



September 24, 2010

Fellow Hawker Beechcraft Employees:

We, like all aircraft manufacturers, continue to experience the effects of a worldwide recession in our business. While there are pockets of growth in the global economy, the market for new production aircraft has stagnated at a very low level. Readily available, high quality, used aircraft and the lack of financing have combined to depress the prices on private and business aircraft.

Since I arrived here a year and a half ago, we have had several discussions about balancing the capacity/production and size of our company to match market demand. Last year we took rapid, decisive measures to downsize quickly in the face of this uncertain market. Although those difficult people decisions sustained us, the market for new production aircraft is not improving as we had hoped. In fact, the market is flat to slightly down and the conditions that would signal an upturn are not in sight for at least the next 12 months or longer.

We must take actions now to further reduce the cost of operating our company through this period of economic stagnation and significantly reduced market demand. Accordingly, we will reduce the size of our salaried (non-hourly) work force by approximately 350. We are beginning the process of deciding where these reductions will be made and we intend to complete this by Nov. 1. More details will follow within the next few days.

As rates and efficiencies change, we will continue to manage our hourly work force size. While we do not see a large-scale layoff of hourly employees at this time, small reductions or short furloughs may be required to modulate production line output in an attempt to reduce unsold aircraft inventory.

We are making good progress in reshaping our company to be more cost competitive and to operate effectively in the current and forecasted smaller market. You continue to make significant contributions to this effort for which I am grateful. We must continue with diligence, and I ask you to remain focused throughout this very difficult and distracting time. Our company has proven itself capable of doing more with less, which will be a continuing requirement as we go into 2011.

As always, you have my personal commitment to keep you informed of key business decisions that affect our future and each of you.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Boisture".

Bill Boisture  
Chairman and CEO