

NEWS

For immediate release

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AAR EXTENDS MAINTENANCE AND REPAIR CAPABILITIES THROUGH EXPANSION INTO WORLD-CLASS INDIANAPOLIS FACILITY

WOOD DALE, ILLINOIS (June 17, 2004) — AAR CORP. (NYSE: AIR) announced today that its wholly-owned subsidiary, AAR Aircraft Services, Inc. has entered into an agreement to lease the world-class Indianapolis Maintenance Center (IMC), located at the Indianapolis International Airport. The new facility will significantly expand AAR's aircraft maintenance and repair capacity and capabilities to meet increasing demand for outsourced, high-quality aircraft maintenance services. Operations are scheduled to begin in the fall of 2004.

Under terms of its agreement with the Indianapolis Airport Authority, AAR Aircraft Services, Inc. (the "Company") will lease portions of the 12-hangar, 1.6-million square foot IMC for 10 years, with an option for an additional 10 years. The Company will be entitled to receive a series of financial incentives that include grants, credits, and start-up support. The Company's plan is to operate initially out of two hangar bays, with future plans to increase capacity to as many as 10 hangar bays during the lease period.

"As airlines continue to drive down costs, they increasingly need a strong partner like AAR to support the maintenance and repair of their aircraft," said David P. Storch, President and Chief Executive Officer of AAR. "The Indianapolis facility, one of the world's finest, will significantly enhance our ability to support the aviation industry with the high-quality maintenance services for which AAR is well known in the industry. We are pleased with the support and cooperation of the Indianapolis community and leadership and look forward to restoring the IMC to a fully-functional, state-of-the-art aircraft maintenance facility."



The IMC, built in 1994, is considered one of the world's most advanced airframe maintenance facilities. Its innovative layout, advanced technology infrastructure and centralized U.S. location are optimized to deliver cost, turnaround and quality advantages to customers whose fleets are serviced there.

"Our customers will benefit tremendously from the superior quality that we can provide from the state-of-the-art Indianapolis Maintenance Center," Storch said. "Coupled with our award-winning Oklahoma City maintenance facility, AAR is well positioned to become an industry leader in aircraft maintenance."

AAR currently provides heavy and line maintenance and aircraft refurbishment, modifications and upgrades to the world's leading operators of major, regional, cargo and military fleets from its AAR Aircraft Services — Oklahoma operation. AAR Aircraft Services — Oklahoma is a world-class provider of aircraft services that helps its customers compete in today's changing airline environment by lowering their operating costs, improving reliability and ensuring passenger safety. The AAR Aircraft Services — Oklahoma facility has more than 300,000 square feet in seven hangars to support five narrow-body maintenance lines, as well as regional aircraft.

AAR is a leading provider of aftermarket support to the worldwide aviation/aerospace industry. Products and services include customized inventory management and logistics programs encompassing supply, repair and manufacture of spare parts and systems. Headquartered in Wood Dale, Illinois, AAR serves commercial and government aircraft fleet operators and independent service customers throughout the world. Further information can be found at www.aarcorp.com.

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This press release contains 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 7, entitled "Factors Which May Affect Future Results", included in the Company's May 31, 2003 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 publicly release the result of any revisions that may be made to 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.

