, Homeland Security, foreign ally spend close to $1 trillion. Represents large addressable market
Commercial Capacity Highly Correlates with GDP Activity

U.S. GDP and ASM Relationship

Pivot point expected beginning 2010
How We Are Financially Positioned To Capture Growth Opportunity
Financially Strong Position to Support Business and Enable Growth

<table>
<thead>
<tr>
<th>Aug 31, 2009 TTM</th>
<th>Revolving Credit Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$ 1,405.6</td>
</tr>
<tr>
<td>Operating Income (1)</td>
<td>119.5</td>
</tr>
<tr>
<td>Operating Margin (1)</td>
<td>8.5%</td>
</tr>
<tr>
<td>Cash and Available Credit Lines</td>
<td>308.2</td>
</tr>
<tr>
<td>Net Debt-to-EBITDA (1)</td>
<td>1.4</td>
</tr>
<tr>
<td>Cash Interest Coverage (1)</td>
<td>6.8</td>
</tr>
</tbody>
</table>

(1) excludes $31M impairment charges during FY 2009

- Extends to August 31, 2011
- Attractive pricing: LIBOR + 100 to 237.5 bps
- Flexible to allow acquisitions
- Significant covenant compliance cushion
  - Debt to EBITDA:
    - 1.36x vs. max of 3.85x covenant
  - Fixed charge coverage:
    - 4.0x vs. min of 1.5x covenant
Modest Debt Maturities for the Next Three Years

Converts at approximately $29.43 per share
Conversion shares already in EPS Calculations
Free Cash Flow Improvement Through Improved Operational Execution and Balance Sheet Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2006</td>
<td>-$56.8</td>
</tr>
<tr>
<td>FY 2007</td>
<td>-$51.1</td>
</tr>
<tr>
<td>FY 2008</td>
<td>-$13.4</td>
</tr>
<tr>
<td>FY 2009</td>
<td>$36.9</td>
</tr>
<tr>
<td>Q1 2010</td>
<td>$25.2</td>
</tr>
</tbody>
</table>
Well Positioned for Targeted Investments

- Strong Foundation
- Low near-term maturities
- Generating free cash flow from operations

Free Cash Flow

Acquisitions
- Actively reviewing several opportunities to enhance capabilities and increase addressable markets

Debt Reduction
- Retired $77 million face in FY09, $22 million in Q1 FY10

Organic Investments
- Supply Chain Programs
- Manufacturing Business Expansion
AAR Share Price Performance – Cumulative Five-Year Total Return

Significantly outpaced S&P 500

Note: Assumes $100 invested on May 31, 2004, including the reinvestment of dividends into each asset class.
Pursuant to SEC Regulation G, the Company has included the following reconciliation of operating income reported on the basis of Generally Accepted Accounting Principles (“GAAP”) to operating income on a non-GAAP basis. The Company believes the non-GAAP operating income excluding the impairment charges that occurred in FY 2009 is a better indicator of the Company’s ongoing performance.

<table>
<thead>
<tr>
<th></th>
<th>Aug 31, 2009</th>
<th>TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ Millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$1,405.6</td>
<td></td>
</tr>
<tr>
<td>Operating Income As Reported</td>
<td>$88.3</td>
<td></td>
</tr>
<tr>
<td>Impairment Charges</td>
<td>$31.1</td>
<td></td>
</tr>
<tr>
<td>Operating Income ex Impairment Charges</td>
<td>$119.5</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>8.5%</td>
<td></td>
</tr>
</tbody>
</table>

Pursuant to SEC Regulation G, the Company has included the following reconciliation of operating income reported on the basis of Generally Accepted Accounting Principles (“GAAP”) to EBITDA on a non-GAAP basis. The Company believes the non-GAAP EBITDA and ratios using EBITDA are used by banks, debt holders and investors as important measures of the Company’s performance and ability to service debt obligations.

<table>
<thead>
<tr>
<th></th>
<th>Aug 31, 2009</th>
<th>TTM</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ Millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Recourse Debt</td>
<td>$346.1</td>
<td></td>
</tr>
<tr>
<td>Cash/Cash Equivalents</td>
<td>($122.8)</td>
<td></td>
</tr>
<tr>
<td>Net Recourse Debt</td>
<td>$223.3</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>$119.5</td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>$38.3</td>
<td></td>
</tr>
<tr>
<td>EBITDA 1,2</td>
<td>$157.8</td>
<td></td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td>1.4</td>
<td></td>
</tr>
</tbody>
</table>

1 Operating Income and EBITDA excludes impairment charges related to aircraft in Q2 2009 ($21.0 million) and inventory impairment in Q4 2009 ($10.1 million).

2 EBITDA represents operating income plus amortization and depreciation.