

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 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 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</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.) ☒ 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)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	☐

Part II	Basic Plan Information—enter all requested information										
1a Name of plan <u>AAR CORP. RETIREMENT 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>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/01/1969</u></td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) <u>36-2334820</u></td> </tr> <tr> <td colspan="2">2c Plan Sponsor's telephone number <u>630-227-2000</u></td> </tr> <tr> <td colspan="2">2d Business code (see instructions) <u>488100</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>08/01/1969</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>	
1b Three-digit plan number (PN) ▶	<u>002</u>										
1c Effective date of plan <u>08/01/1969</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>											
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>AAR CORP.</u> <u>1100 NORTH WOOD DALE ROAD</u> <u>WOOD DALE, IL 60191</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.	10/10/2022	ERIC PACHAPA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

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 or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	1357
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)	262
a(2) Total number of active participants at the end of the plan year		6a(2)	239
b Retired or separated participants receiving benefits.....		6b	388
c Other retired or separated participants entitled to future benefits		6c	510
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	1137
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	111
f Total. Add lines 6d and 6e		6f	1248
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	0
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: 1A 1C 1I 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) ☐ <u>0</u> 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 2021 Form M-1 annual report. If the plan was not required to file the 2021 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 SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>AAR CORP. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>AAR CORP.</u>	D Employer Identification Number (EIN) <u>36-2334820</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2021</u>	
2 Assets:	
a Market value	2a <u>55660426</u>
b Actuarial value	2b <u>50199102</u>
3 Funding target/participant count breakdown	
a For retired participants and beneficiaries receiving payment.....	(1) Number of participants <u>485</u> (2) Vested Funding Target <u>19260758</u> (3) Total Funding Target <u>19260758</u>
b For terminated vested participants.....	<u>615</u> <u>15001083</u> <u>15001083</u>
c For active participants	<u>262</u> <u>6503729</u> <u>6503729</u>
d Total.....	<u>1362</u> <u>40765570</u> <u>40765570</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>5.48</u> %
6 Target normal cost.....	
a Present value of current plan year accruals.....	6a <u>0</u>
b Expected plan-related expenses	6b <u>198000</u>
c Total (line 6a + line 6b)	6c <u>198000</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>10/11/2022</u>
Signature of actuary		Date
<u>MICHAEL KRAVITZ</u>		<u>20-06149</u>
Type or print name of actuary		Most recent enrollment number
<u>WILLIS TOWERS WATSON US LLC</u>		<u>312-288-7700</u>
Firm name		Telephone number (including area code)
<u>233 SOUTH WACKER DRIVE</u> <u>SUITE 1800</u> <u>CHICAGO, IL 60606</u>		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2021
v. 201209

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	2553699
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	2553699
10 Interest on line 9 using prior year's actual return of <u>16.18</u> %	0	413188
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.25</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	2966887

Part III Funding Percentages

14 Funding target attainment percentage	14	115.86 %
15 Adjusted funding target attainment percentage	15	123.14 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	108.06 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.75 %2nd segment:
5.36 %3rd segment:
6.11 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

63

23 Mortality table(s) (see instructions) ☐ Prescribed - combined☒ Prescribed - separate☐ Substitute**Part VI Miscellaneous Items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment. **27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) **29** 0**30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29) **30** 0**Part VIII Minimum Required Contribution For Current Year****31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6c) **31a** 198000**b** Excess assets, if applicable, but not greater than line 31a **31b** 198000**32** Amortization installments:**a** Net shortfall amortization installment Outstanding Balance 0 Installment 0**b** Waiver amortization installment 0 0**33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) **34** 0**35** Balances elected for use to offset funding requirement Carryover balance 0 Prefunding balance 0 Total balance 0**36** Additional cash requirement (line 34 minus line 35) **36** 0**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) **37** 0**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 0**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

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 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>AAR CORP. RETIREMENT PLAN</u>	B Three-digit plan number (PN)	<u>002</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: <u>AAR CORP. RETIREMENT TRUST</u>		
b Name of sponsor of entity listed in (a): <u>AAR CORP.</u>		
c EIN-PN <u>36-2334820-003</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>57792460</u>

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 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 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 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 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 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 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
code**e** Dollar value of interest in MTIA, CCT, PSA, or
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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
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

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 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan AAR CORP. RETIREMENT PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 AAR CORP.	D Employer Identification Number (EIN) 36-2334820	

Part I	Asset and Liability Statement
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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)		
(2) Participant contributions.....	1b(2)		
(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)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)	55660423	57792460
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(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	55660423 57792460
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	55660423 57792460

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.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	
	(B) Participants	2a(1)(B)	
	(C) Others (including rollovers).....	2a(1)(C)	
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	0
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)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	0
(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)	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	0
(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)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		6408721
(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)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		6408721
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	3820152	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		3820152
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	456532	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		456532
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4276684
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		2132037
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

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) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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

(1) Name: RSM US 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.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
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.)			
4b		X	
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.)			
4c		X	
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.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		10000000
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		X	
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?			
4g		X	
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?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)			
4i		X	
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.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
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?..... ☐ Yes ☒ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
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)	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☒ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 466482 _____.			

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 sections 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 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan AAR CORP. RETIREMENT PLAN	B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 AAR CORP.	D Employer Identification Number (EIN) 36-2334820

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	0
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): 36-1561860		
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	80

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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

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 deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

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): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

AAR CORP. Retirement Plan

Financial Report
December 31, 2021

Contents

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Independent Auditor's Report

Benefits Committee
AAR CORP. Retirement Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements

We have performed an audit of the financial statements of AAR CORP. Retirement Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 financial statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section:

- The amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- The information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Board of Trustees of The Company voted to merge the AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees Plan into the AAR CORP. Retirement Plan ("Merged Plan"), in addition the Board of Trustees also voted to terminate the Merged Plan effective May 31, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of U.S. GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with U.S. GAAP.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of the Plan. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 14, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

RSM US LLP

Schaumburg, Illinois
October 14, 2022

AAR CORP. Retirement Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2021	2020
Assets		
Investments, at fair value:		
Plan interest in the AAR CORP. Retirement Trust	\$ 57,792,460	\$ 55,660,423
Net assets available for benefits	\$ 57,792,460	\$ 55,660,423

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

AAR CORP. Retirement Plan

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31,	
	2021	2020
Additions to net assets attributed to:		
Plan interest in AAR CORP. Retirement Trust investment income	\$ 6,408,721	\$ 8,204,077
Changes attributable to total additions	6,408,721	8,204,077
Deductions from net assets attributed to:		
Benefits paid to participants	3,820,152	4,458,092
Administrative expenses	456,532	253,438
Total deductions	4,276,684	4,711,530
Net increase	2,132,037	3,492,547
Net assets available for benefits:		
Beginning of year	55,660,423	52,167,876
End of year	\$ 57,792,460	\$ 55,660,423

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

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 1. Plan Description

The following brief description of AAR CORP. Retirement Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the plan agreement for more complete information.

General: The Plan is a defined benefit, noncontributory cash balance pension plan sponsored by AAR CORP. and Subsidiaries (the “Company”). The Plan features include 100 percent Company funding with individual retirement benefit accounts. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Pension benefits: All active salaried and non-union employees hired before January 1, 2005 are eligible to participate. Under terms of the Plan, participants are eligible to receive benefits upon reaching age 65 or after completion of 5 years of service. Contributions to employee accounts include pay credit and interest credit components. Additionally, certain employees covered under the Plan prior to the freeze effective June 1, 2005 are also eligible to receive a transition credit (additional pay credit). Pay credits consider an employee’s length of service, age, and salary. Interest credits are credited quarterly on account balances.

Effective June 1, 2005, the Company no longer contributes pay credits to participants. However, the benefits earned in the Plan will remain in the Plan and will continue to earn interest credits. The frozen plan benefits, including pay credits, will still be available to employees upon retirement or separation from the Company in accordance with the terms of the Plan. If an employee was not vested in the plan benefit on May 31, 2005, service after that date was credited for vesting purposes.

The Plan also contains provisions for deferred vested and surviving spouse benefits. Participants are not vested until completing five years of service. Upon five years of service, participants are 100 percent vested in their benefits. The Plan is portable and employees may take their vested account balance when terminating employment with the Company, regardless of age.

Administration: The Company has established two committees to take responsibility for the administrative and investment functions of the Plan.

Day to day administration of the Plan is the responsibility of the Benefits Committee comprised of at least three senior officers of the Company appointed by the Board of Directors. The Benefits Committee is assisted by Willis Towers Watson, the actuary for the Plan.

Investment policy and investment activities are the responsibility of the Retirement Plan Investment Committee (the “Investment Committee”), consisting of at least three senior officers of the Company appointed by the Board of Directors. The Investment Committee has retained the services of Mercer Investments LLC as investment advisors in establishing investment policies, selecting investment choices and determining portfolio allocations of the AAR CORP. Retirement Trust’s (“Master Trust”) assets.

Trustee: The Company entered into an agreement with The Northern Trust Company (“Trustee”) to act as trustee of the Master Trust on behalf of the Plan and AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees, the other retirement plan sponsored by the Company in the Master Trust. The Trustee administers the Master Trust in accordance with directions and policies established by the Benefits and Investment Committees.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 1. Plan Description (Continued)

Funding policy: The Company's funding policy is to contribute annually, at a minimum, an amount which is deductible for federal income tax purposes and that is sufficient to meet the minimum funding requirements of ERISA.

The Company did not contribute to the Plan during 2021 and 2020, as the Plan met the ERISA minimum funding requirements.

Prior to August 1, 1988, employee contributions to the Plan were permitted. The base contributions were limited to a specified percentage of wages and increased the level of retirement benefits. In addition, employees could make supplemental contributions that would not affect employer-provided retirement benefits. These supplemental contributions, together with the earnings on all contributions, are either used to provide an additional retirement benefit or are paid to employees upon request or retirement. Earnings on employee contributions are accrued at an annual interest rate of 120 percent of the federal mid-term rate as published at the beginning of each plan year.

The employees' contributions made prior to August 1, 1988 and accumulated earnings thereon are as follows:

	2021	2020
Base contributions	\$ -	\$ 129
Supplemental contributions	-	1,098
Accumulated earnings, net of distributions	-	2,631
Total	<u>\$ -</u>	<u>\$ 74,428</u>

Note 2. Significant Accounting Policies

Basis of accounting: The financial statements of the Plan are prepared under the accrual basis of accounting (Note 9).

Investment valuation and income recognition: Investments which are included in the Master Trust (see Note 4) 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 valuation policies utilizing information provided by its investment advisors and trustee. 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 (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of net assets, liabilities; the changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results could differ from those estimates.

Payment of benefits: Any participants who were active employees on or after January 1, 2000 are eligible for either a lump sum payment or monthly benefit payments made on either a life annuity or joint and survivor basis. Benefits are recorded when distributed. Benefits less than \$1,000 are payable in lump sums.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Administrative expenses: Administrative expenses such as trustees', consultants' and investment managers' fees, as well as the Pension Benefit Guaranty Corporation ("PBGC") premiums, are paid by the Master Trust and are allocated to the Plan based on percentage of assets or other methods as determined reasonable by the Benefits Committee. Other administrative expenses are paid by the Company.

Note 3. Information Certified and Provided by The Northern Trust Company, the Trustee

The following is a summary of the Plan's asset information as of December 31, 2021 and 2020, included throughout the Plan's financial statements that was prepared by or derived from information provided by the Trustee and furnished to the Plan Administrator. The Plan Administrator has obtained certifications from the Trustee that information provided to the Plan Administrator by the Trustee related to the following assets 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 related to the following assets:

	2021	2020
Plan interest in the AAR CORP. Retirement Trust	\$ 57,792,460	\$ 55,660,423

The Trustee also certified to the completeness and accuracy of \$6,408,721 and \$8,204,077 of investment income related to the aforementioned investments for the years ended December 31, 2021 and 2020, respectively.

The Plan's recordkeeper maintains supporting records for the purposes of allocating net assets and net investment income of each of the investments of the Plan's Master Trust.

Note 4. Master Trust (Unaudited)

The Plan has a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other pension plans sponsored by the Company. Each participating plan has an undivided interest in the Master Trust. Net investment income (loss) of the Master Trust is allocated monthly to each Company-sponsored pension plan based upon each plan's respective dollar ownership, giving consideration to the monthly plan-specific time-weighted activity within the Master Trust.

The Master Trust financial information disclosed in the notes to the financial statements as of December 31, 2021 and 2020 represents 100 percent of the Master Trust net assets and the related changes in net assets ("Total Master Trust") to which the Plan has an undivided interest.

At December 31, 2021 and 2020, the Plan's interest in the net assets of the Master Trust was approximately 72 percent and 73 percent, respectively.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

The Total Master Trust and the Plan's interest in Master Trust net assets as of December 31, 2021 and 2020, is as follows:

	December 31, 2021		December 31, 2020	
	Master Trust	Plan's Interest in Master Trust	Master Trust	Plan's Interest in Master Trust
Assets				
Investments at fair value:				
Common/collective trusts, including short-term investment fund	\$ 63,905,778	\$ 45,939,838	\$ 8,954,730	\$ 6,503,838
Registered investment company securities	-	-	53,070,224	38,545,010
Private investment partnerships	16,487,706	11,852,489	14,610,391	10,611,556
	<u>80,393,484</u>	<u>57,792,327</u>	<u>76,635,345</u>	<u>55,660,404</u>
Accrued investment income	<u>31,270</u>	<u>22,479</u>	<u>13,219</u>	<u>9,605</u>
Total Assets	<u>80,424,754</u>	<u>57,814,806</u>	<u>76,648,564</u>	<u>55,670,009</u>
Liabilities				
Due to broker for securities purchased	<u>(31,085)</u>	<u>(22,346)</u>	<u>(13,198)</u>	<u>(9,586)</u>
Net assets available for benefits	<u>\$ 80,393,669</u>	<u>\$ 57,792,460</u>	<u>\$ 76,635,366</u>	<u>\$ 55,660,423</u>

During 2021 and 2020, the Plan received an allocation of approximately 72 percent and 73 percent of investment income in the Master Trust, respectively. Investment income is allocated to each plan based on the Plan's interest attributed to the underlying assets of the Master Trust.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

The following are the changes in net assets for the Master Trust for the years ended December 31, 2021 and 2020:

	2021	2020
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$ 8,346,374	\$ 10,632,175
Interest	8,899	5,739
Dividends	478,556	626,246
Investment income	<u>8,833,829</u>	<u>11,264,160</u>
Other income	<u>11,752</u>	<u>34,810</u>
Changes attributable to total additions	8,845,581	11,298,970
Deductions from net assets attributed to:		
Administrative expenses	305,819	183,819
Net redemptions	<u>(4,781,459)</u>	<u>(5,158,179)</u>
Net change in net assets	<u><u>\$ 3,758,303</u></u>	<u><u>\$ 5,956,972</u></u>

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets measured at fair value as of December 31, 2021:

	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Registered investment company securities	\$ -	\$ -	\$ -	\$ -
Total assets in fair value hierarchy	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
Investments measured at net asset value (a)				80,393,484
Investments at fair value				<u><u>\$ 80,393,484</u></u>

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets measured at fair value as of December 31, 2020:

	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
Registered investment company securities	\$ 53,070,224	\$ -	\$ -	\$ 53,070,224
Total assets in fair value hierarchy	<u>\$ 53,070,224</u>	<u>\$ -</u>	<u>\$ -</u>	53,070,224
Investments measured at net asset value (a)				23,565,121
Investments at fair value				<u><u>\$ 76,635,345</u></u>

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value ("NAV") per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit the reconciliation of the fair value hierarchy to the line items presented in the Master Trust net assets presented in the preceding pages.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

- (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 within 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: Valued at the daily closing price as reported by the fund. Registered investment company securities held by the Master Trust are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The registered investment company securities held by the Master Trust are deemed to be actively traded.

Common/collective trusts and private investment partnerships: Valued at the NAV of units (or shares) held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the investment will sell for an amount different from the reported NAV.

There have been no changes in the methodologies used at December 31, 2021 and 2020.

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2021 and 2020:

Investment	December 31,		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2021 Fair Value	2020 Fair Value			
Common/collective trust:					
Collective Short Term Investment Fund	\$ 39,981,181	\$ 533,692	\$ -	Daily	None
Western Asset Long Duration Credit Collective Investment (a)	11,982,650	-	-	Daily	None
CIF II US Inv Grade Corp Long Bond (b)	11,941,947	-	-	Daily	None
Loomis Sayles NHIT Core Fixed Income Trust - Class A (c)	-	6,190,045	-	Daily	1 day
VOYA Securitized Credit Trust Fund (d)	-	2,230,993	-	Daily	None
Private investment partnerships:					
The Weatherlow Offshore Fund II Ltd. (e)	10,980,386	9,920,767	-	Quarterly	65 days
Pointer Offshore III, Ltd. (f)	5,507,320	4,685,222	-	Semi-Annual	Every March 15th and September 15th
Fir Tree International Value Fund (USTE), L.P. (g)	-	4,402	-	Every 1 - 2 years	60 - 90 days
	<u>\$ 80,393,484</u>	<u>\$ 23,565,121</u>	<u>\$ -</u>		

- (a) This category seeks to maximize risk-adjusted returns while adhering to a disciplined risk control process by investing to exceed the Bloomberg U.S. Long Credit Index while targeting annual tracking error volatility.
- (b) This category and seeks to consistently outperform the Bloomberg Barclays Long US Corporate Index through investment in a diversified portfolio of debt obligations.
- (c) This category seeks total investment return through a combination of current income and capital appreciation within benchmark-aware risk and return objectives. In addition, seeks to outperform the benchmark (Bloomberg Barclays US Aggregate Index) while maintaining benchmark-like volatility and low tracking error over a market cycle.
- (d) This category seeks to maximize total return through a combination of current income and capital appreciation by investing all or substantially all of its assets in The Voya Securitized Credit Fund.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

- (e) This category seeks to achieve its objective by investing all or substantially all of its assets in The Weatherlow Fund I L.P.
- (f) This category seeks to achieve capital appreciation while maintaining a balanced level of risk primarily by allocating its assets to a select number of long/short equity-based money managers referred to as hedge funds.
- (g) This category has the ability to invest in loan originations and unleveraged real estate investments by directly investing in the Fir Tree Value (LN) Master Fund, L.P., real estate investments that are or might be leveraged by indirectly investing in the Fir Tree Value (RE) Master Fund, L.P. and in all other securities that do not involve real estate or loan origination by indirectly investing in the Fir Tree Value Master Fund, L.P.

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 years ended December 31, 2021 and 2020, there were no transfers in or out of Level 3.

Note 5. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (i) retired or terminated participants or their beneficiaries, (ii) beneficiaries of participants who have died, and (iii) present participants or their beneficiaries.

The actuarial present value of accumulated plan benefits is determined by an actuary from Willis Towers Watson and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used were:

	2021	2020
Discount rate	7.25%	7.25%
Retirement age	65	65
Mortality rates	Pri-2012 tables, projected generationally using scale MP-2021	Pri-2012 tables, projected generationally using scale MP-2020

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. There have been no changes to the present value of accumulated plan benefits as of January 1, 2022 for the resolution to terminate the Plan as discussed in Note 9, due to the decision to terminate and the termination effective date subsequent to the benefit information date as of January 1, 2022, and management determining that liquidation was not yet imminent as of December 31, 2021.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 5. Actuarial Present Value of Accumulated Plan Benefits (Continued)

The accumulated plan benefits as of December 31, 2021 and 2020 are presented from information provided by the actuary as of January 1, 2022 and 2021, respectively. There has been no significant change in the Plan's provisions or coverage from December 31 to January 1.

The actuarial present value of accumulated plan benefits as of the date of the latest actuarial valuation and changes therein are as follows:

	December 31,	
	2021	2020
Vested benefits:		
Active employees	\$ 5,789,845	\$ 5,883,014
Participants with deferred vested benefits	11,742,013	12,612,729
Retirees and beneficiaries receiving benefits	16,545,362	16,749,634
Total actuarial present value of accumulated plan benefits	<u>\$ 34,077,220</u>	<u>\$ 35,245,377</u>

Changes in actuarial present value of accumulated plan benefits for the respective years ended:

	December 31,	
	2021	2020
Actuarial present value of accumulated plan benefits at beginning of period	\$ 35,245,377	\$ 37,417,937
Increase (decrease) during the year attributed to:		
Benefits paid	(3,820,152)	(4,458,092)
Change in assumptions	56,461	(57,798)
Actuarial gains	178,726	(207,865)
Interest	2,416,808	2,551,195
Net decrease	<u>(1,168,157)</u>	<u>(2,172,560)</u>
Actuarial present value of accumulated plan benefits at end of period	<u>\$ 34,077,220</u>	<u>\$ 35,245,377</u>

Note 6. Related-Party Transactions

The Trustee provides accounting and administrative services to the Plan for which \$71,626 and \$56,304 of expenses were charged for the years ended December 31, 2021 and 2020, respectively. There have been no known non-exempt prohibited transactions with a party-in-interest.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 7. Tax Status of the Plan

The Internal Revenue Service has determined and informed the plan sponsor, by a letter dated and effective September 20, 2016, that the Plan is qualified and is exempt under the appropriate sections of the Internal Revenue Code (“Code”). The Plan has been amended since receiving the determination letter. However, the Company believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Code. The Plan filed an Application for Determination for Terminating the Plan in April 2022 due to the decision to terminate the Plan as discussed in Note 9. The Plan has not yet received a final determination letter from the IRS.

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 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.

Note 8. 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 the 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.

Plan contributions and the actuarial present value of accumulated plan benefits are calculated based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

Note 9. Plan Termination and Subsequent Event

On April 14, 2022, the Board of Trustees of The Company voted to merge the AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees Plan into the AAR CORP. Retirement Plan, in addition the Board of Trustees also voted to terminate the Merged Plan effective May 31, 2022, in accordance with the Plan’s provisions. Participants remained fully vested in their benefits as of December 31, 2021. In March 2022, a Notice of Intent to Terminate and Notice to Interested Parties advising that an application was to be filed were distributed to Plan participants. In addition, the Application for Determination for Terminating Plan was filed with the IRS in April 2022 and a Notice of Plan Benefits is expected to be distributed to Plan participants in late 2022. The Plan Sponsor is in the process of preparing and filing a Standard Termination Notice with the Pension Benefit Guaranty Corporation (PBGC). The Notice of Plan Benefits is a statement of participant’s accrued benefit under the Plan. All participants in the Plan will receive a distribution of their vested benefits or have their benefit transferred to an insurer, generally 12-24 months after the effective date of the termination, subject to regulatory notices and approvals. The Plan has not yet received a final determination letter from the IRS. As of December 31, 2021, management had not yet determined liquidation to be imminent as all regulatory approvals had not yet been obtained. The Plan is in the process of determining what the impact of adopting FASB ASC 205, Presentation of Financial Statements – Liquidation Basis of Accounting, will be on the Plan’s subsequent financial statements. Therefore, the Plan’s 2021 financial statements are prepared on an accrual basis of accounting for a going concern and do not include any adjustments that might result from the Plan termination. The termination is also not reflected in the accumulated benefit information as of January 1, 2022. The Plan is anticipating its full liquidation during 2023.

AAR CORP. Retirement Plan

Notes to Financial Statements

Note 9. Plan Termination and Subsequent Event (Continued)

Certain benefits under the Plan are insured by the PBGC. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions; however, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination.

Whether all participants receive their benefits will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

The Company has evaluated subsequent events through October 14, 2022, the date the financial statements were available to be issued.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2021

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Age at Retirement	Percentage Retiring	Percentage of Total Group Remaining	Percentage of Total Group Retiring	Weighted Retirement Age	Age at Retirement
55	10.00%	1,000	1.000000	0.100000	5.500000
56	3.00%	900	0.900000	0.027000	1.512000
57	3.00%	873	0.873000	0.026190	1.492830
58	3.00%	847	0.846810	0.025404	1.473449
59	3.00%	821	0.821406	0.024642	1.453888
60	12.00%	797	0.796764	0.095612	5.736697
61	12.00%	701	0.701152	0.084138	5.132432
62	12.00%	617	0.617014	0.074042	4.590582
63	12.00%	543	0.542972	0.065157	4.104869
64	12.00%	478	0.477815	0.057338	3.669622
65	40.00%	420	0.420478	0.168191	10.932416
66	40.00%	252	0.252287	0.100915	6.660364
67	25.00%	151	0.151372	0.037843	2.535480
68	25.00%	114	0.113529	0.028382	1.929992
69	40.00%	85	0.085147	0.034059	2.350049
70	100.00%	51	0.051088	0.051088	3.576162

Average age at retirement 62.650832

Rounded for Schedule SB item 22 **63**

Plan Name: AAR CORP. Retirement Plan
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Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Interest rate basis Segment rates from fifth month preceding valuation date

Interest rates:

	Reflecting Stabilization	Not Reflecting Corridors
■ First segment rate	4.75%	2.22%
■ Second segment rate	5.36%	3.38%
■ Third segment rate	6.11%	3.92%
■ Effective interest rate	5.48%	3.45%

Annual rates of increase

- Compensation: N/A
- Future Social Security wage bases N/A
- Statutory limits on compensation N/A
- Cash balance interest credit rate 4.46% compounded quarterly (4.535% annual)

Administrative expenses \$198,000

Plan Name: AAR CORP. Retirement Plan
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Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward generationally using Scale MP-2019) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with generationally using Scale MP-2019).

Disability rates

The rates at which participants are assumed to become disabled by age and gender are shown below:

Attained Age	Males	Females
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%
69	2.18%	1.66%
70 and over	0.00%	0.00%

Termination (not due to disability or retirement) rates

5% at all ages for both males and females.

Plan Name: AAR CORP. Retirement Plan
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Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Rates at which participants are assumed to retire by age are shown below.

Age	Assumption
55	10%
56-59	3%
60-64	12%
65-66	40%
67-68	25%
69	40%
70 and over	100%

New or rehired employees

It is assumed there will be no new or rehired employees.

Form of payment

For legacy Retirement Plan Participants:

Active employees are assumed to elect a lump sum. 65% of active participants are assumed to defer payment to age 65. The remaining 35% are assumed to be paid immediately.

For terminated vested employees with annuity benefits: 50% are assumed to elect a single life annuity, 10% are assumed to elect a 10 year certain and life annuity, 27% are assumed to elect a 50% joint and survivor annuity, and 13% are assumed to elect a 100% joint and survivor annuity, all payable at age 65.

Terminated vested employees with cash balance benefits are assumed to elect a lump sum at age 65.

For legacy Cargo Plan Participants:

63% of participants are assumed to elect a single life annuity and 37% of participants are assumed to elect at 50% joint and survivor annuity, all payable at age 65.

Percent married

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married.

Spouse age

Male spouses are assumed to be three years older than female spouses.

Plan Name: AAR CORP. Retirement Plan
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Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets for determining minimum required contributions	Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings of 7.25% for 2019 and 2020 (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year). The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with AAR CORP. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with AAR CORP. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name: AAR CORP. Retirement Plan
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Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2021. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Assumptions Rationale – Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Cash balance interest crediting rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 4.46%. After examining historical variability in this rate, we believe that the selected assumption does not significantly conflict with what would be reasonable based on future expectations consistent with other economic assumptions used.
Lump sum conversion basis	As required by IRC 430, lump sum benefits are valued using “annuity substitution”, so that the interest rates assumed are effectively the same as described above for the discount rate.
Administrative expenses	Administrative expenses are estimated by determining the expected actual expenses for the coming year, reflecting items like expected PBGC premiums, actuarial fees, and auditor fees.

Assumptions Rationale - Significant Demographic Assumptions

Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender and are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.
- The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- The assumed plan-related expenses added to the target normal cost were changed from \$200,000 to \$198,000.
- Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR CORP. Retirement Plan

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1969. The AAR Cargo Systems Retirement Income Plan merged into this plan effective December 31, 2010. The last amendment reflected herein is Amendment Number 10, which was adopted December 26, 2012.

Covered employees

All active and non-union employees hired before January 1, 2004 are eligible to participate. In addition, participants in the AAR Cargo Systems Retirement Income Plan, which was merged into the Retirement Plan effective December 31, 2010, are now participants in the Retirement Plan.

Participation Date

Date of becoming a covered employee.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

Years and months of service from hire date until termination or retirement date.

Vesting Service

One year for each 1,000-hour calendar year of employment by AAR CORP.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Benefit Accruals

On May 31, 2005, benefit accruals ceased except for non-highly compensated participant grandfather benefit accruals and transition credits. All active participants continue to earn interest credits in their cash balance accounts.

Final Average Compensation/Salary

The average of total compensation (including bonuses) received during the five consecutive calendar years of service occurring within the last ten years of service during which the participant's compensation is the highest.

Accrued Benefit

For the Retirement Plan, the greatest of the Account Balance converted to an actuarial equivalent annuity, the December 31, 1999 Accrued Benefit and the Grandfathered Benefit. Effective June 1, 2005, Non-Highly compensated participants who are eligible for the Grandfathered Benefit will have their post-May 31, 2005 accruals offset by the Hypothetical Account annuity.

For the Cargo Plan participants, the applicable multiplier below times credited service, payable monthly:

Termination Date	Benefit Multiplier
On or after 8/1/2004	\$21.00
On or after 8/1/2006	\$22.00
On or after 8/1/2007	\$23.00

Normal Retirement Benefit

Normal Retirement Date: For the Retirement Plan, first of month coinciding with or next following the attainment of age 65. For the Cargo Plan participants, first of the month coinciding with or next following the attainment of age 65 and five years of plan participation.

Normal Form of Benefit: Married participants receive a 50% Qualified Joint and Survivor Annuity. Non-married participants receive a life only annuity.

Transition Credits

An employee who was at least age 45 with 5 years of Credited Service on December 31, 1999 and who is not a Highly Compensated Employee will receive Transition Credits through the quarter in which the participant achieves 20 years of credited service.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Transition Credits are equal to 2% of eligible pay up to the Social Security Wage Base and 6% of eligible pay over the Social Security Wage Base.

Interest Crediting Rate

For any quarter, $\frac{1}{4}$ of the average annual yield of the 30-year Treasury Bond for the second month immediately preceding the start of the quarter, with a minimum crediting percentage of $\frac{1}{4}$ th of 4.46%.

Account Balance

At the end of any quarter, the Account Balance equals the Account Balance at the beginning of the quarter with interest at the Interest Crediting Rate plus Pay Credits and Transition Credits, if applicable.

Pay Credits

As of May 31, 2005, no additional pay credits are earned under the plan.

Hypothetical Account

For Non-Highly Compensated participants who are eligible for the Grandfathered Benefit, a hypothetical account is created for them that assumes a 5% of eligible pay contribution is made each quarter beginning May 31, 2005 and the account earns interest at the Interest Crediting Rate

Early Retirement Benefit

Eligibility: Age 55 and 10 years of credited service.

Benefit: When accrued benefit is not determined by the account balance: Accrued Benefit reduced by $\frac{1}{2}$ of 1% for each complete calendar month between age 60 and 65 by which the age at commencement precedes age 65, and by $\frac{1}{4}$ of 1% for each month by which the age at commencement of payments precedes age 60.

When the accrued benefit is determined by the account balance: Accrued Benefit is the Actuarial Equivalent of the account balance. The benefit can commence immediately upon termination. The reduction for commencement prior to age 65 is Actuarial Equivalent to the age 65 amount.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Grandfathered Benefit

A minimum benefit for participants who were at least age 50 with 10 years of service at December 31, 1999, equal to: 1.5% of participant's Final Average Earnings, less 0.5% of the smaller of (1) Covered Compensation, (2) Final Average Earnings and (3) Three year average of FICA earnings. The entire amount is multiplied by Credited Service, up to twenty years. For Highly Compensated Employees, this amount was frozen as of May 31, 2005.

Disability Benefit

Eligibility: 10 years of credited service.

Benefit: Accrued benefit at date of disability in addition to the benefit the employee would have received until normal retirement date. If the participant's benefit is determined under the grandfathered formula, then the Final Average Pay and Social Security offset at the Date of Disability and credited service to Normal Retirement Date are used.

Vested Benefit

Eligibility: A participant is 100% vested upon completion of 5 years of vesting service (3 years for benefits based on Account Balances).

Benefit: Accrued benefit commencing at Normal Retirement Date. The benefit can commence prior to the Normal Retirement Date and is reduced according to the plan actuarial equivalence.

Death Benefit

For Retirement Plan participants:

Upon death, the Account Balance will be paid to the participant's beneficiary. If the beneficiary is the surviving spouse, they may choose, in lieu of the Account Balance, an annuity equal to the greater of the following:

1. An annuity which is Actuarial Equivalent to the Account Balance
2. The Qualified 50% Joint & Survivor Annuity

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

For the Cargo Plan participants who merged into the Retirement Plan:

A \$1,000 post-retirement death benefit is payable to the beneficiary or estate of any participant who dies subsequent to the date of his retirement. This benefit is not payable to a participant who terminates prior to retirement eligibility or to surviving spouses.

Other Plan Provisions

Optional Forms of Retirement Income in Lieu of Normal Form	50% Joint & Survivor annuity
	75% Joint & Survivor annuity
	100% Joint & Survivor annuity
	5 year Certain & Life annuity
	10 year Certain & Life Annuity
	15 year Certain & Life annuity
	Lump Sum

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation	None.
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Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2021

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	3	0	0	0	0	0	0	0	0	3
40-44	0	5	20	0	0	0	0	0	0	0	25
45-49	0	9	25	7	0	0	0	0	0	0	41
50-54	0	11	35	6	8	0	0	0	0	0	60
55-59	0	10	24	13	10	1	0	0	0	0	58
60-64	0	12	17	4	9	7	0	0	0	0	49
65-69	0	7	8	2	1	0	1	3	0	0	22
70 & over	0	0	3	0	0	0	1	0	0	0	4
Total	0	57	132	32	28	8	2	3	0	0	262

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: AAR CORP. Retirement Plan

EIN / PN: 36-2334820/002

Plan Sponsor: AAR CORP.

Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2021

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Age at Retirement	Percentage Retiring	Percentage of Total Group Remaining	Percentage of Total Group Retiring	Weighted Retirement Age	Age at Retirement
55	10.00%	1,000	1.000000	0.100000	5.500000
56	3.00%	900	0.900000	0.027000	1.512000
57	3.00%	873	0.873000	0.026190	1.492830
58	3.00%	847	0.846810	0.025404	1.473449
59	3.00%	821	0.821406	0.024642	1.453888
60	12.00%	797	0.796764	0.095612	5.736697
61	12.00%	701	0.701152	0.084138	5.132432
62	12.00%	617	0.617014	0.074042	4.590582
63	12.00%	543	0.542972	0.065157	4.104869
64	12.00%	478	0.477815	0.057338	3.669622
65	40.00%	420	0.420478	0.168191	10.932416
66	40.00%	252	0.252287	0.100915	6.660364
67	25.00%	151	0.151372	0.037843	2.535480
68	25.00%	114	0.113529	0.028382	1.929992
69	40.00%	85	0.085147	0.034059	2.350049
70	100.00%	51	0.051088	0.051088	3.576162

Average age at retirement 62.650832

Rounded for Schedule SB item 22 **63**

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Interest rate basis Segment rates from fifth month preceding valuation date

Interest rates:

	Reflecting Stabilization	Not Reflecting Corridors
■ First segment rate	4.75%	2.22%
■ Second segment rate	5.36%	3.38%
■ Third segment rate	6.11%	3.92%
■ Effective interest rate	5.48%	3.45%

Annual rates of increase

- Compensation: N/A
- Future Social Security wage bases N/A
- Statutory limits on compensation N/A
- Cash balance interest credit rate 4.46% compounded quarterly (4.535% annual)

Administrative expenses \$198,000

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward generationally using Scale MP-2019) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with generationally using Scale MP-2019).

Disability rates

The rates at which participants are assumed to become disabled by age and gender are shown below:

Attained Age	Males	Females
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%
69	2.18%	1.66%
70 and over	0.00%	0.00%

Termination (not due to disability or retirement) rates

5% at all ages for both males and females.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Rates at which participants are assumed to retire by age are shown below.

Age	Assumption
55	10%
56-59	3%
60-64	12%
65-66	40%
67-68	25%
69	40%
70 and over	100%

New or rehired employees

It is assumed there will be no new or rehired employees.

Form of payment

For legacy Retirement Plan Participants:

Active employees are assumed to elect a lump sum. 65% of active participants are assumed to defer payment to age 65. The remaining 35% are assumed to be paid immediately.

For terminated vested employees with annuity benefits: 50% are assumed to elect a single life annuity, 10% are assumed to elect a 10 year certain and life annuity, 27% are assumed to elect a 50% joint and survivor annuity, and 13% are assumed to elect a 100% joint and survivor annuity, all payable at age 65.

Terminated vested employees with cash balance benefits are assumed to elect a lump sum at age 65.

For legacy Cargo Plan Participants:

63% of participants are assumed to elect a single life annuity and 37% of participants are assumed to elect at 50% joint and survivor annuity, all payable at age 65.

Percent married

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married.

Spouse age

Male spouses are assumed to be three years older than female spouses.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets for determining minimum required contributions	Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings of 7.25% for 2019 and 2020 (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year). The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with AAR CORP. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with AAR CORP. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2021. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Assumptions Rationale – Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Cash balance interest crediting rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 4.46%. After examining historical variability in this rate, we believe that the selected assumption does not significantly conflict with what would be reasonable based on future expectations consistent with other economic assumptions used.
Lump sum conversion basis	As required by IRC 430, lump sum benefits are valued using “annuity substitution”, so that the interest rates assumed are effectively the same as described above for the discount rate.
Administrative expenses	Administrative expenses are estimated by determining the expected actual expenses for the coming year, reflecting items like expected PBGC premiums, actuarial fees, and auditor fees.

Assumptions Rationale - Significant Demographic Assumptions

Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender and are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.
- The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- The assumed plan-related expenses added to the target normal cost were changed from \$200,000 to \$198,000.
- Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR CORP. Retirement Plan

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1969. The AAR Cargo Systems Retirement Income Plan merged into this plan effective December 31, 2010. The last amendment reflected herein is Amendment Number 10, which was adopted December 26, 2012.

Covered employees

All active and non-union employees hired before January 1, 2004 are eligible to participate. In addition, participants in the AAR Cargo Systems Retirement Income Plan, which was merged into the Retirement Plan effective December 31, 2010, are now participants in the Retirement Plan.

Participation Date

Date of becoming a covered employee.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

Years and months of service from hire date until termination or retirement date.

Vesting Service

One year for each 1,000-hour calendar year of employment by AAR CORP.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Benefit Accruals

On May 31, 2005, benefit accruals ceased except for non-highly compensated participant grandfather benefit accruals and transition credits. All active participants continue to earn interest credits in their cash balance accounts.

Final Average Compensation/Salary

The average of total compensation (including bonuses) received during the five consecutive calendar years of service occurring within the last ten years of service during which the participant's compensation is the highest.

Accrued Benefit

For the Retirement Plan, the greatest of the Account Balance converted to an actuarial equivalent annuity, the December 31, 1999 Accrued Benefit and the Grandfathered Benefit. Effective June 1, 2005, Non-Highly compensated participants who are eligible for the Grandfathered Benefit will have their post-May 31, 2005 accruals offset by the Hypothetical Account annuity.

For the Cargo Plan participants, the applicable multiplier below times credited service, payable monthly:

Termination Date	Benefit Multiplier
On or after 8/1/2004	\$21.00
On or after 8/1/2006	\$22.00
On or after 8/1/2007	\$23.00

Normal Retirement Benefit

Normal Retirement Date: For the Retirement Plan, first of month coinciding with or next following the attainment of age 65. For the Cargo Plan participants, first of the month coinciding with or next following the attainment of age 65 and five years of plan participation.

Normal Form of Benefit: Married participants receive a 50% Qualified Joint and Survivor Annuity. Non-married participants receive a life only annuity.

Transition Credits

An employee who was at least age 45 with 5 years of Credited Service on December 31, 1999 and who is not a Highly Compensated Employee will receive Transition Credits through the quarter in which the participant achieves 20 years of credited service.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Transition Credits are equal to 2% of eligible pay up to the Social Security Wage Base and 6% of eligible pay over the Social Security Wage Base.

Interest Crediting Rate

For any quarter, $\frac{1}{4}$ of the average annual yield of the 30-year Treasury Bond for the second month immediately preceding the start of the quarter, with a minimum crediting percentage of $\frac{1}{4}^{\text{th}}$ of 4.46%.

Account Balance

At the end of any quarter, the Account Balance equals the Account Balance at the beginning of the quarter with interest at the Interest Crediting Rate plus Pay Credits and Transition Credits, if applicable.

Pay Credits

As of May 31, 2005, no additional pay credits are earned under the plan.

Hypothetical Account

For Non-Highly Compensated participants who are eligible for the Grandfathered Benefit, a hypothetical account is created for them that assumes a 5% of eligible pay contribution is made each quarter beginning May 31, 2005 and the account earns interest at the Interest Crediting Rate

Early Retirement Benefit

Eligibility: Age 55 and 10 years of credited service.

Benefit: When accrued benefit is not determined by the account balance: Accrued Benefit reduced by $\frac{1}{2}$ of 1% for each complete calendar month between age 60 and 65 by which the age at commencement precedes age 65, and by $\frac{1}{4}$ of 1% for each month by which the age at commencement of payments precedes age 60.

When the accrued benefit is determined by the account balance: Accrued Benefit is the Actuarial Equivalent of the account balance. The benefit can commence immediately upon termination. The reduction for commencement prior to age 65 is Actuarial Equivalent to the age 65 amount.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Grandfathered Benefit

A minimum benefit for participants who were at least age 50 with 10 years of service at December 31, 1999, equal to: 1.5% of participant's Final Average Earnings, less 0.5% of the smaller of (1) Covered Compensation, (2) Final Average Earnings and (3) Three year average of FICA earnings. The entire amount is multiplied by Credited Service, up to twenty years. For Highly Compensated Employees, this amount was frozen as of May 31, 2005.

Disability Benefit

Eligibility: 10 years of credited service.

Benefit: Accrued benefit at date of disability in addition to the benefit the employee would have received until normal retirement date. If the participant's benefit is determined under the grandfathered formula, then the Final Average Pay and Social Security offset at the Date of Disability and credited service to Normal Retirement Date are used.

Vested Benefit

Eligibility: A participant is 100% vested upon completion of 5 years of vesting service (3 years for benefits based on Account Balances).

Benefit: Accrued benefit commencing at Normal Retirement Date. The benefit can commence prior to the Normal Retirement Date and is reduced according to the plan actuarial equivalence.

Death Benefit

For Retirement Plan participants:

Upon death, the Account Balance will be paid to the participant's beneficiary. If the beneficiary is the surviving spouse, they may choose, in lieu of the Account Balance, an annuity equal to the greater of the following:

1. An annuity which is Actuarial Equivalent to the Account Balance
2. The Qualified 50% Joint & Survivor Annuity

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

For the Cargo Plan participants who merged into the Retirement Plan:

A \$1,000 post-retirement death benefit is payable to the beneficiary or estate of any participant who dies subsequent to the date of his retirement. This benefit is not payable to a participant who terminates prior to retirement eligibility or to surviving spouses.

Other Plan Provisions

Optional Forms of Retirement Income in Lieu of Normal Form	50% Joint & Survivor annuity
	75% Joint & Survivor annuity
	100% Joint & Survivor annuity
	5 year Certain & Life annuity
	10 year Certain & Life Annuity
	15 year Certain & Life annuity
	Lump Sum

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation	None.
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Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2021

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	3	0	0	0	0	0	0	0	0	3
40-44	0	5	20	0	0	0	0	0	0	0	25
45-49	0	9	25	7	0	0	0	0	0	0	41
50-54	0	11	35	6	8	0	0	0	0	0	60
55-59	0	10	24	13	10	1	0	0	0	0	58
60-64	0	12	17	4	9	7	0	0	0	0	49
65-69	0	7	8	2	1	0	1	3	0	0	22
70 & over	0	0	3	0	0	0	1	0	0	0	4
Total	0	57	132	32	28	8	2	3	0	0	262

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: AAR CORP. Retirement Plan

EIN / PN: 36-2334820/002

Plan Sponsor: AAR CORP.

Valuation Date: January 1, 2021

Form 5500Department of the Treasury
Internal Revenue ServiceDepartment 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 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**2021****This Form is Open to Public Inspection****Part I Annual Report Identification Information**

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

- 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.)
- ☒ 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) _____
- E** If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ☐

Part II Basic Plan Information—enter all requested information

1a Name of plan AAR CORP. RETIREMENT PLAN	1b Three-digit plan number (PN) ▶ 002 1c Effective date of plan 08/01/1969
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) AAR CORP. 1100 NORTH WOOD DALE ROAD WOOD DALE IL 60191	2b Employer Identification Number (EIN) 36-2334820 2c Plan Sponsor's telephone number 630-227-2000 2d Business code (see instructions) 488100

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		10/10/2022	ERIC PACHAPA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 201209

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue Service
Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2021**This Form is Open to Public
Inspection**

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan AAR CORP. RETIREMENT PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF AAR CORP.		D Employer Identification Number (EIN) 36-2334820
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2021</u>			
2 Assets:			
a Market value.....		2a	55,660,423
b Actuarial value.....		2b	50,199,102
3 Funding target/participant count breakdown			
	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....	485	19,260,758	19,260,758
b For terminated vested participants.....	615	15,001,083	15,001,083
c For active participants.....	262	6,503,729	6,503,729
d Total.....	1,362	40,765,570	40,765,570
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions.....		4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....		4b	
5 Effective interest rate.....		5	5.48%
6 Target normal cost.....			
a Present value of current plan year accruals.....		6a	0
b Expected plan-related expenses.....		6b	198,000
c Total (line 6a + line 6b).....		6c	198,000

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Michael Kravitz <i>MK</i>	10/11/2022
	Signature of actuary	Date
Michael Kravitz	Type or print name of actuary	2006149
Willis Towers Watson US LLC	Firm name	Most recent enrollment number
233 South Wacker Drive Suite 1800	Address of the firm	312-288-7700
Chicago IL 60606		Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2021
v. 201209

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.75 %2nd segment:
5.36 %3rd segment:
6.11 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

63

23 Mortality table(s) (see instructions)☐

Prescribed - combined

☒

Prescribed - separate

☐

Substitute

Part VI Miscellaneous Items**24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment..... ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment..... ☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment..... ☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....**27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years..... **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)..... **29** 0**30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29)..... **30** 0**Part VIII Minimum Required Contribution For Current Year****31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6c)..... **31a** 198,000**b** Excess assets, if applicable, but not greater than line 31a **31b** 198,000**32** Amortization installments:**a** Net shortfall amortization installment Outstanding Balance 0 Installment 0**b** Waiver amortization installment 0 0**33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount..... **33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)..... **34** 0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)..... **36** 0**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)..... **37** 0**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 0**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)..... **39** 0**40** Unpaid minimum required contributions for all years..... **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	AAR CORP.
EIN/PN	36-2334820/002
Plan Name	AAR CORP. Retirement Plan
Valuation Date	January 1, 2021
Enrolled Actuary	Michael Kravitz
Enrollment Number	20-06149

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2021

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Age at Retirement	Percentage Retiring	Percentage of Total Group Remaining	Percentage of Total Group Retiring	Weighted Retirement Age	Age at Retirement
55	10.00%	1,000	1.000000	0.100000	5.500000
56	3.00%	900	0.900000	0.027000	1.512000
57	3.00%	873	0.873000	0.026190	1.492830
58	3.00%	847	0.846810	0.025404	1.473449
59	3.00%	821	0.821406	0.024642	1.453888
60	12.00%	797	0.796764	0.095612	5.736697
61	12.00%	701	0.701152	0.084138	5.132432
62	12.00%	617	0.617014	0.074042	4.590582
63	12.00%	543	0.542972	0.065157	4.104869
64	12.00%	478	0.477815	0.057338	3.669622
65	40.00%	420	0.420478	0.168191	10.932416
66	40.00%	252	0.252287	0.100915	6.660364
67	25.00%	151	0.151372	0.037843	2.535480
68	25.00%	114	0.113529	0.028382	1.929992
69	40.00%	85	0.085147	0.034059	2.350049
70	100.00%	51	0.051088	0.051088	3.576162

Average age at retirement 62.650832

Rounded for Schedule SB item 22 **63**

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Interest rate basis Segment rates from fifth month preceding valuation date

Interest rates:

	Reflecting Stabilization	Not Reflecting Corridors
■ First segment rate	4.75%	2.22%
■ Second segment rate	5.36%	3.38%
■ Third segment rate	6.11%	3.92%
■ Effective interest rate	5.48%	3.45%

Annual rates of increase

- Compensation: N/A
- Future Social Security wage bases N/A
- Statutory limits on compensation N/A
- Cash balance interest credit rate 4.46% compounded quarterly (4.535% annual)

Administrative expenses \$198,000

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward generationally using Scale MP-2019) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with generationally using Scale MP-2019).

Disability rates

The rates at which participants are assumed to become disabled by age and gender are shown below:

Attained Age	Males	Females
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%
69	2.18%	1.66%
70 and over	0.00%	0.00%

Termination (not due to disability or retirement) rates

5% at all ages for both males and females.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Rates at which participants are assumed to retire by age are shown below.

Age	Assumption
55	10%
56-59	3%
60-64	12%
65-66	40%
67-68	25%
69	40%
70 and over	100%

New or rehired employees

It is assumed there will be no new or rehired employees.

Form of payment

For legacy Retirement Plan Participants:

Active employees are assumed to elect a lump sum. 65% of active participants are assumed to defer payment to age 65. The remaining 35% are assumed to be paid immediately.

For terminated vested employees with annuity benefits: 50% are assumed to elect a single life annuity, 10% are assumed to elect a 10 year certain and life annuity, 27% are assumed to elect a 50% joint and survivor annuity, and 13% are assumed to elect a 100% joint and survivor annuity, all payable at age 65.

Terminated vested employees with cash balance benefits are assumed to elect a lump sum at age 65.

For legacy Cargo Plan Participants:

63% of participants are assumed to elect a single life annuity and 37% of participants are assumed to elect at 50% joint and survivor annuity, all payable at age 65.

Percent married

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married.

Spouse age

Male spouses are assumed to be three years older than female spouses.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets for determining minimum required contributions	Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings of 7.25% for 2019 and 2020 (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year). The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with AAR CORP. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with AAR CORP. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2021. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Assumptions Rationale – Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Cash balance interest crediting rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 4.46%. After examining historical variability in this rate, we believe that the selected assumption does not significantly conflict with what would be reasonable based on future expectations consistent with other economic assumptions used.
Lump sum conversion basis	As required by IRC 430, lump sum benefits are valued using “annuity substitution”, so that the interest rates assumed are effectively the same as described above for the discount rate.
Administrative expenses	Administrative expenses are estimated by determining the expected actual expenses for the coming year, reflecting items like expected PBGC premiums, actuarial fees, and auditor fees.

Assumptions Rationale - Significant Demographic Assumptions

Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender and are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.
- The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- The assumed plan-related expenses added to the target normal cost were changed from \$200,000 to \$198,000.
- Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR CORP. Retirement Plan

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1969. The AAR Cargo Systems Retirement Income Plan merged into this plan effective December 31, 2010. The last amendment reflected herein is Amendment Number 10, which was adopted December 26, 2012.

Covered employees

All active and non-union employees hired before January 1, 2004 are eligible to participate. In addition, participants in the AAR Cargo Systems Retirement Income Plan, which was merged into the Retirement Plan effective December 31, 2010, are now participants in the Retirement Plan.

Participation Date

Date of becoming a covered employee.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

Years and months of service from hire date until termination or retirement date.

Vesting Service

One year for each 1,000-hour calendar year of employment by AAR CORP.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Benefit Accruals

On May 31, 2005, benefit accruals ceased except for non-highly compensated participant grandfather benefit accruals and transition credits. All active participants continue to earn interest credits in their cash balance accounts.

Final Average Compensation/Salary

The average of total compensation (including bonuses) received during the five consecutive calendar years of service occurring within the last ten years of service during which the participant's compensation is the highest.

Accrued Benefit

For the Retirement Plan, the greatest of the Account Balance converted to an actuarial equivalent annuity, the December 31, 1999 Accrued Benefit and the Grandfathered Benefit. Effective June 1, 2005, Non-Highly compensated participants who are eligible for the Grandfathered Benefit will have their post-May 31, 2005 accruals offset by the Hypothetical Account annuity.

For the Cargo Plan participants, the applicable multiplier below times credited service, payable monthly:

Termination Date	Benefit Multiplier
On or after 8/1/2004	\$21.00
On or after 8/1/2006	\$22.00
On or after 8/1/2007	\$23.00

Normal Retirement Benefit

Normal Retirement Date: For the Retirement Plan, first of month coinciding with or next following the attainment of age 65. For the Cargo Plan participants, first of the month coinciding with or next following the attainment of age 65 and five years of plan participation.

Normal Form of Benefit: Married participants receive a 50% Qualified Joint and Survivor Annuity. Non-married participants receive a life only annuity.

Transition Credits

An employee who was at least age 45 with 5 years of Credited Service on December 31, 1999 and who is not a Highly Compensated Employee will receive Transition Credits through the quarter in which the participant achieves 20 years of credited service.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Transition Credits are equal to 2% of eligible pay up to the Social Security Wage Base and 6% of eligible pay over the Social Security Wage Base.

Interest Crediting Rate

For any quarter, $\frac{1}{4}$ of the average annual yield of the 30-year Treasury Bond for the second month immediately preceding the start of the quarter, with a minimum crediting percentage of $\frac{1}{4}^{\text{th}}$ of 4.46%.

Account Balance

At the end of any quarter, the Account Balance equals the Account Balance at the beginning of the quarter with interest at the Interest Crediting Rate plus Pay Credits and Transition Credits, if applicable.

Pay Credits

As of May 31, 2005, no additional pay credits are earned under the plan.

Hypothetical Account

For Non-Highly Compensated participants who are eligible for the Grandfathered Benefit, a hypothetical account is created for them that assumes a 5% of eligible pay contribution is made each quarter beginning May 31, 2005 and the account earns interest at the Interest Crediting Rate

Early Retirement Benefit

Eligibility: Age 55 and 10 years of credited service.

Benefit: When accrued benefit is not determined by the account balance: Accrued Benefit reduced by $\frac{1}{2}$ of 1% for each complete calendar month between age 60 and 65 by which the age at commencement precedes age 65, and by $\frac{1}{4}$ of 1% for each month by which the age at commencement of payments precedes age 60.

When the accrued benefit is determined by the account balance: Accrued Benefit is the Actuarial Equivalent of the account balance. The benefit can commence immediately upon termination. The reduction for commencement prior to age 65 is Actuarial Equivalent to the age 65 amount.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Grandfathered Benefit

A minimum benefit for participants who were at least age 50 with 10 years of service at December 31, 1999, equal to: 1.5% of participant's Final Average Earnings, less 0.5% of the smaller of (1) Covered Compensation, (2) Final Average Earnings and (3) Three year average of FICA earnings. The entire amount is multiplied by Credited Service, up to twenty years. For Highly Compensated Employees, this amount was frozen as of May 31, 2005.

Disability Benefit

Eligibility: 10 years of credited service.

Benefit: Accrued benefit at date of disability in addition to the benefit the employee would have received until normal retirement date. If the participant's benefit is determined under the grandfathered formula, then the Final Average Pay and Social Security offset at the Date of Disability and credited service to Normal Retirement Date are used.

Vested Benefit

Eligibility: A participant is 100% vested upon completion of 5 years of vesting service (3 years for benefits based on Account Balances).

Benefit: Accrued benefit commencing at Normal Retirement Date. The benefit can commence prior to the Normal Retirement Date and is reduced according to the plan actuarial equivalence.

Death Benefit

For Retirement Plan participants:

Upon death, the Account Balance will be paid to the participant's beneficiary. If the beneficiary is the surviving spouse, they may choose, in lieu of the Account Balance, an annuity equal to the greater of the following:

1. An annuity which is Actuarial Equivalent to the Account Balance
2. The Qualified 50% Joint & Survivor Annuity

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

For the Cargo Plan participants who merged into the Retirement Plan:

A \$1,000 post-retirement death benefit is payable to the beneficiary or estate of any participant who dies subsequent to the date of his retirement. This benefit is not payable to a participant who terminates prior to retirement eligibility or to surviving spouses.

Other Plan Provisions

Optional Forms of Retirement Income in Lieu of Normal Form	50% Joint & Survivor annuity
	75% Joint & Survivor annuity
	100% Joint & Survivor annuity
	5 year Certain & Life annuity
	10 year Certain & Life Annuity
	15 year Certain & Life annuity
	Lump Sum

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation	None.
--	-------

Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2021

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	3	0	0	0	0	0	0	0	0	3
40-44	0	5	20	0	0	0	0	0	0	0	25
45-49	0	9	25	7	0	0	0	0	0	0	41
50-54	0	11	35	6	8	0	0	0	0	0	60
55-59	0	10	24	13	10	1	0	0	0	0	58
60-64	0	12	17	4	9	7	0	0	0	0	49
65-69	0	7	8	2	1	0	1	3	0	0	22
70 & over	0	0	3	0	0	0	1	0	0	0	4
Total	0	57	132	32	28	8	2	3	0	0	262

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: AAR CORP. Retirement Plan

EIN / PN: 36-2334820/002

Plan Sponsor: AAR CORP.

Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2021

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Age at Retirement	Percentage Retiring	Percentage of Total Group Remaining	Percentage of Total Group Retiring	Weighted Retirement Age	Age at Retirement
55	10.00%	1,000	1.000000	0.100000	5.500000
56	3.00%	900	0.900000	0.027000	1.512000
57	3.00%	873	0.873000	0.026190	1.492830
58	3.00%	847	0.846810	0.025404	1.473449
59	3.00%	821	0.821406	0.024642	1.453888
60	12.00%	797	0.796764	0.095612	5.736697
61	12.00%	701	0.701152	0.084138	5.132432
62	12.00%	617	0.617014	0.074042	4.590582
63	12.00%	543	0.542972	0.065157	4.104869
64	12.00%	478	0.477815	0.057338	3.669622
65	40.00%	420	0.420478	0.168191	10.932416
66	40.00%	252	0.252287	0.100915	6.660364
67	25.00%	151	0.151372	0.037843	2.535480
68	25.00%	114	0.113529	0.028382	1.929992
69	40.00%	85	0.085147	0.034059	2.350049
70	100.00%	51	0.051088	0.051088	3.576162

Average age at retirement 62.650832

Rounded for Schedule SB item 22 **63**

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Interest rate basis Segment rates from fifth month preceding valuation date

Interest rates:

	Reflecting Stabilization	Not Reflecting Corridors
■ First segment rate	4.75%	2.22%
■ Second segment rate	5.36%	3.38%
■ Third segment rate	6.11%	3.92%
■ Effective interest rate	5.48%	3.45%

Annual rates of increase

- Compensation: N/A
- Future Social Security wage bases N/A
- Statutory limits on compensation N/A
- Cash balance interest credit rate 4.46% compounded quarterly (4.535% annual)

Administrative expenses \$198,000

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward generationally using Scale MP-2019) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with generationally using Scale MP-2019).

Disability rates

The rates at which participants are assumed to become disabled by age and gender are shown below:

Attained Age	Males	Females
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%
69	2.18%	1.66%
70 and over	0.00%	0.00%

Termination (not due to disability or retirement) rates

5% at all ages for both males and females.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Rates at which participants are assumed to retire by age are shown below.

Age	Assumption
55	10%
56-59	3%
60-64	12%
65-66	40%
67-68	25%
69	40%
70 and over	100%

New or rehired employees

It is assumed there will be no new or rehired employees.

Form of payment

For legacy Retirement Plan Participants:

Active employees are assumed to elect a lump sum. 65% of active participants are assumed to defer payment to age 65. The remaining 35% are assumed to be paid immediately.

For terminated vested employees with annuity benefits: 50% are assumed to elect a single life annuity, 10% are assumed to elect a 10 year certain and life annuity, 27% are assumed to elect a 50% joint and survivor annuity, and 13% are assumed to elect a 100% joint and survivor annuity, all payable at age 65.

Terminated vested employees with cash balance benefits are assumed to elect a lump sum at age 65.

For legacy Cargo Plan Participants:

63% of participants are assumed to elect a single life annuity and 37% of participants are assumed to elect at 50% joint and survivor annuity, all payable at age 65.

Percent married

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married.

Spouse age

Male spouses are assumed to be three years older than female spouses.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets for determining minimum required contributions	Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings of 7.25% for 2019 and 2020 (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year). The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with AAR CORP. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with AAR CORP. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2021. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Assumptions Rationale – Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Cash balance interest crediting rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 4.46%. After examining historical variability in this rate, we believe that the selected assumption does not significantly conflict with what would be reasonable based on future expectations consistent with other economic assumptions used.
Lump sum conversion basis	As required by IRC 430, lump sum benefits are valued using “annuity substitution”, so that the interest rates assumed are effectively the same as described above for the discount rate.
Administrative expenses	Administrative expenses are estimated by determining the expected actual expenses for the coming year, reflecting items like expected PBGC premiums, actuarial fees, and auditor fees.

Assumptions Rationale - Significant Demographic Assumptions

Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender and are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.
- The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- The assumed plan-related expenses added to the target normal cost were changed from \$200,000 to \$198,000.
- Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR CORP. Retirement Plan

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1969. The AAR Cargo Systems Retirement Income Plan merged into this plan effective December 31, 2010. The last amendment reflected herein is Amendment Number 10, which was adopted December 26, 2012.

Covered employees

All active and non-union employees hired before January 1, 2004 are eligible to participate. In addition, participants in the AAR Cargo Systems Retirement Income Plan, which was merged into the Retirement Plan effective December 31, 2010, are now participants in the Retirement Plan.

Participation Date

Date of becoming a covered employee.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

Years and months of service from hire date until termination or retirement date.

Vesting Service

One year for each 1,000-hour calendar year of employment by AAR CORP.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Benefit Accruals

On May 31, 2005, benefit accruals ceased except for non-highly compensated participant grandfather benefit accruals and transition credits. All active participants continue to earn interest credits in their cash balance accounts.

Final Average Compensation/Salary

The average of total compensation (including bonuses) received during the five consecutive calendar years of service occurring within the last ten years of service during which the participant's compensation is the highest.

Accrued Benefit

For the Retirement Plan, the greatest of the Account Balance converted to an actuarial equivalent annuity, the December 31, 1999 Accrued Benefit and the Grandfathered Benefit. Effective June 1, 2005, Non-Highly compensated participants who are eligible for the Grandfathered Benefit will have their post-May 31, 2005 accruals offset by the Hypothetical Account annuity.

For the Cargo Plan participants, the applicable multiplier below times credited service, payable monthly:

Termination Date	Benefit Multiplier
On or after 8/1/2004	\$21.00
On or after 8/1/2006	\$22.00
On or after 8/1/2007	\$23.00

Normal Retirement Benefit

Normal Retirement Date: For the Retirement Plan, first of month coinciding with or next following the attainment of age 65. For the Cargo Plan participants, first of the month coinciding with or next following the attainment of age 65 and five years of plan participation.

Normal Form of Benefit: Married participants receive a 50% Qualified Joint and Survivor Annuity. Non-married participants receive a life only annuity.

Transition Credits

An employee who was at least age 45 with 5 years of Credited Service on December 31, 1999 and who is not a Highly Compensated Employee will receive Transition Credits through the quarter in which the participant achieves 20 years of credited service.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Transition Credits are equal to 2% of eligible pay up to the Social Security Wage Base and 6% of eligible pay over the Social Security Wage Base.

Interest Crediting Rate

For any quarter, $\frac{1}{4}$ of the average annual yield of the 30-year Treasury Bond for the second month immediately preceding the start of the quarter, with a minimum crediting percentage of $\frac{1}{4}^{\text{th}}$ of 4.46%.

Account Balance

At the end of any quarter, the Account Balance equals the Account Balance at the beginning of the quarter with interest at the Interest Crediting Rate plus Pay Credits and Transition Credits, if applicable.

Pay Credits

As of May 31, 2005, no additional pay credits are earned under the plan.

Hypothetical Account

For Non-Highly Compensated participants who are eligible for the Grandfathered Benefit, a hypothetical account is created for them that assumes a 5% of eligible pay contribution is made each quarter beginning May 31, 2005 and the account earns interest at the Interest Crediting Rate

Early Retirement Benefit

Eligibility: Age 55 and 10 years of credited service.

Benefit: When accrued benefit is not determined by the account balance: Accrued Benefit reduced by $\frac{1}{2}$ of 1% for each complete calendar month between age 60 and 65 by which the age at commencement precedes age 65, and by $\frac{1}{4}$ of 1% for each month by which the age at commencement of payments precedes age 60.

When the accrued benefit is determined by the account balance: Accrued Benefit is the Actuarial Equivalent of the account balance. The benefit can commence immediately upon termination. The reduction for commencement prior to age 65 is Actuarial Equivalent to the age 65 amount.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Grandfathered Benefit

A minimum benefit for participants who were at least age 50 with 10 years of service at December 31, 1999, equal to: 1.5% of participant's Final Average Earnings, less 0.5% of the smaller of (1) Covered Compensation, (2) Final Average Earnings and (3) Three year average of FICA earnings. The entire amount is multiplied by Credited Service, up to twenty years. For Highly Compensated Employees, this amount was frozen as of May 31, 2005.

Disability Benefit

Eligibility: 10 years of credited service.

Benefit: Accrued benefit at date of disability in addition to the benefit the employee would have received until normal retirement date. If the participant's benefit is determined under the grandfathered formula, then the Final Average Pay and Social Security offset at the Date of Disability and credited service to Normal Retirement Date are used.

Vested Benefit

Eligibility: A participant is 100% vested upon completion of 5 years of vesting service (3 years for benefits based on Account Balances).

Benefit: Accrued benefit commencing at Normal Retirement Date. The benefit can commence prior to the Normal Retirement Date and is reduced according to the plan actuarial equivalence.

Death Benefit

For Retirement Plan participants:

Upon death, the Account Balance will be paid to the participant's beneficiary. If the beneficiary is the surviving spouse, they may choose, in lieu of the Account Balance, an annuity equal to the greater of the following:

1. An annuity which is Actuarial Equivalent to the Account Balance
2. The Qualified 50% Joint & Survivor Annuity

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

For the Cargo Plan participants who merged into the Retirement Plan:

A \$1,000 post-retirement death benefit is payable to the beneficiary or estate of any participant who dies subsequent to the date of his retirement. This benefit is not payable to a participant who terminates prior to retirement eligibility or to surviving spouses.

Other Plan Provisions

Optional Forms of Retirement Income in Lieu of Normal Form	50% Joint & Survivor annuity
	75% Joint & Survivor annuity
	100% Joint & Survivor annuity
	5 year Certain & Life annuity
	10 year Certain & Life Annuity
	15 year Certain & Life annuity
	Lump Sum

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation	None.
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Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2021

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	3	0	0	0	0	0	0	0	0	3
40-44	0	5	20	0	0	0	0	0	0	0	25
45-49	0	9	25	7	0	0	0	0	0	0	41
50-54	0	11	35	6	8	0	0	0	0	0	60
55-59	0	10	24	13	10	1	0	0	0	0	58
60-64	0	12	17	4	9	7	0	0	0	0	49
65-69	0	7	8	2	1	0	1	3	0	0	22
70 & over	0	0	3	0	0	0	1	0	0	0	4
Total	0	57	132	32	28	8	2	3	0	0	262

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: AAR CORP. Retirement Plan

EIN / PN: 36-2334820/002

Plan Sponsor: AAR CORP.

Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2021

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Age at Retirement	Percentage Retiring	Percentage of Total Group Remaining	Percentage of Total Group Retiring	Weighted Retirement Age	Age at Retirement
55	10.00%	1,000	1.000000	0.100000	5.500000
56	3.00%	900	0.900000	0.027000	1.512000
57	3.00%	873	0.873000	0.026190	1.492830
58	3.00%	847	0.846810	0.025404	1.473449
59	3.00%	821	0.821406	0.024642	1.453888
60	12.00%	797	0.796764	0.095612	5.736697
61	12.00%	701	0.701152	0.084138	5.132432
62	12.00%	617	0.617014	0.074042	4.590582
63	12.00%	543	0.542972	0.065157	4.104869
64	12.00%	478	0.477815	0.057338	3.669622
65	40.00%	420	0.420478	0.168191	10.932416
66	40.00%	252	0.252287	0.100915	6.660364
67	25.00%	151	0.151372	0.037843	2.535480
68	25.00%	114	0.113529	0.028382	1.929992
69	40.00%	85	0.085147	0.034059	2.350049
70	100.00%	51	0.051088	0.051088	3.576162

Average age at retirement 62.650832

Rounded for Schedule SB item 22 **63**

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Interest rate basis Segment rates from fifth month preceding valuation date

Interest rates:

	Reflecting Stabilization	Not Reflecting Corridors
■ First segment rate	4.75%	2.22%
■ Second segment rate	5.36%	3.38%
■ Third segment rate	6.11%	3.92%
■ Effective interest rate	5.48%	3.45%

Annual rates of increase

- Compensation: N/A
- Future Social Security wage bases N/A
- Statutory limits on compensation N/A
- Cash balance interest credit rate 4.46% compounded quarterly (4.535% annual)

Administrative expenses \$198,000

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward generationally using Scale MP-2019) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with generationally using Scale MP-2019).

Disability rates

The rates at which participants are assumed to become disabled by age and gender are shown below:

Attained Age	Males	Females
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%
69	2.18%	1.66%
70 and over	0.00%	0.00%

Termination (not due to disability or retirement) rates

5% at all ages for both males and females.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Rates at which participants are assumed to retire by age are shown below.

Age	Assumption
55	10%
56-59	3%
60-64	12%
65-66	40%
67-68	25%
69	40%
70 and over	100%

New or rehired employees

It is assumed there will be no new or rehired employees.

Form of payment

For legacy Retirement Plan Participants:

Active employees are assumed to elect a lump sum. 65% of active participants are assumed to defer payment to age 65. The remaining 35% are assumed to be paid immediately.

For terminated vested employees with annuity benefits: 50% are assumed to elect a single life annuity, 10% are assumed to elect a 10 year certain and life annuity, 27% are assumed to elect a 50% joint and survivor annuity, and 13% are assumed to elect a 100% joint and survivor annuity, all payable at age 65.

Terminated vested employees with cash balance benefits are assumed to elect a lump sum at age 65.

For legacy Cargo Plan Participants:

63% of participants are assumed to elect a single life annuity and 37% of participants are assumed to elect at 50% joint and survivor annuity, all payable at age 65.

Percent married

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married.

Spouse age

Male spouses are assumed to be three years older than female spouses.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets for determining minimum required contributions	Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings of 7.25% for 2019 and 2020 (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year). The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with AAR CORP. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with AAR CORP. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2021. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Assumptions Rationale – Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Cash balance interest crediting rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 4.46%. After examining historical variability in this rate, we believe that the selected assumption does not significantly conflict with what would be reasonable based on future expectations consistent with other economic assumptions used.
Lump sum conversion basis	As required by IRC 430, lump sum benefits are valued using “annuity substitution”, so that the interest rates assumed are effectively the same as described above for the discount rate.
Administrative expenses	Administrative expenses are estimated by determining the expected actual expenses for the coming year, reflecting items like expected PBGC premiums, actuarial fees, and auditor fees.

Assumptions Rationale - Significant Demographic Assumptions

Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender and are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.
- The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- The assumed plan-related expenses added to the target normal cost were changed from \$200,000 to \$198,000.
- Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR CORP. Retirement Plan

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1969. The AAR Cargo Systems Retirement Income Plan merged into this plan effective December 31, 2010. The last amendment reflected herein is Amendment Number 10, which was adopted December 26, 2012.

Covered employees

All active and non-union employees hired before January 1, 2004 are eligible to participate. In addition, participants in the AAR Cargo Systems Retirement Income Plan, which was merged into the Retirement Plan effective December 31, 2010, are now participants in the Retirement Plan.

Participation Date

Date of becoming a covered employee.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

Years and months of service from hire date until termination or retirement date.

Vesting Service

One year for each 1,000-hour calendar year of employment by AAR CORP.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Benefit Accruals

On May 31, 2005, benefit accruals ceased except for non-highly compensated participant grandfather benefit accruals and transition credits. All active participants continue to earn interest credits in their cash balance accounts.

Final Average Compensation/Salary

The average of total compensation (including bonuses) received during the five consecutive calendar years of service occurring within the last ten years of service during which the participant's compensation is the highest.

Accrued Benefit

For the Retirement Plan, the greatest of the Account Balance converted to an actuarial equivalent annuity, the December 31, 1999 Accrued Benefit and the Grandfathered Benefit. Effective June 1, 2005, Non-Highly compensated participants who are eligible for the Grandfathered Benefit will have their post-May 31, 2005 accruals offset by the Hypothetical Account annuity.

For the Cargo Plan participants, the applicable multiplier below times credited service, payable monthly:

Termination Date	Benefit Multiplier
On or after 8/1/2004	\$21.00
On or after 8/1/2006	\$22.00
On or after 8/1/2007	\$23.00

Normal Retirement Benefit

Normal Retirement Date: For the Retirement Plan, first of month coinciding with or next following the attainment of age 65. For the Cargo Plan participants, first of the month coinciding with or next following the attainment of age 65 and five years of plan participation.

Normal Form of Benefit: Married participants receive a 50% Qualified Joint and Survivor Annuity. Non-married participants receive a life only annuity.

Transition Credits

An employee who was at least age 45 with 5 years of Credited Service on December 31, 1999 and who is not a Highly Compensated Employee will receive Transition Credits through the quarter in which the participant achieves 20 years of credited service.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Transition Credits are equal to 2% of eligible pay up to the Social Security Wage Base and 6% of eligible pay over the Social Security Wage Base.

Interest Crediting Rate

For any quarter, $\frac{1}{4}$ of the average annual yield of the 30-year Treasury Bond for the second month immediately preceding the start of the quarter, with a minimum crediting percentage of $\frac{1}{4}^{\text{th}}$ of 4.46%.

Account Balance

At the end of any quarter, the Account Balance equals the Account Balance at the beginning of the quarter with interest at the Interest Crediting Rate plus Pay Credits and Transition Credits, if applicable.

Pay Credits

As of May 31, 2005, no additional pay credits are earned under the plan.

Hypothetical Account

For Non-Highly Compensated participants who are eligible for the Grandfathered Benefit, a hypothetical account is created for them that assumes a 5% of eligible pay contribution is made each quarter beginning May 31, 2005 and the account earns interest at the Interest Crediting Rate

Early Retirement Benefit

Eligibility: Age 55 and 10 years of credited service.

Benefit: When accrued benefit is not determined by the account balance: Accrued Benefit reduced by $\frac{1}{2}$ of 1% for each complete calendar month between age 60 and 65 by which the age at commencement precedes age 65, and by $\frac{1}{4}$ of 1% for each month by which the age at commencement of payments precedes age 60.

When the accrued benefit is determined by the account balance: Accrued Benefit is the Actuarial Equivalent of the account balance. The benefit can commence immediately upon termination. The reduction for commencement prior to age 65 is Actuarial Equivalent to the age 65 amount.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Grandfathered Benefit

A minimum benefit for participants who were at least age 50 with 10 years of service at December 31, 1999, equal to: 1.5% of participant's Final Average Earnings, less 0.5% of the smaller of (1) Covered Compensation, (2) Final Average Earnings and (3) Three year average of FICA earnings. The entire amount is multiplied by Credited Service, up to twenty years. For Highly Compensated Employees, this amount was frozen as of May 31, 2005.

Disability Benefit

Eligibility: 10 years of credited service.

Benefit: Accrued benefit at date of disability in addition to the benefit the employee would have received until normal retirement date. If the participant's benefit is determined under the grandfathered formula, then the Final Average Pay and Social Security offset at the Date of Disability and credited service to Normal Retirement Date are used.

Vested Benefit

Eligibility: A participant is 100% vested upon completion of 5 years of vesting service (3 years for benefits based on Account Balances).

Benefit: Accrued benefit commencing at Normal Retirement Date. The benefit can commence prior to the Normal Retirement Date and is reduced according to the plan actuarial equivalence.

Death Benefit

For Retirement Plan participants:

Upon death, the Account Balance will be paid to the participant's beneficiary. If the beneficiary is the surviving spouse, they may choose, in lieu of the Account Balance, an annuity equal to the greater of the following:

1. An annuity which is Actuarial Equivalent to the Account Balance
2. The Qualified 50% Joint & Survivor Annuity

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

For the Cargo Plan participants who merged into the Retirement Plan:

A \$1,000 post-retirement death benefit is payable to the beneficiary or estate of any participant who dies subsequent to the date of his retirement. This benefit is not payable to a participant who terminates prior to retirement eligibility or to surviving spouses.

Other Plan Provisions

Optional Forms of Retirement Income in Lieu of Normal Form	50% Joint & Survivor annuity
	75% Joint & Survivor annuity
	100% Joint & Survivor annuity
	5 year Certain & Life annuity
	10 year Certain & Life Annuity
	15 year Certain & Life annuity
	Lump Sum

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation	None.
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Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2021

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	3	0	0	0	0	0	0	0	0	3
40-44	0	5	20	0	0	0	0	0	0	0	25
45-49	0	9	25	7	0	0	0	0	0	0	41
50-54	0	11	35	6	8	0	0	0	0	0	60
55-59	0	10	24	13	10	1	0	0	0	0	58
60-64	0	12	17	4	9	7	0	0	0	0	49
65-69	0	7	8	2	1	0	1	3	0	0	22
70 & over	0	0	3	0	0	0	1	0	0	0	4
Total	0	57	132	32	28	8	2	3	0	0	262

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: AAR CORP. Retirement Plan

EIN / PN: 36-2334820/002

Plan Sponsor: AAR CORP.

Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2021

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Age at Retirement	Percentage Retiring	Percentage of Total Group Remaining	Percentage of Total Group Retiring	Weighted Retirement Age	Age at Retirement
55	10.00%	1,000	1.000000	0.100000	5.500000
56	3.00%	900	0.900000	0.027000	1.512000
57	3.00%	873	0.873000	0.026190	1.492830
58	3.00%	847	0.846810	0.025404	1.473449
59	3.00%	821	0.821406	0.024642	1.453888
60	12.00%	797	0.796764	0.095612	5.736697
61	12.00%	701	0.701152	0.084138	5.132432
62	12.00%	617	0.617014	0.074042	4.590582
63	12.00%	543	0.542972	0.065157	4.104869
64	12.00%	478	0.477815	0.057338	3.669622
65	40.00%	420	0.420478	0.168191	10.932416
66	40.00%	252	0.252287	0.100915	6.660364
67	25.00%	151	0.151372	0.037843	2.535480
68	25.00%	114	0.113529	0.028382	1.929992
69	40.00%	85	0.085147	0.034059	2.350049
70	100.00%	51	0.051088	0.051088	3.576162

Average age at retirement 62.650832

Rounded for Schedule SB item 22 **63**

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

- Applicable month September
- Interest rate basis Segment rates from fifth month preceding valuation date

Interest rates:

	Reflecting Stabilization	Not Reflecting Corridors
■ First segment rate	4.75%	2.22%
■ Second segment rate	5.36%	3.38%
■ Third segment rate	6.11%	3.92%
■ Effective interest rate	5.48%	3.45%

Annual rates of increase

- Compensation: N/A
- Future Social Security wage bases N/A
- Statutory limits on compensation N/A
- Cash balance interest credit rate 4.46% compounded quarterly (4.535% annual)

Administrative expenses \$198,000

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Mortality

Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward generationally using Scale MP-2019) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with generationally using Scale MP-2019).

Disability rates

The rates at which participants are assumed to become disabled by age and gender are shown below:

Attained Age	Males	Females
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
45	0.20%	0.32%
50	0.36%	0.53%
55	0.72%	0.95%
60	1.26%	1.16%
65	1.75%	1.36%
69	2.18%	1.66%
70 and over	0.00%	0.00%

Termination (not due to disability or retirement) rates

5% at all ages for both males and females.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Rates at which participants are assumed to retire by age are shown below.

Age	Assumption
55	10%
56-59	3%
60-64	12%
65-66	40%
67-68	25%
69	40%
70 and over	100%

New or rehired employees

It is assumed there will be no new or rehired employees.

Form of payment

For legacy Retirement Plan Participants:

Active employees are assumed to elect a lump sum. 65% of active participants are assumed to defer payment to age 65. The remaining 35% are assumed to be paid immediately.

For terminated vested employees with annuity benefits: 50% are assumed to elect a single life annuity, 10% are assumed to elect a 10 year certain and life annuity, 27% are assumed to elect a 50% joint and survivor annuity, and 13% are assumed to elect a 100% joint and survivor annuity, all payable at age 65.

Terminated vested employees with cash balance benefits are assumed to elect a lump sum at age 65.

For legacy Cargo Plan Participants:

63% of participants are assumed to elect a single life annuity and 37% of participants are assumed to elect at 50% joint and survivor annuity, all payable at age 65.

Percent married

For purposes of valuing the pre-retirement surviving spouse's benefit, 100% of eligible participants are assumed to be married.

Spouse age

Male spouses are assumed to be three years older than female spouses.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets for determining minimum required contributions	Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings of 7.25% for 2019 and 2020 (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year). The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.
Benefits not valued	All benefits described in the Plan Provisions section of this report were valued based on discussions with AAR CORP. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with AAR CORP. and, based on that review, is not aware of any significant benefits required to be valued that were not.

Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2021. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

Assumptions Rationale – Significant Economic Assumptions

Discount rate	The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.
Cash balance interest crediting rate	The plan credits interest to cash balance accounts using the 30-year Treasury rate, but with a minimum interest credit rate of 4.46%. After examining historical variability in this rate, we believe that the selected assumption does not significantly conflict with what would be reasonable based on future expectations consistent with other economic assumptions used.
Lump sum conversion basis	As required by IRC 430, lump sum benefits are valued using “annuity substitution”, so that the interest rates assumed are effectively the same as described above for the discount rate.
Administrative expenses	Administrative expenses are estimated by determining the expected actual expenses for the coming year, reflecting items like expected PBGC premiums, actuarial fees, and auditor fees.

Assumptions Rationale - Significant Demographic Assumptions

Mortality	Assumptions used for funding purposes are as prescribed by IRC §430(h).
Termination	Assumed termination rates differ by age and gender and are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by termination patterns different than assumed.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Retirement

Retirement rates are based on plan sponsor expectations of future experience with periodic monitoring of observed gains and losses caused by retirement patterns different than assumed.

Source of Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

- The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.
- The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.
- The assumed plan-related expenses added to the target normal cost were changed from \$200,000 to \$198,000.
- Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Based on the results of the experience analysis, retirement and termination rates were updated to reflect more recent experience.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR CORP. Retirement Plan

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1969. The AAR Cargo Systems Retirement Income Plan merged into this plan effective December 31, 2010. The last amendment reflected herein is Amendment Number 10, which was adopted December 26, 2012.

Covered employees

All active and non-union employees hired before January 1, 2004 are eligible to participate. In addition, participants in the AAR Cargo Systems Retirement Income Plan, which was merged into the Retirement Plan effective December 31, 2010, are now participants in the Retirement Plan.

Participation Date

Date of becoming a covered employee.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

Years and months of service from hire date until termination or retirement date.

Vesting Service

One year for each 1,000-hour calendar year of employment by AAR CORP.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Benefit Accruals

On May 31, 2005, benefit accruals ceased except for non-highly compensated participant grandfather benefit accruals and transition credits. All active participants continue to earn interest credits in their cash balance accounts.

Final Average Compensation/Salary

The average of total compensation (including bonuses) received during the five consecutive calendar years of service occurring within the last ten years of service during which the participant's compensation is the highest.

Accrued Benefit

For the Retirement Plan, the greatest of the Account Balance converted to an actuarial equivalent annuity, the December 31, 1999 Accrued Benefit and the Grandfathered Benefit. Effective June 1, 2005, Non-Highly compensated participants who are eligible for the Grandfathered Benefit will have their post-May 31, 2005 accruals offset by the Hypothetical Account annuity.

For the Cargo Plan participants, the applicable multiplier below times credited service, payable monthly:

Termination Date	Benefit Multiplier
On or after 8/1/2004	\$21.00
On or after 8/1/2006	\$22.00
On or after 8/1/2007	\$23.00

Normal Retirement Benefit

Normal Retirement Date: For the Retirement Plan, first of month coinciding with or next following the attainment of age 65. For the Cargo Plan participants, first of the month coinciding with or next following the attainment of age 65 and five years of plan participation.

Normal Form of Benefit: Married participants receive a 50% Qualified Joint and Survivor Annuity. Non-married participants receive a life only annuity.

Transition Credits

An employee who was at least age 45 with 5 years of Credited Service on December 31, 1999 and who is not a Highly Compensated Employee will receive Transition Credits through the quarter in which the participant achieves 20 years of credited service.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Transition Credits are equal to 2% of eligible pay up to the Social Security Wage Base and 6% of eligible pay over the Social Security Wage Base.

Interest Crediting Rate

For any quarter, $\frac{1}{4}$ of the average annual yield of the 30-year Treasury Bond for the second month immediately preceding the start of the quarter, with a minimum crediting percentage of $\frac{1}{4}^{\text{th}}$ of 4.46%.

Account Balance

At the end of any quarter, the Account Balance equals the Account Balance at the beginning of the quarter with interest at the Interest Crediting Rate plus Pay Credits and Transition Credits, if applicable.

Pay Credits

As of May 31, 2005, no additional pay credits are earned under the plan.

Hypothetical Account

For Non-Highly Compensated participants who are eligible for the Grandfathered Benefit, a hypothetical account is created for them that assumes a 5% of eligible pay contribution is made each quarter beginning May 31, 2005 and the account earns interest at the Interest Crediting Rate

Early Retirement Benefit

Eligibility: Age 55 and 10 years of credited service.

Benefit: When accrued benefit is not determined by the account balance: Accrued Benefit reduced by $\frac{1}{2}$ of 1% for each complete calendar month between age 60 and 65 by which the age at commencement precedes age 65, and by $\frac{1}{4}$ of 1% for each month by which the age at commencement of payments precedes age 60.

When the accrued benefit is determined by the account balance: Accrued Benefit is the Actuarial Equivalent of the account balance. The benefit can commence immediately upon termination. The reduction for commencement prior to age 65 is Actuarial Equivalent to the age 65 amount.

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

Grandfathered Benefit

A minimum benefit for participants who were at least age 50 with 10 years of service at December 31, 1999, equal to: 1.5% of participant's Final Average Earnings, less 0.5% of the smaller of (1) Covered Compensation, (2) Final Average Earnings and (3) Three year average of FICA earnings. The entire amount is multiplied by Credited Service, up to twenty years. For Highly Compensated Employees, this amount was frozen as of May 31, 2005.

Disability Benefit

Eligibility: 10 years of credited service.

Benefit: Accrued benefit at date of disability in addition to the benefit the employee would have received until normal retirement date. If the participant's benefit is determined under the grandfathered formula, then the Final Average Pay and Social Security offset at the Date of Disability and credited service to Normal Retirement Date are used.

Vested Benefit

Eligibility: A participant is 100% vested upon completion of 5 years of vesting service (3 years for benefits based on Account Balances).

Benefit: Accrued benefit commencing at Normal Retirement Date. The benefit can commence prior to the Normal Retirement Date and is reduced according to the plan actuarial equivalence.

Death Benefit

For Retirement Plan participants:

Upon death, the Account Balance will be paid to the participant's beneficiary. If the beneficiary is the surviving spouse, they may choose, in lieu of the Account Balance, an annuity equal to the greater of the following:

1. An annuity which is Actuarial Equivalent to the Account Balance
2. The Qualified 50% Joint & Survivor Annuity

Plan Name: AAR CORP. Retirement Plan
EIN / PN: 36-2334820/002
Plan Sponsor: AAR CORP.
Valuation Date: January 1, 2021

SCHEDULE SB ATTACHMENTS

For the Cargo Plan participants who merged into the Retirement Plan:

A \$1,000 post-retirement death benefit is payable to the beneficiary or estate of any participant who dies subsequent to the date of his retirement. This benefit is not payable to a participant who terminates prior to retirement eligibility or to surviving spouses.

Other Plan Provisions

Optional Forms of Retirement Income in Lieu of Normal Form	50% Joint & Survivor annuity
	75% Joint & Survivor annuity
	100% Joint & Survivor annuity
	5 year Certain & Life annuity
	10 year Certain & Life Annuity
	15 year Certain & Life annuity
	Lump Sum

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation	None.
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Plan Name:	AAR CORP. Retirement Plan
EIN / PN:	36-2334820/002
Plan Sponsor:	AAR CORP.
Valuation Date:	January 1, 2021

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2021

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0
35-39	0	3	0	0	0	0	0	0	0	0	3
40-44	0	5	20	0	0	0	0	0	0	0	25
45-49	0	9	25	7	0	0	0	0	0	0	41
50-54	0	11	35	6	8	0	0	0	0	0	60
55-59	0	10	24	13	10	1	0	0	0	0	58
60-64	0	12	17	4	9	7	0	0	0	0	49
65-69	0	7	8	2	1	0	1	3	0	0	22
70 & over	0	0	3	0	0	0	1	0	0	0	4
Total	0	57	132	32	28	8	2	3	0	0	262

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: AAR CORP. Retirement Plan

EIN / PN: 36-2334820/002

Plan Sponsor: AAR CORP.

Valuation Date: January 1, 2021