

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2014 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>AAR CORP. RETIREMENT SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>06/01/1965</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>06/01/1965</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>06/01/1965</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>AAR CORP.</u> <u>ONE AAR PLACE, 1100 N. WOOD DALE RD</u> <u>WOOD DALE, IL 60191-1060</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>36-2334820</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>630-227-2000</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>488100</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>36-2334820</u>	2c Plan Sponsor's telephone number <u>630-227-2000</u>	2d Business code (see instructions) <u>488100</u>	
2b Employer Identification Number (EIN) <u>36-2334820</u>					
2c Plan Sponsor's telephone number <u>630-227-2000</u>					
2d Business code (see instructions) <u>488100</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2015	MICHAEL J. SHARP
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2015	MICHAEL K. CARR
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 6635
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 4778
a(2) Total number of active participants at the end of the plan year	6a(2) 3962
b Retired or separated participants receiving benefits	6b 46
c Other retired or separated participants entitled to future benefits.....	6c 2075
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 6083
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 15
f Total. Add lines 6d and 6e	6f 6098
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 5924
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 680
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan AAR CORP. RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 AAR CORP.	D Employer Identification Number (EIN) 36-2334820	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 25 37 52	NONE	62260	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>AAR CORP. RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>AAR CORP.</u>	D Employer Identification Number (EIN) <u>36-2334820</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT SAVINGS TRUST

b Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

c EIN-PN <u>23-2186884-022</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>22581985</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>AAR CORP. RETIREMENT SAVINGS PLAN</u>		B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>AAR CORP.</u>		D Employer Identification Number (EIN) <u>36-2334820</u>

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	5438639	1933884
(2) Participant contributions.....	1b(2)	0	2681
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	8951992	9716966
(9) Value of interest in common/collective trusts	1c(9)	23438021	22581985
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	227717359	250191881
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	265546011	284427397

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	265546011	284427397
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	7851134	
(B) Participants	2a(1)(B)	18164815	
(C) Others (including rollovers)	2a(1)(C)	1200329	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		27216278
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	397799	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		397799
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	8367890	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		8367890
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		441917
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		11389966
c Other income.....	2c		48505
d Total income. Add all income amounts in column (b) and enter total.....	2d		47862355

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	29204591	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)	10922	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		29215513
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		12383
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	25080	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		25080
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		29252976

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		18609379
l Transfers of assets:			
(1) To this plan.....	2l(1)		309713
(2) From this plan.....	2l(2)		37706

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MCGLADREY LLP

(2) EIN: 42-0714325

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
4d			
e Was this plan covered by a fidelity bond?	X		2500000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?.....		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
AAR AIRCRAFT SERVICES MIAMI RETIREMENT SAVINGS PLAN	90-0168563	001

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>AAR CORP. RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>AAR CORP.</u>	D Employer Identification Number (EIN) <u>36-2334820</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>23-2186884</u>	
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



Independent Auditor's Report

To the Retirement Plan Administrative Committee
AAR CORP. Retirement Savings Plan
Wood Dale, Illinois

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of AAR CORP. Retirement Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified or provided by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's assets and executes transactions. The Plan Administrator has obtained certifications from the trustee as of December 31, 2014 and 2013, and for the year ended December 31, 2014, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule, Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2014, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP".

Schaumburg, Illinois
October 13, 2015

AAR CORP.

Retirement Savings Plan

Financial Report
December 31, 2014

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Independent Auditor's Report

To the Retirement Plan Administrative Committee
AAR CORP. Retirement Savings Plan
Wood Dale, Illinois

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The image shows a handwritten signature in cursive script that reads "McGladrey LLP".

Schaumburg, Illinois
October 13, 2015

AAR CORP. Retirement Savings Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2014	2013
Assets		
Investments at fair value:		
Registered investment company securities	\$ 250,191,881	\$ 227,717,359
Shares of common/collective trust	22,581,985	23,438,021
	272,773,866	251,155,380
Receivables:		
Company contributions	1,933,884	5,438,639
Participants' contributions	2,681	-
Notes receivable from participants	9,731,395	8,970,126
	11,667,960	14,408,765
Net assets available for benefits, at fair value	284,441,826	265,564,145
Adjustment from fair value to contract value for fully benefit-responsive investment contract	(672,558)	(635,462)
Net assets available for benefits	\$ 283,769,268	\$ 264,928,683

The accompanying notes are an integral part of these financial statements.

AAR CORP. Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2014
Additions to net assets attributed to:	
Investment income:	
Interest and dividends	\$ 8,367,890
Net appreciation in fair value of investments	11,799,036
	<u>20,166,926</u>
Interest income on notes receivable from participants	<u>397,799</u>
Contributions:	
Participants	18,164,815
Company	7,851,134
Rollovers	1,200,329
	<u>27,216,278</u>
Total additions	<u>47,781,003</u>
Deductions from net assets attributed to:	
Benefits paid to participants	29,187,345
Administrative expense	25,080
	<u>29,212,425</u>
Total deductions	<u>29,212,425</u>
Net increase before transfers	18,568,578
Transfers in, net	<u>272,007</u>
Net increase	18,840,585
Net assets available for benefits:	
Beginning of year	<u>264,928,683</u>
End of year	<u><u>\$ 283,769,268</u></u>

The accompanying notes are an integral part of these financial statements.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 1. Plan Description

The following description of the AAR CORP. Retirement Savings Plan (the “Plan”), provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General: The Plan, as amended and restated, provides for employee contributions under the provisions of Section 401(k) of the Internal Revenue Code (“Code”) and covers substantially all employees of AAR CORP. (the “Company”) and subsidiaries, except for employees of AAR Aircraft Service, Inc., Miami location, who are covered by a separate plan. Under the Plan’s provisions, employees are eligible, as determined under the plan document, to participate in the Plan as of the first day of employment. Participation in the Plan is voluntary. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions: Each year, participants may contribute a specific percentage of pre-tax or Roth (after-tax) annual compensation, as defined by the Plan, subject to annual limits as permitted under the Code. Participants may also roll over amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions (limited to \$5,500 in 2014).

The Plan includes an automatic enrollment feature. Participants may still elect to either defer or not defer compensation by making an election with the Plan Administrator to take effect as of the participant’s date of initial participation in the Plan, provided that the notice has been given and the election is received prior to the date of initial participation. If an employee fails to make an election prior to the initial participation date, they will be deemed to have elected to defer 5 percent of their compensation until such election is modified or revoked. The Plan also provides for automatic escalation of 1 percent each subsequent June 1st, unless the participant elects a different percentage or not to contribute to the Plan.

All Company contributions, subject to certain limitations, are available for withdrawal before retirement or termination of employment. The participants are permitted to borrow from their account with limitations. Participants should refer to the plan document for more complete information, which may be obtained from the Company.

Investment options: The participants elect to have contributions invested in one or more of the following investment options:

Vanguard 500 Index Fund: Seeks to provide long-term growth of capital and income from dividends by holding all of the 500 stocks that make up the unmanaged Standard & Poor’s 500 Composite Stock Price Index, a widely recognized benchmark of U.S. stock market performance.

Vanguard GNMA Fund: Seeks to provide a high and sustainable level of interest income by investing in a broad range of mortgage-backed securities issued by the Government National Mortgage Association (“GNMA”), an agency of the U.S. government.

Vanguard International Growth Fund: Seeks to provide long-term growth of capital by investing in stocks of high-quality, seasoned companies based outside the United States. Stocks are selected from more than 15 countries.

Vanguard Long-Term Investment-Grade Fund: Seeks to provide a high and sustainable level of interest income by investing primarily in a diversified group of long-term bonds issued by corporations with strong credit ratings.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 1. Plan Description (Continued)

Vanguard Mid-Cap Index Fund: Seeks long-term growth of capital by holding all of the stocks in the unmanaged Standard & Poor's MidCap 400 Index in approximately the same proportions as those stocks are represented in the index.

Vanguard PRIMECAP Fund: Seeks to provide long-term growth of capital by investing in companies with above average prospects for continued earnings growth, strong industry positions and skilled management teams.

Vanguard Prime Money Market Fund: Seeks to provide high income and a stable share price of \$1 by investing in short-term, high-quality money market instruments issued by financial institutions, non-financial corporations, the U.S. government, and federal agencies.

Vanguard Small-Cap Index Fund: Seeks to provide long-term growth of capital by investing in a sample of stocks in the Russell 2000 Index, an unmanaged index of smaller companies.

Vanguard Target Retirement Funds: Seeks to provide an efficient and well-diversified portfolio that automatically becomes more conservative as retirement date approaches by investing in some or in all of seven Vanguard funds – a domestic stock market index fund, a European stock market index fund, an Asian stock market index fund, an emerging market stock market index fund, a bond market index fund, an inflation-protected securities fund and a money market fund.

Vanguard Total Bond Market Index Fund: Seeks to provide a high and suitable level of interest income by investing in a broad-range of Treasury, federal agency mortgage-backed and investment-grade corporate securities.

Vanguard U.S. Growth Fund: Seeks to provide long-term growth of capital by investing in large, high-quality, seasoned U.S. companies with records of exceptional growth and above-average prospects for future growth.

Vanguard Wellington Fund: Seeks to provide income and long-term growth of capital without undue risk to capital by investing about 65 percent of its assets in stocks and the remaining 35 percent in bonds.

Vanguard Windsor Fund: Seeks to provide long-term growth of capital and income by investing in stocks believed to be undervalued by the market. It focuses on stocks selling at prices that seem low in relation to such factors as past earnings, potential growth and dividend payments.

Vanguard Retirement Savings Trust: Seeks stability of principal and a high level of current income consistent with a two to three-year average maturity. The trust is a tax-exempt collective trust invested primarily in investment contracts issued by insurance companies and commercial banks, and similar types of fixed-principal investments. The trust intends to maintain a constant net asset value of \$1.00 per share.

Notes receivable from participants: Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their non-forfeitable account balance, whichever is less. Interest is charged at an annual rate of 1 percent above the federal prime rate at the time of the loan. The loan period can be a maximum of five years (ten years for purchase of a home). The loans are secured by the balance in the participant's account and bear interest at a rate of 4.25 to 9.25 percent at December 31, 2014 and 2013. Principal and interest are paid ratably through bi-weekly payroll deductions.

Participants' accounts: Each participant's account is credited with the participant's contributions and Company matching contribution and allocations of (a) the Company's discretionary contribution, (b) Plan earnings, offset by an investment administrative charge, and (c) retirement contributions. Allocations are based on participant earnings or account balances or compensation, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 1. Plan Description (Continued)

Administration: Day-to-day administration of the Plan is the responsibility of the Retirement Plan Administrative Committee (“the Administrative Committee”) comprised of at least three senior officers of the Company. The Committee members are appointed by the Board of Directors. Investment policy and investment activities are the responsibility of the Retirement Plan Investment Committee consisting of at least three senior officers of the Company appointed by the Board of Directors.

The Vanguard Fiduciary Trust Company (“Vanguard”) provides assistance in plan administration. Vanguard, as custodian and investment manager, performs administrative and recordkeeping services for the Plan in addition to coordinating the activities of the mutual funds.

Vesting and benefits: Upon becoming eligible to participate in the Plan, employees have a non-forfeitable right to the portion of their account balance attributable to participant contributions, asset transfers/rollovers plus the related earnings or losses. The portion of the participant’s account balance attributable to Company contributions plus related earnings or losses is subject to the following vesting schedule:

Years of Service	Vested Percentage	Forfeited Percentage
Less than one year	0%	100%
One year	34%	66%
Two years	67%	33%
Three years	100%	0%

In-service distributions, such as loans and hardships, are permitted within certain restrictions.

At retirement, participants are paid their entire account balance in a lump-sum or in equal installments over a period of not more than 15 years.

Funding policy: The Plan is funded by contributions from participants and the Company. The Company matches 20 percent of the employees’ elected deferrals up to 5 percent of compensation, not to exceed the maximum allowable as a deduction under the provisions of Section 404 of the Code of 1956, as amended. In addition, profit sharing contributions, based on achievement of defined pre-tax profit levels, are made annually upon completion of the Company’s May 31 fiscal year. Retirement contributions (based upon a participant’s age plus service) ranging from ½ percent to 4 percent, are also contributed to a participant’s account.

Forfeited accounts: At December 31, 2014 and 2013, forfeited non-vested accounts totaled \$420,764 and \$67,116, respectively. These accounts will be used to pay plan expenses or reduce future Company contributions. During the year ended December 31, 2014, Company contributions were reduced \$460,757 from forfeited non-vested accounts.

Note 2. Significant Accounting Policies

Basis of accounting: The accompanying financial statements are prepared on the accrual basis of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of net assets available for benefits attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits presents the fair value of the investment in the common/collective trust as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The statement of changes in net assets available for benefits is prepared using the contract value basis.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Investment valuation and income recognition: Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Investment Committee determines the Plan's valuations policies utilizing information provided by its investment advisors and custodian. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of estimates: These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America that require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of additions and deductions during the reporting periods. Actual results could be materially different from those estimates.

Notes receivable from participants: Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are treated as distributions based upon the terms of the plan document.

Payment of benefits: Benefits are recorded when paid.

Administrative expenses: Administrative expenses are paid by the Company and, accordingly, are not reflected in the accompanying financial statements.

Pending accounting pronouncements: In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2015. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. Plan management is currently evaluating the impact this update will have on the Plan's financial statements.

In July 2015, the FASB issued ASU No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965) – (I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical Expedient (a consensus of the FASB Emerging Issues Task Force)*. The purpose of this update is to simplify plan accounting.

- The amendments in Part I of this update designate contract value as the only required measure for direct investments in fully benefit-responsive investment contracts. Fully benefit-responsive investment contracts will be presented at contract value; accordingly, there will no longer be an adjustment from fair value to contract value on the face of the financial statements.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

- The amendments in Part II of this update will eliminate the requirements for plans to disclose (1) individual investments that represent 5 percent or more of net assets available for benefits and (2) the net appreciation or depreciation for investments by general type for both participant-directed investments and nonparticipant-directed investments. The net appreciation or depreciation in investments for the period will still be required to be presented in the aggregate. In addition, if an investment is measured using the net asset value per share (or its equivalent) practical expedient in Topic 820 and that investment is in a fund that files a U.S. Department of Labor Form 5500, *Annual Return/Report of Employee Benefit Plan*, as a direct filing entity, disclosure of that investment's strategy will no longer be required.
- The amendments in Part III of this update reduce complexity in employee benefit plan accounting by providing a practical expedient that permits plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end.

The update may be adopted in whole or by part (I, II, and III), as applicable. The amendments in this update are effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. Upon adoption, the amendments in Parts I and II shall be applied retrospectively to all periods presented; the amendments in Part III shall be applied prospectively. Plan management is currently evaluating the impact this update will have on the Plan's financial statements.

Subsequent events: Subsequent events have been evaluated through October 13, 2015, the date the financial statements were available to be issued.

Note 3. Information Certified and Provided by Vanguard

The following is a summary of the Plan's asset and income information as of December 31, 2014 and 2013, and for the year ended December 31, 2014, included throughout the Plan's financial statements and supplemental schedule, that was prepared by or derived from information provided by Vanguard, the trustee, and furnished to the Plan Administrator. The Plan Administrator has obtained certifications from Vanguard that information provided to the Plan Administrator by Vanguard related to the following assets and income is complete and accurate. Accordingly, as permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to information which appears throughout the financial statements and supplemental schedule related to the following assets and income:

	December 31, 2014	December 31, 2013
Registered investment company securities	\$ 250,191,881	\$ 227,717,359
Shares of common/collective trust, at contract value	21,909,427	22,802,559
Notes receivable from participants	9,731,395	8,970,126
Interest and dividends	8,367,890	
Net appreciation in fair value of investments	11,799,036	
Interest income on notes receivable from participants	397,799	

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 4. Fair Value Measurements

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2014 and 2013:

	2014			
	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Registered investment company securities:				
Equity funds	\$ 92,827,155	\$ -	\$ -	\$ 92,827,155
Fixed income funds	16,803,008	-	-	16,803,008
International funds	12,114,963	-	-	12,114,963
Money market funds	7,658,973	-	-	7,658,973
Balanced funds	120,787,782	-	-	120,787,782
Shares of common/collective trust	-	22,581,985	-	22,581,985
Investments at fair value	<u>\$ 250,191,881</u>	<u>\$ 22,581,985</u>	<u>\$ -</u>	<u>\$ 272,773,866</u>
	2013			
	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Registered investment company securities:				
Equity funds	\$ 84,949,029	\$ -	\$ -	\$ 84,949,029
Fixed income funds	15,333,229	-	-	15,333,229
International funds	13,238,874	-	-	13,238,874
Money market funds	7,908,839	-	-	7,908,839
Balanced funds	106,287,388	-	-	106,287,388
Shares of common/collective trust	-	23,438,021	-	23,438,021
Investments at fair value	<u>\$ 227,717,359</u>	<u>\$ 23,438,021</u>	<u>\$ -</u>	<u>\$ 251,155,380</u>

- (1) Quoted prices in active markets for identical assets that we have the ability to access as of the reporting date.
- (2) Inputs other than quoted prices included with Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- (3) Unobservable inputs, such as internally developed pricing models or third party valuations for the asset due to little or no market activity for the asset.

Valuation Techniques Used to Determine Fair Value

Registered investment company securities: Registered investment company securities are investment funds maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives. These funds are valued daily based on quoted prices in active markets and are categorized as Level 1.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

Common/collective trust: The common/collective trust is maintained by an investment company and holds certain investments in accordance with a stated set of fund objectives. The fund administrator values the fund using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. The value of the commingled fund is not publicly quoted and the fund must trade through a broker and is categorized as Level 2.

There have been no changes in the methodologies used at December 31, 2014 and 2013.

The following table summarizes investments measured at fair value based on net assets value (NAV) per share as of December 31, 2014 and 2013:

Investment	December 31,		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2014 Fair Value	2013 Fair Value			
Shares of common/collective trust:					
Vanguard Retirement Savings Trust (a)	\$ 22,581,985	\$ 23,438,021	\$ -	None	12 months

- (a) This category invests in a combination of synthetic contracts backed primarily by Vanguard bond funds, traditional investment contracts backed by major insurance providers and bank contracts. The trust's credit guidelines require that traditional contracts be rated at least AA. The trust will maintain an average maturity between 2-3 years.

Changes in Fair Value Levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Plan management evaluates the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2014, there were no transfers in or out of Level 3.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 5. Investments

The following table presents the fair value of investments representing 5 percent or more of the of the Plan's net assets as of December 31, 2014 and 2013.

	2014	2013
Shares of registered investment companies:		
Vanguard Wellington Fund	\$ 29,876,898	\$ 28,334,814
Vanguard Windsor Fund	25,713,272	24,552,986
Vanguard 500 Index Fund	16,955,115	15,093,428
Vanguard International Growth Fund	*	13,238,874
Vanguard Tgt Retirement 2020	14,286,986	*
Vanguard Tgt Retirement 2025	18,293,537	14,589,994
Vanguard Tgt Retirement 2030	14,422,863	*
Vanguard Mid-Cap Index Fund	14,850,306	13,276,288
Shares of common/collective trust:		
Vanguard Retirement Savings Trust	22,581,985	23,438,021

* Balance of the fund was less than 5 percent of the Plan's net assets at year-end.

The contract value of the Plan's investment in shares of common/collective trust related to the Vanguard Retirement Savings Trust is \$21,909,427 and \$22,802,559 at December 31, 2014 and 2013, respectively.

During 2014, the Plan's investments, including investments bought, sold and held during the year, appreciated in value as follows:

Shares of registered investment companies	\$ 11,394,215
Units of common/collective trust	404,821
	<u>\$ 11,799,036</u>

Note 6. Related-Party Transactions

Certain Plan investments are held in shares of mutual funds and units of a common/collective trust managed by an affiliate of Vanguard. Any purchases and sales of these funds are market transactions at fair market value or NAV. Vanguard is the trustee as defined by the Plan and, therefore, these qualify as party-in-interest transactions. Such transactions, while considered party-in-interest transactions under ERISA regulations, are permitted under the provisions of the Plan and are specifically exempt from the prohibition of party-in-interest transactions under ERISA. In addition, certain administrative functions are performed by employees of the Company for which no compensation is received from the Plan.

Note 7. Tax Status of the Plan

The Plan has received a favorable determination letter from the Internal Revenue Service ("IRS") dated July 27, 2011, qualifying it under the provisions stated in Section 401(a) of the Code. Therefore, the Plan is exempt from federal income taxes under Section 501(a) of the Code. No provision for income taxes has been included in the Plan's financial statements. The Plan has been amended since receiving the determination letter. The Plan Administrator believes that the Plan is designed and is currently being operated in accordance with the applicable requirements of the Code.

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 7. Tax Status of the Plan (Continued)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the U.S. federal, state, or local tax authorities. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2011.

Note 8. Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. Termination must have the approval of the Company's Board of Directors. In the event of termination of the Plan, the trust fund assets are appraised and each participant would become 100 percent vested in their Company contribution portion of their account as of the termination date.

Note 9. Risks and Uncertainties

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in these risks in the near term could materially affect investment account balances and the amounts reported in the statements of net assets available for benefits.

Note 10. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	2014	2013
Net assets available for benefits per the financial statements	\$ 283,769,268	\$ 264,928,683
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	672,558	635,462
Participant notes receivable in default	(14,429)	(18,134)
Net assets available for benefits per the Form 5500	<u>\$ 284,427,397</u>	<u>\$ 265,546,011</u>

AAR CORP. Retirement Savings Plan

Notes to Financial Statements

Note 10. Reconciliation of Financial Statements to Form 5500 (Continued)

The following is a reconciliation of net change in assets available for benefits per the financial statements to the Form 5500 for the year ended December 31:

	<u>2014</u>
Net increase in assets available for benefits per the financial statements, before transfers	\$ 18,568,578
Adjustment from fair value to contract value for fully benefit-responsive investment contracts - December 31, 2013	(635,462)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts - December 31, 2014	672,558
Change in participant notes receivable in default	<u>3,705</u>
Net increase in assets available for benefits per the Form 5500, before transfers	<u><u>\$ 18,609,379</u></u>

Note 11. Transfers In, Net

If a participant of the Plan becomes eligible for the AAR Aircraft Services Miami Retirement Savings Plan, a separate plan sponsored by a subsidiary of the Company, they will cease participation in the Plan and become eligible to participate in the AAR Aircraft Services Miami Retirement Savings Plan. When they become eligible to participate in the AAR Aircraft Services Miami Retirement Savings Plan their account balance in the Plan is automatically transferred into the AAR Aircraft Services Miami Retirement Savings Plan. A similar transfer occurs when a participant of the AAR Aircraft Services Miami Retirement Savings Plan becomes eligible for this Plan. During the year ended December 31, 2014, the net amount of the transfers described above was a transfer in of \$272,007.

AAR CORP. Retirement Savings Plan

EIN: 36-2334820

Plan Number: 001

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

As of December 31, 2014

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
		Registered investment company securities:		
*	Vanguard Fiduciary Trust Company	Vanguard 500 Index Fund	**	\$ 16,955,115
*	Vanguard Fiduciary Trust Company	Vanguard GNMA Fund	**	5,033,843
*	Vanguard Fiduciary Trust Company	Vanguard International Growth Fund	**	12,114,963
*	Vanguard Fiduciary Trust Company	Vanguard Long-Term Investment Grade Fund	**	7,487,573
*	Vanguard Fiduciary Trust Company	Vanguard Mid-Cap Index Fund	**	14,850,306
*	Vanguard Fiduciary Trust Company	Vanguard PRIMECAP Fund	**	9,960,194
*	Vanguard Fiduciary Trust Company	Vanguard Prime Money Market Fund	**	7,658,973
*	Vanguard Fiduciary Trust Company	Vanguard Small-Cap Index Fund	**	11,970,277
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2010 Fund	**	2,335,556
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2015 Fund	**	7,533,368
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2020 Fund	**	14,286,986
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2025 Fund	**	18,293,537
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2030 Fund	**	14,422,863
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2035 Fund	**	9,465,888
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2040 Fund	**	8,089,871
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2045 Fund	**	6,856,597
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2050 Fund	**	5,607,011
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2055 Fund	**	1,308,407
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement 2060 Fund	**	382,341
*	Vanguard Fiduciary Trust Company	Vanguard Target Retirement Fund	**	2,328,460
*	Vanguard Fiduciary Trust Company	Vanguard Total Bond Market Index Fund	**	4,281,591
*	Vanguard Fiduciary Trust Company	Vanguard U.S. Growth Fund	**	13,377,991
*	Vanguard Fiduciary Trust Company	Vanguard Wellington Fund	**	29,876,898
*	Vanguard Fiduciary Trust Company	Vanguard Windsor Fund	**	25,713,272
				<u>250,191,881</u>
		Shares of common/collective trusts:		
*	Vanguard Fiduciary Trust Company	Vanguard Retirement Savings Trust	**	<u>21,909,427</u>
		Loans to participants		
*	Participants	(interest rate of 4.25% to 9.25%)	**	<u>9,731,395</u>
				<u><u>\$ 281,832,703</u></u>

* Party-in-interest

** Cost information is not required for participant-directed investments.

AAR CORP. Retirement Savings Plan

EIN: 36-2334820

Plan Number: 001

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

As of December 31, 2014

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
		Registered investment company securities:		
*	Vanguard Fiduciary Trust Company	Vanguard 500 Index Fund	**	\$ 16,955,115
*	Vanguard Fiduciary Trust Company	Vanguard GNMA Fund	**	5,033,843
*	Vanguard Fiduciary Trust Company	Vanguard International Growth Fund	**	12,114,963
*	Vanguard Fiduciary Trust Company	Vanguard Long-Term Investment Grade Fund	**	7,487,573
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*	Vanguard Fiduciary Trust Company	Vanguard Windsor Fund	**	25,713,272
				<u>250,191,881</u>
		Shares of common/collective trusts:		
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		Loans to participants		
*	Participants	(interest rate of 4.25% to 9.25%)	**	<u>9,731,395</u>
				<u>\$ 281,832,703</u>

* Party-in-interest

** Cost information is not required for participant-directed investments.