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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

October 6, 2010
Date of Report (Date of earliest event reported)

AAR CORP.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of incorporation)

1-6263
(Commission File Number)

36-2334820
(IRS Employer Identification No.)

One AAR Place, 1100 N. Wood Dale Road
Wood Dale, Illinois 60191
(Address and Zip Code of Principal Executive Offices)

Registrant’s telephone number, including area code: (630) 227-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 7.01. Regulation FD Disclosure.

AAR CORP. (the “Company”) will hold an “Investor Day” conference in New York City on Wednesday, October 6, 2010, beginning at 8:00 a.m. (ET). David P. Storch, Chairman and Chief Executive Officer, Timothy J. Romenesko, President and Chief Operating Officer, and Richard J. Poulton, Vice President, Chief Financial Officer and Treasurer, will speak at the conference. There also will be separate presentations from the business leaders of the Company’s four business segments: Aviation Supply Chain, Maintenance, Repair and Overhaul, Structures and Systems, and Government Defense and Programs.

Attached as Exhibit 99.1 are the slides that will be used by the Company’s officers at the conference. As reflected on the conference slides, the Company has updated its guidance for the fiscal year ending May 31, 2011 as follows: expected sales of $1.6 billion to $1.7 billion (up from $1.5 billion to $1.6 billion) and expected diluted earnings per share of $1.35 to $1.50 (up from $1.25 to $1.40).

The audio webcast of the conference will be available live and for replay for 30 days from the presentation date and can be accessed from the “Investor Relations” section of the Company’s website at www.aarcorp.com under “Investor Relations/Events and Presentations.”

The information in this Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise stated in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 6, 2010

AAR CORP.

By: /s/ RICHARD J. POULTON

Richard J. Poulton
Vice President, Chief Financial Officer and Treasurer
<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
</table>
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, 2010 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>
</tr>
</thead>
<tbody>
<tr>
<td>7:30 AM</td>
<td>Breakfast</td>
<td></td>
</tr>
<tr>
<td>8:00 AM</td>
<td>AAR CORP. Overview</td>
<td>David Storch, Chairman and Chief Executive Officer</td>
</tr>
<tr>
<td>8:20 AM</td>
<td>Aviation Supply Chain</td>
<td>John Holmes, Vice President, Aviation Supply Chain</td>
</tr>
<tr>
<td>8:40 AM</td>
<td>Maintenance, Repair &amp; Overhaul</td>
<td>Dany Kleiman, Group Vice President</td>
</tr>
<tr>
<td>9:00 AM - 9:20 AM</td>
<td>BREAK</td>
<td></td>
</tr>
<tr>
<td>9:20 AM</td>
<td>Structures &amp; Systems</td>
<td>Terry Stinson, Group Vice President</td>
</tr>
<tr>
<td>9:40 AM</td>
<td>Government &amp; Defense Services</td>
<td>Randy Martinez, Group Vice President</td>
</tr>
<tr>
<td>10:00 AM</td>
<td>Operational Review</td>
<td>Tim Romenesko, President and Chief Operating Officer</td>
</tr>
<tr>
<td>10:10 AM</td>
<td>Financial Highlights</td>
<td>Rick Poulton, Chief Financial Officer and Treasurer</td>
</tr>
<tr>
<td>10:20 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
Introduction

- Diversified and balanced portfolio of Aerospace & Defense businesses
  - Commercial and Government & Defense end markets split approximately 50/50
  - Government & Defense portfolio split approximately 55/45 between manufacturing and services
  - Commercial business split approximately 45/55 between products and services

- Growth opportunities in both Commercial and Government & Defense markets
  - Early signs of commercial market recovery
  - Well positioned to grow in government/defense services market

- Path to 10% operating margins

- Strong balance sheet to support business and enable growth

- Deep management team
Business transformation has improved portfolio balance, strength and consistency.

May 31, 2001
- Aftermarket & Support Services: 89%
- Government: 17%
- Commercial: 83%
- Manufacturing: 11%

August 31, 2010 TTM
- Aftermarket & Support Services: 70%
- Government: 51%
- Commercial: 49%
- Manufacturing: 30%
Balanced Portfolio

<table>
<thead>
<tr>
<th>Aviation Supply Chain</th>
<th>Maintenance, Repair &amp; Overhaul</th>
<th>Government &amp; Defense Services</th>
<th>Structures &amp; Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>AWS</td>
<td>DSL</td>
</tr>
<tr>
<td>Commercial Parts Supply</td>
<td>Expeditionary Air Lift</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component Repair</td>
<td>Supply Logistics Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Logistics Programs</td>
<td>Command and Control Integration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landing Gear Repairs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>48%</th>
<th>27%</th>
<th>25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>93% Commercial</td>
<td>0% Commercial</td>
<td>11% Commercial</td>
</tr>
<tr>
<td>7% Government &amp; Defense</td>
<td>100% Government &amp; Defense</td>
<td>89% Government &amp; Defense</td>
</tr>
</tbody>
</table>

Percentages represent estimated FY 2011 business breakdown.
Broad Array of Commercial Aftermarket Support Solutions

August 31, 2010 TTM Sales of $701 million (49% of AAR)

**Products 45%**

- Airframe and Engine Parts Supply
  - Established industry leader
  - Over 45,000 line items from 250 manufacturers
  - Offices in 12 countries
- Fleet Management Solutions
  - Integrated supply chain management programs
  - Material planning, sourcing, logistics, repair and information management
- PMA Parts Development

**Services 55%**

- Four U.S. MRO facilities
  - IND, MIA, OKC, HOT
  - Primarily narrow body and regional capability; also wide-body
- Component Repair
  - Broad technical capability for commercial and defense platforms
- Landing Gear Repair
  - Miami and Malaysia
- Engineering Services
- Structural Repair

Well balanced between commercial products and services
Balance in Our Defense Portfolio Between Manufacturing and Services

August 31, 2010 TTM Sales of $722 million (51% of AAR)

<table>
<thead>
<tr>
<th>Products 55%</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Mobility Products</td>
</tr>
<tr>
<td>• Used as in-theatre command and control centers, briefing rooms, kitchens, dorms</td>
</tr>
<tr>
<td>▶ Transportation Devices</td>
</tr>
<tr>
<td>• Pallets, Containers, CROPs</td>
</tr>
<tr>
<td>▶ Composites and Metal Structures</td>
</tr>
<tr>
<td>• S-92 and CH-148 helicopter interiors</td>
</tr>
<tr>
<td>• F22 countermeasures and structures</td>
</tr>
<tr>
<td>• F35 structural parts</td>
</tr>
<tr>
<td>▶ Cargo Handling Systems</td>
</tr>
<tr>
<td>• CH-47, C-130, A400M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services 45%</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Supply Chain Management and Logistics Support</td>
</tr>
<tr>
<td>• UK AWACS</td>
</tr>
<tr>
<td>• J-STS</td>
</tr>
<tr>
<td>• KC-10</td>
</tr>
<tr>
<td>▶ OEM Parts Distribution</td>
</tr>
<tr>
<td>▶ Aircraft Maintenance and Modification</td>
</tr>
<tr>
<td>▶ Expeditionary Airlift Services</td>
</tr>
</tbody>
</table>

AWS acquisition significantly strengthens Government & Defense business
Commercial Market Poised for Recovery

Int’l passenger traffic (left bar) continued to increase in July to +9% y/y after +12% growth in May and June

Trend of 10 straight months of positive month-to-month growth since Aug ’09 (excluding the one-off drop in Apr ’10)

Capacity grew 6%; since April 1, over 250 aircraft have returned to service from storage

Load factor in July was 83% and over 87% in North America

Premium traffic in July was up +14% y/y

Economy traffic was +9% in July

Premium traffic has only recovered half of its recession losses with leisure travel lagging

Source: IATA
Government & Defense Will See Growth in Select Areas

- Continued demand for cost-effective supplemental airlift services to U.S. DOD, DOS, UN, foreign governments and large contractors
- Cost reductions and efficiency gains a central strategy in future budgets (do more for less)
  - Will benefit companies specialized in logistics and supply chain management
- Maintenance and equipment life extension to use current systems and solutions for longer
  - Will benefit companies offering maintenance, reset and modifications
- Enhance robustness of C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance)
  - Will benefit AAR Integrated Technologies

Source: U.S. DOD, OFFICE OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER) / CFO
Path to 10% Operating Margins

- Commercial market recovery
- New capabilities and platforms
- Leverage SG&A

- New platforms and higher margin contract awards
- New markets

- Cost management
- Improved operational reliability rates
- Focus on execution
Deep Management Team

David Storch
Chairman and
Chief Executive Officer
32 years with AAR
32 years in Industry

Tim Romenesko
President and
Chief Operating Officer
30 years with AAR
30 years in Industry

Rick Poulton
Chief Financial Officer
and Treasurer
4 years with AAR
20 years in Industry

John Holmes
Vice President,
Aviation Supply Chain
8 years with AAR
8 years in Industry

Dany Kleiman
Group Vice President,
Maintenance, Repair &
Overhaul
1 year with AAR
20+ years in Industry

Terry Stinson
Group Vice President,
Structures & Systems
3 years with AAR
40 years in Industry

Randy Martinez
Group Vice President,
Government & Defense
Services
2 year with AAR
32 years in Industry

An accomplished and experienced leadership team dedicated to integrity, fiscal responsibility, operational excellence, customer satisfaction and stockholder value
Aviation Supply Chain

John Holmes
Vice President, Aviation Supply Chain
John Holmes  
*Vice President, Aviation Supply Chain*

- Leads AAR’s Aircraft Component Services and Allen Asset Management
- Joined AAR CORP. in 2001
- Held various senior level positions
  - Vice President, Aviation Supply Chain
  - General Manager, Allen Aircraft
  - Director of Mergers and Acquisitions, AAR CORP.
  - Bank of America Capital Investors
  - William Blair & Company

- **Education**
  - Bachelor of Science degree in Finance from University of Illinois, Champaign
  - Masters Business Administration, University of Chicago Booth School of Business
Leading Provider of Airframe & Engine Parts

Airframe and Engine Parts Supply
- Boeing, Airbus and Regional aircraft and engine coverage
- Sales, leasing and programmatic supply
- Offices in 12 countries

Component Repair
- Broad technical capability for commercial and defense platforms
- Reliability and configuration management

Fleet Management
- Integrated supply chain management programs
- Material planning, sourcing, logistics, repair and information management
- Asset management
- Guaranteed service level & cost

Trading - Component Repair - Initial Provisioning - Surplus Remarketing - Planning, Logistics & IT - Integrated Supply Chain Programs

Commercial Services
Market Overview and Current Trends

Global MRO Market of $42.7B
- $5B addressable market
- 3.2% ten-year CAGR

Current Market Trends
- Airlines: Continued cash focus
- MROs: Easing maintenance deferrals
- OEMs: Aftermarket focus

Long-Term Market Trends
- Continued outsourcing
- Integrated support demand
- Delivery of low cost solutions
- International market expansion

Source: AeroStrategy, 2010 forecast.
Capacity reductions and short-term maintenance deferrals impacted top line in FY09 and FY2010

Signs of improved business activity
Improved airline profitability and the return of the business traveler are other positive trends that should over time lead to an improvement in the commercial aftermarket.
Strategy – Summary

Align trading and repair businesses to support programmatic business

Commercial Parts Supply
- Increase strategic relationships with OEMs
- Expand geographic capabilities

Repair
- Capability rationalization
- Invest to support key platforms

Fleet Management
- Programs fuel the parts supply business
- Programs fund capability development
- Programs drive geographic expansion
Strategy – Commercial Parts Supply

New Gen Products | New Sources

- Establish market position in newer generation platforms
- Focus on structured supplier relationships
- Consignment aircraft and engines for teardown
- Alignment with major lessors
- Improve inventory turns
Strategy – Repair

Focused Capability Development

► Capability rationalization – NY and Amsterdam
► Investment in new generation platforms (large and growing fleets)
► Cooperation with OEMs
► Infrastructure built for multiple program customers
Strategy – Fleet Management

Fleet Management Programs

- Leverage sourcing and repair infrastructure
- Offer highly customized operational solutions
- Drive lower cost through inventory optimization
- Form partnerships and alliances where necessary

Program Examples

- **Air Canada Jazz: Full support for 70 regional jets**
  - Leverage existing inventory pool
  - Foundation for growth with Air Canada

- **Gulf Air: Inventory management – 33 Airbus and EJet**
  - First Airbus and EJet support program
  - IT enhancements
  - Gulf Region footprint
Summary

- Continue to build 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
Maintenance, Repair & Overhaul

Dany Kleiman
Group Vice President
Dany Kleiman  
*Group Vice President, MRO*

- Leads AAR’s Maintenance, Repair and Overhaul business, Landing Gear, PMA and Engineering Services  
- Joined AAR CORP. in 2009  
- Career Highlights  
  - Israel Aerospace Industries  
    - Corporate VP & GM Bedek Aviation Group  
    - COO  
    - GM Production Division & Business Jet Programs of IAI’s Commercial Aircraft Group  
  - ISRAVIATION  
    - VP of Operations and Chief Engineer  
  - Major in Israeli Air-Force – 8 years of service  
- Education  
  - BSE in Aeronautical Engineering from Israel Institute of Technology in Technion, Haifa, Israel
Provide full range of airframe heavy maintenance service at four MRO facilities across the U.S.

Landing Gear Services facilities in Miami & Malaysia

PMA, Engineering & Backshops

Portal for other AAR businesses

ONE OF THE LARGEST PROVIDERS OF OUTSOURCED MRO SERVICES IN NORTH AMERICA
## MRO Operations

<table>
<thead>
<tr>
<th>Airframe MRO</th>
<th>Landing Gear Services</th>
<th>Additional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6M sq. ft.</td>
<td>130K sq. ft.</td>
<td>Airframe Component Services</td>
</tr>
<tr>
<td>3.5M man hours per year</td>
<td>600 legs per year</td>
<td>PMA Parts Development</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>Miami</td>
<td>Engineering Services</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hot Springs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miami</td>
<td></td>
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</tr>
</tbody>
</table>

**Additional Services**
- PMA Parts Development
- Engineering Services

**Commercial Services**

![AAR Logo](AAR logo)
## Airframe MRO Industry Perspective

<table>
<thead>
<tr>
<th>FY 2010</th>
<th>FY 2011 &amp; beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>▶ Decrease consumer and business travel spending</td>
<td>▶ Increase in travel demands</td>
</tr>
<tr>
<td>▶ Airlines focused on reducing costs, deferring maintenance and reducing inventory levels</td>
<td>▶ Improvement in airline earnings</td>
</tr>
<tr>
<td>▶ Airlines parked aircraft that required heaviest checks</td>
<td>▶ Deferred maintenance being brought up to date and airlines are investing in their product</td>
</tr>
<tr>
<td>▶ Reduced fleet size in North America</td>
<td>▶ Greater demand for the “one stop shop” MRO catering to specific needs of the customer</td>
</tr>
<tr>
<td>▶ 20% - 30% reduction in outsourced MRO since 2008</td>
<td>▶ Costs remain a key consideration</td>
</tr>
<tr>
<td></td>
<td>▶ Recent increase in market activity; expectation for continued improvement in second half of FY11</td>
</tr>
</tbody>
</table>
Focus on Customer Relationships

<table>
<thead>
<tr>
<th>Key Customers</th>
<th>Recent Wins</th>
</tr>
</thead>
<tbody>
<tr>
<td>AirTran</td>
<td>Delta</td>
</tr>
<tr>
<td>SouthWest</td>
<td></td>
</tr>
<tr>
<td>Alaska Airlines</td>
<td></td>
</tr>
<tr>
<td>Hawaiian Airlines</td>
<td></td>
</tr>
<tr>
<td>Sikorsky</td>
<td></td>
</tr>
<tr>
<td>Ilfc</td>
<td></td>
</tr>
<tr>
<td>Mesa Airlines</td>
<td></td>
</tr>
<tr>
<td>U.S. Airways</td>
<td></td>
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</tbody>
</table>

Commerical Services AAR
Plan for Higher Profitability & Cash Generation

**Best Value to Customer**
- Top quality fully integrated service provider
- Exceed customer expectations
- Bundle services and additional value added product lines
- Flexibility to our customers
- Cost competitive

**Improve Execution**
- “One MRO” concept for all facilities
- Quality and safety management program
- LEAN implementation to enhance operational excellence
- Consolidate and leverage procurement efforts
- Leverage infrastructure for additional revenue

Commercial Services
### Landing Gear Services

<table>
<thead>
<tr>
<th>Operations</th>
<th>Growth &amp; Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the largest independent providers for LG repair and overhaul</td>
<td>Improve execution and business practices</td>
</tr>
<tr>
<td>Customer base includes most of the major U.S. carriers</td>
<td>Maintain and enhance technology</td>
</tr>
<tr>
<td>Wheels and Brakes - supporting commercial and military customers</td>
<td>Focus on domestic legacy carrier market expansion</td>
</tr>
<tr>
<td>100 percent in-house capabilities</td>
<td>Penetrate the Asia Pacific region</td>
</tr>
</tbody>
</table>

### Key Customers

- Hawaiian Airlines
- FedEx
- Airborne Express
- SkyWest Airlines
- United Airlines
- US Airways
- AirAsia

### Recent Wins

- Commercial Services
- AAR
Expend and grow existing product lines

Grow cabin interior modifications in the global markets

Capture OEM market

Enhance business and execution practices to enable growth

Grow revenues through internal AAR business

Package airframe components offering to external customers

Substantially grow AAR KC-10 program work

Integrate engineering resources

Integrate sales and marketing with AAR distribution

Focus on supporting internal AAR businesses

Expand aircraft interiors product offerings

INTEGRATED INTO ONE BUSINESS

AAR Commercial Services
Financial Trends

- Capacity reductions and maintenance deferrals impacted 2010 top line.
- Proactive business and operations approach supported Gross Margins.
- Focus on growing the business, improving margins and generating cash.

<table>
<thead>
<tr>
<th>Highlights</th>
<th>Financial Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Capacity reductions and maintenance deferrals impacted 2010 top line.</td>
<td>FY2008</td>
</tr>
<tr>
<td>- Proactive business and operations approach supported Gross Margins.</td>
<td>FY2009</td>
</tr>
<tr>
<td>- Focus on growing the business, improving margins and generating cash.</td>
<td>FY2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% Margin</th>
<th>FY2008</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.6%</td>
<td>$304 M</td>
<td>$349 M</td>
<td>$301 M</td>
</tr>
<tr>
<td>14.7%</td>
<td>$310 M</td>
<td>$349 M</td>
<td>$301 M</td>
</tr>
<tr>
<td>12.7%</td>
<td>$310 M</td>
<td>$349 M</td>
<td>$301 M</td>
</tr>
<tr>
<td>12% - 15%</td>
<td>$310 M</td>
<td>$349 M</td>
<td>$301 M</td>
</tr>
</tbody>
</table>
Outlook & Summary

- “Top Quality Fully Integrated Service Provider”
- Increase market share
- Innovative product line offering
- Improve execution
- Drive efficiencies
- Enhance profitability and cash generation
Terry Stinson
Group Vice President, Structures & Systems

- Leads AAR’s Mobility Systems, Precision Systems and Cargo Systems businesses
- Joined AAR CORP. in 2007
- An Aerospace industry veteran
  - 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 U.S. Air Force Reserve and National Guard
- Education
  - Degree in Industrial Management from Georgia Institute of Technology
Key Supplier to Aerospace & Defense Industry

- Three major businesses
  - Mobility Systems, Precision Systems and Cargo Systems
- Key supplier to government and defense industry
  - 89% Government and 11% Commercial
- 11 facilities in 7 States
- Solid backlog
- Strong future growth opportunities

**FY2010 Highlights**

- Strong Financial Results
- Key Programs Wins
  - Mobility Systems – over $200M in new contracts
  - Bombardier – $115M Contract: C-Series
  - Sikorsky – $60M Contract: S-92 interiors
- A400M Program First Flight
- Reorganized SUMMA & Composites into Precision Systems
FY2011
Continue to Focus on 6 Key Strategic Initiatives

1. Build **balance** across business units
2. Develop closer **relationships** with customers and win larger program work
3. Road towards **Tier I Supplier** with more proprietary content & “end to end” solutions
4. Drive cost reductions through **operational improvements** & leveraging synergies across operating units
5. Invest in **new technologies & products**
6. Strategic **acquisitions**
Building Balance Across Structures & Systems

Future sales growth driven by positioning businesses on key platforms

Key Platforms

Cargo Systems
- A400M
- C-X
- KC-390
- KC-45 Repl.

Precision Systems
- S-92
- C-Series
- F-35
- G-650
- 737, 747, 767, 777, 787

Mobility Systems
- Services & Integration
- New Products

Structures & Systems

0% 15% 30% 45%
% of Structures & Systems Revenue
Cargo Systems
Cargo Systems

- Cargo handling systems for main deck of military & commercial aircraft

- Well positioned on major programs
  - Airbus A400M
  - Japanese C-X Military Transport
  - Embraer KC-390 Military Transport
  - EADS KC-45 Tanker Program

- A400M program highlights
  - Tier I contract with Airbus
  - 1st revenue ship sets in FY2011
  - 192 aircraft currently on order
  - Successful 1st flight in November 2009
  - 3 aircraft currently in Flight Test Program with over 500 flight hours

State of the Art Technology

<table>
<thead>
<tr>
<th>Cargo Handling System + Aerial Delivery System</th>
<th>KC-390</th>
<th>A400M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo Handling System</td>
<td>C-27J</td>
<td>C-X</td>
</tr>
<tr>
<td></td>
<td>C-130</td>
<td>KC-45 Repl.</td>
</tr>
<tr>
<td></td>
<td>CH-47</td>
<td></td>
</tr>
</tbody>
</table>

100% Mechanical Electronic w/ Mechanical Backup 100% Electronic

A400M Cargo Compartment Depiction

CH-47 Helicopter Internal Cargo Handling System (HICHS)
**Cargo Systems**

*Excellence in Cargo System Technology & Systems Integration*

<table>
<thead>
<tr>
<th>Build Balance</th>
<th>Customer Relationships</th>
<th>Tier I Supplier</th>
<th>Continuous Improvements</th>
<th>Invest in New Technology &amp; Products</th>
<th>Acquisitions</th>
</tr>
</thead>
</table>

- Capitalize on Technology & Systems Integration capabilities
  - Grow share of conversion market
  - Enter commercial OEM market
  - Diversify into complimentary areas

- Maintain & grow Tier I relationships with key customers

- Continue to invest in next generation capabilities

- Evaluate acquisitions to grow market share
**Precision Systems – Machining & Composites**

**Significant changes made in FY2010**

- Combined SUMMA Technologies & Composites into Precision Systems
- Consolidated leadership team
  - GM
  - Business Development & Program Management
  - Operations
  - Finance & HR
- Leveraged synergies across business
- Focused on core customers
  - Customer relationships, overall performance & price

### Common Customers Across Markets

<table>
<thead>
<tr>
<th>Military Market</th>
<th>Lockheed Martin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Northrop Grumman</td>
</tr>
<tr>
<td><strong>Commercial Market</strong></td>
<td><strong>Spirit, Boeing, Bombardier</strong></td>
</tr>
<tr>
<td><strong>Rotary-wing Aircraft</strong></td>
<td><strong>Sikorsky</strong></td>
</tr>
<tr>
<td><strong>Business Aviation</strong></td>
<td><strong>Gulfstream, Bombardier, Cessna</strong></td>
</tr>
<tr>
<td><strong>Missiles</strong></td>
<td><strong>Raytheon</strong></td>
</tr>
</tbody>
</table>

---

- **Sikorsky S-92 Interior**
- **Setup of 10ft. diameter by 25ft. length Autoclave**
- **Lockheed F-16 Bulkhead**

---

**Structures & Systems**
Precision Systems

Key Platforms for Future Growth

Key Platforms

Cargo Systems
- A400M
- C-X
- KC-350
- KC-45 Repl.

Precision Systems
- S-92
- C-Series
- F-35
- G-650
- 737, 747, 767, 777, 787

Mobility Systems
- Services & Integration
- New Products
Leverage customer relationships to win new business

Continue transitioning to Tier I supplier
- Design responsibility - not just build to print
- Grow sub-assembly work - not just part producer

Realize additional cost reductions with business synergies

Invest in engineering & manufacturing technology capabilities
- Focus on high-precision, complex components & assemblies
Mobility Systems
Mobility Systems

- Rapid deployment equipment to aid the mobilization of troops, gear and specialized workspaces
  - Shelters, pallets, containers and services
  - Strong market position across product lines
  - Excellent financial performance in FY2010
  - Focused on strategic growth
    - Services & Integration
    - New products

![](image1)

Market Share
(Shelters, Pallets, Containers & Services)

- Mobility 70%
- Other 30%

![](image2)

Structures & Systems

AAR
Mobility Systems
DOD Budget Impacts Current & Future Market

Exhibit 1: U.S. Defense Spending – Core DOD Authorization Budget and Wartime Supplementals ($ in billions)

Mobility Products Continue to Support Military Personnel World Wide

- Infrastructure re-build in Iraq
- Afghanistan war
- Maintenance & Overhaul of Government equipment
- Operational budgets remain strong out to 2015
- New requirements / solutions
- Growing international market

Source: Office of Management and Budget (Obama Administration Projections)
Mobility Systems – New Products

Encampment

Shower Unit
Latrine Unit
Workshop
Mobility Systems – New Products

Lightweight Multi-purpose Shelter (LMS)

Hardsided Expandable Small Air Mobile Shelter (HESAMS)
Leverage strong market position & manufacturing capabilities
- Expand into new areas - Service Business (repair, maintenance & integration)
- New customers & expand global presence - e.g., Middle East

Drive bottom line results through continuous improvements

Develop innovative new products & solutions
- Encampment
- Lightweight Multi-purpose Shelter
- Hardsided Expandable Small Air Mobile Shelter
Financial Trends

Focused on consistent financial performance

<table>
<thead>
<tr>
<th>Highlights</th>
<th>Financial Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010 financial performance</td>
<td></td>
</tr>
<tr>
<td>- 4% Sales growth</td>
<td></td>
</tr>
<tr>
<td>- 39% Gross Profit growth</td>
<td></td>
</tr>
<tr>
<td>Consistent year over year margin improvement</td>
<td></td>
</tr>
<tr>
<td>- FY2010 – 20.6%</td>
<td></td>
</tr>
<tr>
<td>- FY2011 – margins to return to historical trend levels</td>
<td></td>
</tr>
<tr>
<td>Strong Q1 FY2011 performance</td>
<td></td>
</tr>
<tr>
<td>Continued investment in businesses</td>
<td></td>
</tr>
<tr>
<td>- Capex of $15M to $20M per year</td>
<td></td>
</tr>
</tbody>
</table>

% Margin | 14.1% | 15.4% | 20.6% | 16% - 18%
Summary

Re-establishing the Growth Trajectory

- Build Balance
- Focus on Customer Relationships
- Transition to a Tier 1 Supplier
- Operational Improvements & Leverage Synergies
- Invest in New Technologies & Products
- Acquire Companies Synergistic to the Business
Government & Defense Services

Randy Martinez
Group Vice President
Randy Martinez
Group Vice President, Government and Defense Services

- Leads AAR’s Defense Systems and Logistics, Integrated Technologies and Aviation Worldwide Services businesses
- 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
- 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
- Serves on the boards of Safe Ports, Inc. and The Military Airlift Committee of the National Defense Transportation Association
- 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
  - Kellogg School of Business CEO Perspectives
Three major businesses
- Defense Systems and Logistics (DSL)
- Integrated Technologies (InTech)
- Aviation Worldwide Services (AWS)

Provider of critical services and products to government and defense customers
- 94% Domestic and 6% International

Over 1,100 employees (40% overseas)

Strong future growth opportunities

Customer Value
- Close to the customer
- Honor our commitments
- Large business capability with small business speed and agility
- Scalable and adaptable capabilities
- Uncompromising commitment to safety, quality and regulatory compliance

Government and Defense Services (GDS)
### Key Strengths

- Diversified portfolio of products and services to government and defense customers
- Support U.S. and foreign governments and OEMs for mission critical programs
- Defensible market niches
- Offers services and capabilities in areas of budgetary priority
- Strong business development pipeline

### Key Highlights

- Formation of Government and Defense Services group
- Highest annual revenue, gross margin and operating profit in DSL history
  - KC-10 supply chain award
- InTech (formerly Brown International) repositioned strategy and streamlined operations
- Aviation Worldwide Services acquisition
- Expanded global presence
DoS and DHS budget increases will provide an offset to expected declines in future DoD supplemental spending.

Well positioned within programs of budgetary priority:
- Airlift/Logistics
- C4I
- Supply Chain Management
# Quadrennial Defense Review (QDR)

The QDR proposes four DoD tenants

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prevail in Today’s Wars</strong></td>
<td>Focus on sustaining the fight against insurgent forces in Afghanistan and Iraq</td>
</tr>
<tr>
<td></td>
<td>Emphasizes the need to increase selected military capabilities and to increase the capacity of the Afghan and Iraqi governments</td>
</tr>
<tr>
<td><strong>Prevent and Deter</strong></td>
<td>Emphasizes the importance of land, air and naval forces ability to prevail against anti-access denial threats capability - the ability to blunt or deny U.S. power projection across all domains</td>
</tr>
<tr>
<td></td>
<td>Focuses on the need to sustain a minimum nuclear deterrent</td>
</tr>
<tr>
<td><strong>Prepare for a Range of Future Contingencies</strong></td>
<td>Armed forces must be prepared to effectively respond to a range of considerably varying contingencies, operating environments and adversaries</td>
</tr>
<tr>
<td></td>
<td>Implies the need to sustain, modernize and innovate a diverse array of capabilities</td>
</tr>
<tr>
<td><strong>Preserve and Enhance the All Volunteer Force</strong></td>
<td>Sustain the rotational base</td>
</tr>
<tr>
<td></td>
<td>Provide care for service members and their families</td>
</tr>
<tr>
<td></td>
<td>Regenerate the force</td>
</tr>
</tbody>
</table>
Well Positioned within Areas of QDR Priority

GDS possesses direct or adjacent capability in 5 of 6 areas of QDR priority:

- **Defend the United States and Support Civil Authorities at Home**
  - Enhance capabilities for domain awareness
  - Next-generation over the horizon radar

- **Succeed in Counterinsurgency, Stability, and Counterterrorism Operations**
  - Increase availability of rotary wing assets
  - Expand manned/unmanned ISR
  - Increase enabling assets for SOF

- **Build the Security Capacity of Partner States**
  - Improve training of partners' aviation forces
  - Enable more rapid transfer of critical materials and capabilities

- **Deter and Defeat Aggression in Anti-Access Environments**
  - Expand future long-range strike capabilities and ISR capabilities
  - Enhance the robustness of C4ISR

- **Prevent Proliferation and Counter Weapons of Mass Destruction**
  - Develop greater cyber expertise and awareness

- **Operate Effectively in Cyberspace**

Adjacent Capability
Direct Capability

Government & Defense Services
Defense Systems and Logistics
Defense Systems and Logistics

Providing supply chain management services to OEMs supporting military aerospace programs for the U.S. Government and allied military services

- Comprehensive maintenance, supply and logistics support
  - Department of Defense (DoD)
  - Major defense integrators
  - Allied military services

- Supply Chain Management (~70%)
  - Complete inventory management
  - Information systems integration with DoD legacy systems

- Distribution (~30%)

Key Strengths

- Strong past performance
- Balanced and diversified customer base
- Consistent growth in continuous logistics support and OEM distribution
- Low capital intensity
DSL - Growth Opportunities

- DoD increasing outsourcing of supply chain management
  - Well positioned to provide OEMs greater value added services (3PL to 4PL)
  - More opportunities to directly provide parts distribution and continuous logistics support to the DoD and allied military customers
- Opportunity to target governmental non-DoD aircraft sustainment programs (e.g., DHS, FBI)
Integrated Technologies

Leading designer and integrator of advanced command and control systems

- State of the art C4I design, development, deployment and support
  - Fixed and mobile tactile operation centers
  - Next generation architectures for mounted and dismounted personnel
- Technical service teams and support services
  - Rapid response
  - CONUS and OCONUS

FY2010 Transformation

- Hired new leadership
- Optimized processes
- OEM contract wins
- Well positioned within growing C4ISR market
InTech - Growth Opportunities

Revenue and margin expansion as InTech advances beyond prototyping and develops and sells proprietary products and services

► Advancing beyond prototyping and developing proprietary products and services
  - Next Generation Command and Control and Contingency Response Communication Systems (CRCS)

► Bidding opportunities
  - Automatic Fire Extinguishing System (AFES)
  - Blast Resistant Shelters

New Products

- Next Generation Command and Control
- Next Generation CRCS
- Blast Resistant Shelters
- Automatic Fire Extinguishing System Replacement Program

Government & Defense Services
Aviation Worldwide Services
Aviation Worldwide Services

Leading provider of expeditionary, highly-sensitive and mission-critical aviation services around the world

- Turnkey solutions including flight operations, maintenance, modifications, logistical support and training
- Unique collection of assets and capabilities; operating fleet of 44 aircraft
- Proven capability operating in austere environments

Key Strengths

- Key licenses and certifications
  - FAA Part 133 and 135 licenses to operate aircraft
  - Part 145 to operate repair station
- Commercial Airlift Review Board (CARB) certified with DoD
- Management team
### Aviation Worldwide Services

### Post Acquisition Highlights

<table>
<thead>
<tr>
<th>Task</th>
<th>Accomplishments</th>
</tr>
</thead>
</table>
| Upgrade Leadership Team          | - Reorganized and simplified reporting structure  
                                | - Hired outstanding leaders                                                     |
| Safety and Compliance            | - Focus on relationship with the FAA and key customers  
                                | - Top to bottom compliance review                                               |
|                                  | - Relentless focus on safety and compliance                                     |
| Improve Operational Reliability  | - Focus on mission capable rates                                               |
|                                  | - In-sourced supply chain management                                            |
|                                  | - Instituted process driven maintenance planning                               |
| Relocation and Re-branding       | - Relocation in calendar year 2011                                              |
|                                  | - Renaming and re-branding tied to relocation                                   |
Global unrest and instability will continue to drive demand for AWS' services

AWS Market Opportunities

- DoD
  - TRANSCOM
  - AFRICOM
  - Military Sealift Command

- DoS
  - INL
  - USAID

- DHS
  - Foreign Governments

- United Nations
  - NGOs
  - NATO

AWS – Continued

Government & Defense Services
TRANSCOM Contract Award

- Selected by U.S. Transportation Command to provide additional airlift in Afghanistan

- Accepted on $4.9B 5-year ID/IQ award for all three lift categories (super-heavy, heavy and medium)
  - Represents AWS entry into the super-heavy airlift category

- Initial Task Order to AWS for 6 of the 18 awarded aircraft for $450M over 5 years
  - 4 Sikorsky S-61s and 2 Sikorsky S-92s

- Aircraft expected to be deployed between December 2010 and February 2011
Highlights

- AWS acquisition
- KC-10 program impact on DSL
- Continued investment in businesses
- Significant increase expected in FY2011 revenue and gross profit

Financial Results

<table>
<thead>
<tr>
<th>% Margin</th>
<th>21.2%</th>
<th>22.7%</th>
<th>21.7%</th>
<th>18% - 20%</th>
</tr>
</thead>
</table>

Government & Defense Services
Move up the value chain into higher margin products and services

Continue to diversify customer base

Utilize cross-GDS synergies and better enable opportunity outflow to other AAR business units

Build sustainable pipeline of new business

Continue to upgrade leadership teams
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

- Leverage relationships across AAR and expand customer base
- Dependable service and reduced cycle times, allowing customers to lower total cost
- Proactively manage cost structure and progress towards SG&A target of <10% of sales
- Strong balance sheet and liquidity position a strategic asset that positions AAR to capture additional opportunities
- Long-term Operating Margin target of 10%

Activities are becoming an embedded part of AAR’s management system.
Drive Quality in Everything We Do

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

Leverage Existing Relationships

Develop New Customers

DELTA

NORTHROP GRUMMAN

allegiant air

HAWAIIAN AIRLINES

OSHKOSH

Sikorsky

A United Technologies Company

BOMBARDIER

GULF AIR

Develop New Products and Capabilities

Enter New Markets

Driving business development across the company
Capture – Sample Integrated Offering

- Material management support for engine shops
- Repair of rotable material
- OEM parts distribution
- Support for 777 and 767 fleet
- 737 and MD-90 support at Indianapolis and Miami
- Crew rest modules for 767
- PMA engine parts

Largest airline fleet in the world with 730 aircraft
Operational Focus – Cost

- Driving Productivity Gains
- Leveraging Technology to Improve Efficiency
- Integration of AWS
- Strategic Sourcing
- Staffing Levels

![Graph showing quarterly SG&A and SG&A as % of Sales]

Working towards SG&A target of <10% of sales
Operational Focus – Cash

- Reduced inventory by $50 million in FY10, excluding the impact of AWS.
- Invested in inventory during Q1 to support new contracts and operational reliability at AWS.
- Continue to focus businesses on converting assets to cash.
- Generate operating cash flow for new investments and growth.

$153 million in operating cash flow in FY10 and $218 million over the past two fiscal years.
Every 10 basis points of margin expansion adds ~$0.02 in annual earnings per share

Operational Focus – Margin Expansion

Commercial Market Growth
- Growth in supply chain business as commercial markets recover
- Higher throughput at MRO centers
- New capability development and platform extension

Growth in Government and Defense Services
- New platforms at AWS and DSL
- Sophisticated machining and assembly capability
- New markets for Mobility products and C4I systems

Operational Efficiency
- Cost management:
  - Streamline operations and facility consolidation
  - Strategic sourcing across facilities
- Improved operations:
  - Operational reliability rates at AWS
  - Execution in MRO and manufacturing

Operating Profit Margin

<table>
<thead>
<tr>
<th></th>
<th>Peak (FY08)</th>
<th>FY10</th>
<th>Q1 FY11</th>
<th>Target FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.7%</td>
<td>6.7%</td>
<td>6.8%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Every 10 basis points of margin expansion adds ~$0.02 in annual earnings per share
Operational Focus

Through solid execution, we entered Fiscal 2011 with optimism and momentum.

Capture
Cost
Quality
Cash
Margin Expansion
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
Key Financial Highlights

- Diversified revenue stream with momentum
- Strong balance sheet with low leverage
- Modest debt maturities for next few years
- Financially strong position to support business and enable growth
## AWS – New Contract Award

### Revised Guidance

<table>
<thead>
<tr>
<th></th>
<th>Announced Deal</th>
<th>Impact from 1st Quarter business awards</th>
<th>1st Quarter Revised Guidance</th>
<th>FY2011 Impact of New IDIQ</th>
<th>Current Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$180M</td>
<td>$50M - $60M</td>
<td>$230M - $240M</td>
<td>$40M</td>
<td>$270M - $280M</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$40M - $45M</td>
<td>$10M</td>
<td>$50M - $55M</td>
<td>$10M</td>
<td>$60M - $65M</td>
</tr>
</tbody>
</table>

**New award for an additional six helicopters**
Diversified Revenue Stream

Increasing range of revenue guidance (up 18 - 26% from FY10)
Diluted Earnings Per Share From Continuing Operations

Increasing range of EPS guidance (up 16 - 29% from FY10)

AAR
Strong Balance Sheet with Low Leverage

Net Debt\(^{(1)}\) / EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>TTM (2,3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt (1)</td>
<td>1.9x</td>
<td>2.3x</td>
<td>1.9x</td>
<td>2.3x</td>
<td>2.2x</td>
</tr>
<tr>
<td>EBITDA (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Debt \(^{(1)}\)/ Total Capitalization

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>TTM (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>51%</td>
<td>56%</td>
<td>51%</td>
<td>51%</td>
<td>61%</td>
</tr>
<tr>
<td>Debt</td>
<td>49%</td>
<td>44%</td>
<td>49%</td>
<td>49%</td>
<td>39%</td>
</tr>
</tbody>
</table>

(1) Debt at face value
(2) Pro Forma EBITDA for full year AWS in FY 2010 and TTM.
(3) TTM is for the twelve months ending August 31, 2010.
Modest Debt Maturities for Next Few Years

Includes $120M that converts at approximately $29.43 per share; Conversion shares already in EPS calculation

(1) Excludes revolver which will be rolled over.
As of 8/31/2010
Well Positioned for Targeted Investments

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

Free Cash Flow and Incremental Borrowing Capacity

Acquisitions
- Actively reviewing several opportunities to enhance capabilities and drive scale into the business

Debt Reduction
- Repurchase Stock

Organic Investments
- Supply Chain Programs
- Manufacturing Business Expansion
- Aircraft acquisition to support AWS growth
Valued Near Historical Lows

EBITDA excludes $31.1M of impairment charges. EBITDA for 5/31/2010 and 8/31/2010 TTM includes pro forma 12 month results for AWS.

Enterprise value for TTM is based on the close on October 1, 2010.

(1) 2009 EBITDA excludes $31.1M of impairment charges.
(2) EBITDA for 5/31/2010 and 8/31/2010 TTM includes pro forma 12 month results for AWS.
(3) Enterprise value for TTM is based on the close on October 1, 2010.
Non-GAAP Disclosure Reconciliation

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>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recourse Debt @ Par</td>
<td>232,042</td>
<td>293,624</td>
<td>284,220</td>
<td>470,644</td>
<td>417,803</td>
<td>465,936</td>
<td>471,999</td>
</tr>
<tr>
<td>Non-Recourse Debt</td>
<td>26,862</td>
<td>27,241</td>
<td>43,927</td>
<td>39,492</td>
<td>28,450</td>
<td>12,012</td>
<td>12,426</td>
</tr>
<tr>
<td>Total Debt</td>
<td>258,904</td>
<td>320,865</td>
<td>328,147</td>
<td>509,136</td>
<td>446,253</td>
<td>488,349</td>
<td>484,423</td>
</tr>
<tr>
<td>Cash</td>
<td>40,508</td>
<td>121,738</td>
<td>65,317</td>
<td>109,391</td>
<td>112,505</td>
<td>79,370</td>
<td>52,155</td>
</tr>
<tr>
<td>Net Debt</td>
<td>190,396</td>
<td>199,127</td>
<td>244,830</td>
<td>400,655</td>
<td>333,748</td>
<td>409,079</td>
<td>432,273</td>
</tr>
<tr>
<td>Operating Income</td>
<td>34,917</td>
<td>65,172</td>
<td>65,398</td>
<td>134,518</td>
<td>102,692</td>
<td>60,332</td>
<td>101,329</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>26,163</td>
<td>29,127</td>
<td>31,938</td>
<td>40,084</td>
<td>38,930</td>
<td>44,000</td>
<td></td>
</tr>
<tr>
<td>Amortization of Restricted Stock</td>
<td>1,263</td>
<td>3,690</td>
<td>3,698</td>
<td>6,218</td>
<td>9,335</td>
<td>10,136</td>
<td></td>
</tr>
<tr>
<td>Awards and Options</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Impairment Charge</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>AWS ProForma Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>65,343</td>
<td>97,989</td>
<td>131,002</td>
<td>180,539</td>
<td>180,335</td>
<td>174,014</td>
<td>193,286</td>
</tr>
<tr>
<td>Net Debt/EBITDA</td>
<td>2.9</td>
<td>2.0</td>
<td>1.9</td>
<td>2.3</td>
<td>2.3</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Shares</td>
<td>32,585</td>
<td>36,654</td>
<td>37,729</td>
<td>38,773</td>
<td>38,894</td>
<td>39,884</td>
<td>39,863</td>
</tr>
<tr>
<td>Price per share</td>
<td>16.04</td>
<td>24.39</td>
<td>32.50</td>
<td>19.26</td>
<td>14.70</td>
<td>10.20</td>
<td>18.75</td>
</tr>
<tr>
<td>Market Cap</td>
<td>522,679</td>
<td>882,628</td>
<td>1,226,193</td>
<td>747,543</td>
<td>571,565</td>
<td>777,835</td>
<td>743,681</td>
</tr>
<tr>
<td>Total Debt</td>
<td>230,904</td>
<td>320,655</td>
<td>327,935</td>
<td>510,949</td>
<td>446,253</td>
<td>478,448</td>
<td>484,423</td>
</tr>
<tr>
<td>Cash</td>
<td>40,508</td>
<td>121,738</td>
<td>65,317</td>
<td>109,391</td>
<td>112,505</td>
<td>79,370</td>
<td>52,155</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>713,075</td>
<td>1,081,755</td>
<td>1,470,732</td>
<td>1,157,098</td>
<td>905,343</td>
<td>1,179,913</td>
<td>1,175,954</td>
</tr>
<tr>
<td>Enterprise Value/EBITDA</td>
<td>10.9</td>
<td>11.0</td>
<td>11.2</td>
<td>6.4</td>
<td>5.0</td>
<td>5.8</td>
<td>6.1</td>
</tr>
</tbody>
</table>

1 TTM represents September 1, 2009 through August 31, 2010. Debt and Cash amounts are as of August 31, 2010. Share price based on October 1, 2010 market close.