



October 22, 2010

Fellow Hawker Beechcraft Employees:

Today, I want to communicate a series of decisions we are making as part of our plan to reshape our company for the future. I also want to provide you with information about the result of actions we have taken over the past 12-18 months that have already had a significant impact on our company. These decisions and actions are intended to sustain and improve the company's financial strength and improve competitive capability during a very difficult time for the business aviation industry.

First, and regrettably, we notified approximately 350 of our salaried employees that today was their last day of employment with our company.

Previously, we communicated that our factory/shop work force would be reduced by approximately 800 people in order to streamline the company. I now want to follow up and let you know some additional details and our schedule for implementing these Board-approved decisions.

- We will move our operations out of Plant I no later than August 2011 and as a result reduce our employment by approximately 470.
- We will move our operations out of Plant II no later than May 2011 and as a result reduce our employment by approximately 30.
- We will move King Air-related back shop operations out of Plant IV no later than August 2011 and as a result reduce our employment by approximately 195.
- We will move electrical and upholstery from Building 94 no later than July 2011 and as a result reduce our employment by approximately 80 employees.
- We will complete the third and final phase of the outsourcing of our Logistic Center operations by January 2011 and as a result reduce our union employment by another 45 employees.

The work from these shops will be transferred to third-party suppliers and to our operations in Mexico.

Earlier this week at the 63rd NBAA Annual Meeting and Convention in Atlanta, we were proud to announce the introduction of the Hawker 200 light jet. Our intent is that this

aircraft will be assembled in Wichita and its interior installation, paint and delivery will be handled by our team in Little Rock.

During the past 24 months, reductions in benefits affecting the salaried, non-union employees of Hawker Beechcraft have saved the company approximately \$4.5 million in health care insurance costs and \$5.7 million in matching 401(k) contributions. Our salaried, non-union employees have also foregone annual merit salary increases that have saved the company an additional \$15 million.

In addition to personally taking part in the above cost cutting measures, the management team of the company has shown its commitment to building this company for the future by investing \$6 million of their own money in the company's stock.

Today, the Senior Leadership Team has joined me in committing to build a more sustainable, profitable enterprise by reducing their base salary by 10 percent. I voluntarily reduced my contractually established pay by 10 percent in 2009 and elected to take half of my management incentive in shares of company stock.

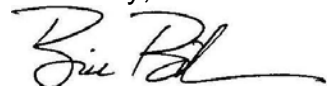
These and other cost reductions have provided necessary resources for two important investments for the company's future – training and product development. During the past year, we have made a major investment in training our factory work force utilizing the new training center in B94. As a direct result of this investment we have seen an improvement in quality and a reduction in scrap and re-work. In addition, we have invested in training more than 500 employees in the Super Vision program. The participation of our employees in this program has greatly improved teamwork on the shop floor and we believe the training will enable our employees to develop ideas and execute on projects that will save the company several million dollars annually.

We are doing these things because we have a vision of a smaller, more agile company that delivers **incredible quality, the first time – faster**. These characteristics, when we achieve them, will sustain us in the global, competitive marketplace of tomorrow.

These are difficult times for the Business and General Aviation sector of our company. We are fortunate to benefit from the stability that the Trainer/Attack and Global Customer Support sectors have provided during these challenging times. As a Hawker Beechcraft team, we are making great progress in reshaping our business for the future. I appreciate the personal contributions that each one of you is making to this important effort.

Together, we are moving forward.

Sincerely,



Bill Boisture  
Chairman and CEO