



AAR CARGO SYSTEMS

a division of AAR Manufacturing, Inc.

August 16, 2006

Ms. Deborah Hennessey
Workforce Transition Unit
Michigan Department of Career Development
Workforce Programs
Victor Office Center – 5th Floor
201 North Washington Square
Lansing, Michigan 48913

Mr. Jack Engebretson
Mayor
City of Livonia
33000 Civic Center Drive
Livonia, Michigan 48154

Re: WARN Notification

Dear Ms. Hennessey and Mr. Engebretson:

This is to advise that the AAR Cargo Systems operation located at 12633 Inkster Road, Livonia, Michigan 48150 will permanently close most of its operations during the 14-day period commencing on October 16, 2006. This notice is provided pursuant to the Worker Adjustment and Retraining Notification (WARN) Act of 1988 and the U.S. Department of Labor Regulations. We hope to accomplish this workforce reduction with the least possible disruption to the lives of our employees and the community.

Those affected employees shown on Attachment A (by name and classification) are represented by U.A.W local #174 pursuant to a collective bargaining agreement. The Union's Chief Elected Official is Joe Hayosh, 2nd Vice President, who may be contacted at (734) 728-7600 #18. Affected salaried or non-represented employees are shown by name and classification on Attachment B. None of the affected employees has any right to bump to another location.

Further information concerning this situation may be obtained from Kim Lambert, Human Resource Manager, or Ami Woodworth, Director of Human Resources at 734-466-8035.

Best regards,

Ami J. Woodworth
Director of Human Resources
AAR

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AUG 21 2006

RAPID RESPONSE
WORKFORCE PROGRAMS

12633 Inkster Road
Livonia, Michigan 48150 USA
Tel.: (734) 522-2000 Fax.: (734) 522-2240



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October 10, 2006

Mr. Joe Hayosh
2nd Vice President
UAW West Side Local 174
29841 Van Born Rd
Romulus, MI 48174

Dear Mr. Hayosh:

On August 16, 2006, we notified you pursuant to the Worker Adjustment and Retraining Notification (WARN) Act of 1988 that bargaining unit jobs would be permanently eliminated at our facility at 12633 Inkster Road, Livonia, Michigan 48150 during the 14-day period beginning on October 16, 2006. This remains accurate for the employees working in the Machine Shop.

Pursuant to WARN regulations, 20 C.F.R. 639.10, this is advise you that the Company has now determined that due to unanticipated customer demand and delayed equipment deliveries prior to closure here that all other bargaining unit jobs will not be eliminated until the 14-day period beginning on November 30, 2006. We hope that everyone will welcome this additional work opportunity.

This supplemental notice supersedes the prior notice of August 16, 2006 and is provided pursuant to WARN and the U.S. Department of Labor Regulations. By copy of this letter to state and local officials, we are also notifying them of this extension of the work opportunity, and will coordinate any outplacement efforts with them accordingly. There will be no right to bump to another AAR Cargo Systems location.

Should you have any questions, please contact Kim Lambert, Human Resource Manager or Ami Woodworth, Director of Human Resources at 734-466-8035.

Best regards,

Ami J. Woodworth
Director of Human Resources

cc: Mayor Jack Engebretson
Ms. Deborah Hennessey
Darice Roberts

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OCT 12 2006

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WORKFORCE PROGRAMS**

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