

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 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>05/31/2022</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	AAR CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES		1b Three-digit plan number (PN) ▶
			004
			1c Effective date of plan
			08/01/1978
2a Plan sponsor's name (employer, if for a single-employer plan)	2b Employer Identification Number (EIN)		
Mailing address (include room, apt., suite no. and street, or P.O. Box)	38-2413129		
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)	2c Plan Sponsor's telephone number		
AAR MANUFACTURING, INC.	630-227-2000		
	2d Business code (see instructions)		
1100 NORTH WOOD DALE ROAD	488100		
WOOD DALE, IL 60191			

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.	05/08/2023	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 (2022)
v. 220413

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		5 546
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) 108
a(2) Total number of active participants at the end of the plan year		6a(2) 0
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 0
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 0
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: 1B 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) ☐ 0 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 2022 Form M-1 annual report. If the plan was not required to file the 2022 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 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022

▶ **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 CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>AAR MANUFACTURING, INC.</u>	D Employer Identification Number (EIN) <u>38-2413129</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>2022</u>	
2 Assets:	
a Market value.....	2a <u>22601209</u>
b Actuarial value	2b <u>21218128</u>
3 Funding target/participant count breakdown	
a For retired participants and beneficiaries receiving payment	(1) Number of participants <u>149</u> (2) Vested Funding Target <u>5888740</u> (3) Total Funding Target <u>5888740</u>
b For terminated vested participants.....	<u>292</u> <u>4875509</u> <u>4875509</u>
c For active participants.....	<u>108</u> <u>4269227</u> <u>4269954</u>
d Total	<u>549</u> <u>15033476</u> <u>15034203</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>5.51</u> %
6 Target normal cost	
a Present value of current plan year accruals.....	6a <u>0</u>
b Expected plan-related expenses	6b <u>41000</u>
c Total (line 6a + line 6b)	6c <u>41000</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>02/17/2023</u>
	Signature of actuary	Date
<u>MICHAEL KRAVITZ</u>	Type or print name of actuary	<u>20-06149</u>
		Most recent enrollment number
<u>WILLIS TOWERS WATSON US LLC</u>	Firm name	<u>312-288-7700</u>
		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 ☐

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	3322808
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	3322808
10 Interest on line 9 using prior year's actual return of <u>11.41</u> %	0	379132
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>5.69</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	3701940

Part III Funding Percentages		
14 Funding target attainment percentage	14	116.50 %
15 Adjusted funding target attainment percentage	15	141.13 %
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	107.12 %
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

Part V	Assumptions Used to Determine Funding Target and Target Normal Cost		
21 Discount rate:			
a Segment rates:			
1st segment: 4.75 %	2nd segment: 5.18 %	3rd segment: 5.92 %	☐ 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 Demographic and benefit information			
a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.			☒ Yes ☐ No
b Is the plan required to provide a projection of expected benefit payments? 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 41000
b Excess assets, if applicable, but not greater than line 31a			31b 41000
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	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 the American Rescue Plan Act of 2021 (See Instructions)		
41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☒ 2021			

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

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022		
A Name of plan AAR CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES	B Three-digit plan number (PN) ►	004
C Plan sponsor's name as shown on line 2a of Form 5500 AAR MANUFACTURING, INC.	D Employer Identification Number (EIN) 38-2413129	

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)	22601209	0
(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)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	22601209	0

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	22601209	0
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(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)		-2247065
(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		-2247065
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	190837	
(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)		190837
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)		
(2) Contract administrator fees	2i(2)	297583	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		297583
j Total expenses. Add all expense amounts in column (b) and enter total	2j		488420
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-2735485
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		19865724

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?	X		
4k	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	X		
4m	X		
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.	X		
4n	X		

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 0.

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

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
AAR CORP. RETIREMENT PLAN	36-2334820	002

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 466504.

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 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022		
A Name of plan AAR CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES		B Three-digit plan number (PN) ► 004
C Plan sponsor's name as shown on line 2a of Form 5500 AAR MANUFACTURING, INC.		D Employer Identification Number (EIN) 38-2413129
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 0
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) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (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 Cadillac Manufacturing Division Pension Plan for Hourly Employees

Financial Report
May 31, 2022

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Independent Auditor's Report

Benefits Committee
AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

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

We have performed audits of the financial statements of AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees (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 statements of net assets available for benefits as of May 31, 2022 and December 31, 2021, the related statements of changes in net assets available for benefits for the period from January 1, 2022 to May 31, 2022 and for the year ended December 31, 2021, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the 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 audits 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 certifications from a qualified institution as of May 31, 2022 and December 31, 2021, for the period from January 1, 2022 to May 31, 2022, 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

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

- The amounts and disclosures in the accompanying 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 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

We conducted our audits 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 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 10 to the financial statements, the Board of Directors of AAR Manufacturing, Inc., the Plan's Sponsor, voted on February 21, 2022, to merge the Plan into AAR CORP. Retirement Plan effective May 31, 2022. All Plan assets and accumulated plan benefits were transferred to AAR CORP. Retirement Plan. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the 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 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit 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 audits 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 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.

RSM US LLP

Schaumburg, Illinois
May 4, 2023

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Statements of Net Assets Available for Benefits

	May 31, 2022	December 31, 2021
Assets		
Investments, at fair value:		
Plan interest in the AAR CORP. Retirement Trust	\$ -	\$ 22,601,209
Net assets available for benefits	\$ -	\$ 22,601,209

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

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Statements of Changes in Net Assets Available for Benefits

	Period Ended May 31, 2022	Year Ended December 31, 2021
Plan interest in AAR CORP. Retirement Trust investment (loss) income	<u>\$ (2,247,065)</u>	<u>\$ 2,436,860</u>
Deductions from net assets attributed to:		
Benefits paid to participants	190,837	563,414
Administrative expenses	<u>297,583</u>	<u>247,180</u>
Total deductions	<u>488,420</u>	<u>810,594</u>
Net (decrease) increase before plan transfers	(2,735,485)	1,626,266
Transfer to AAR CORP. Retirement Plan, Note 10	(19,865,724)	-
Net assets available for benefits:		
Beginning of year	<u>22,601,209</u>	<u>20,974,943</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ 22,601,209</u></u>

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

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 1. Plan Description

The following brief description of AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information, which may be obtained from the Company.

General: The Plan is a defined benefit, noncontributory pension plan sponsored by AAR Manufacturing, Inc. (the “Company”), a wholly owned subsidiary of AAR CORP. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Pension benefits: Employees who were employed on or after August 1, 1976, are eligible for the Plan on the later of August 1, 1978, or their date of hire. Effective December 19, 2017, the Plan adopted a resolution to freeze service vesting and benefit accruals for employees as of December 31, 2017. In addition, employees hired on or after January 1, 2018 are not eligible to enter the Plan. Under terms of the Plan, participants are eligible for normal plan benefits upon reaching age 65 after five years of service. Reduced benefits are available to participants who have attained the age of 60 after 10 years of service. Monthly benefit payments are determined based on specified rates for each year of credited service.

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: AAR CORP. 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 members appointed by AAR CORP. One of the appointed members must be a member of the United Auto Workers (“UAW”), Local 1433 Union. 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 AAR CORP. 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 CORP. Retirement Plan, 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.

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 minimum funding requirements of ERISA.

The Company did not contribute to the Plan during 2022 and 2021, as the Plan met the ERISA minimum funding requirements.

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 2. Significant Accounting Policies

Basis of accounting: The financial statements of the Plan are prepared under the accrual basis of accounting.

Investment valuation and income recognition: Investments which are included in the Master Trust 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. 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 gain 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: Benefits, paid monthly, are made on either a life annuity or joint and survivor basis, and are recorded when distributed. Benefits less than \$1,000 are payable in lump sums.

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.

Subsequent events: Plan management has evaluated subsequent events through May 4, 2023, the date the financial statements were available to be issued.

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 May 31, 2022 and December 31, 2021, 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:

	2022	2021
Plan interest in the AAR CORP. Retirement Trust	\$ -	\$ 22,601,209

The Trustee also certified to the completeness and accuracy of (\$2,247,065) and \$2,436,860 of investment (loss) income related to the aforementioned assets for the period from January 1, 2022 to May 31, 2022, and year ended December 31, 2021, respectively.

The Plan's Trustee 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.

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

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 May 31, 2022 and December 31, 2021, 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 May 31, 2022 and December 31, 2021, the Plan's interest in the net assets of the Master Trust was approximately 0 percent and 28 percent, respectively.

The Total Master Trust and the Plan's interest in Master Trust net assets as of May 31, 2022 and December 31, 2021 is as follows:

	May 31, 2022		December 31, 2021	
	Master Trust	Plan's Interest in Master Trust	Master Trust	Plan's Interest in Master Trust
Assets				
Cash	\$ 12,456,060	\$ -	\$ -	\$ -
Investments at fair value:				
Common/collective trusts, including				
short-term investment fund	37,976,434	-	63,905,778	17,965,940
U.S. Government securities	13,021,711	-	-	-
Private investment partnerships	4,581,543	-	16,487,706	4,635,217
	55,579,688	-	80,393,484	22,601,157
Due from broker for securities sold	673,612	-	-	-
Accrued investment income	51,994	-	31,270	8,791
Total Assets	68,761,354	-	80,424,754	22,609,948
Liabilities				
Due to broker for securities purchased	\$ -	-	\$ (31,085)	\$ (8,739)
Net assets available for benefits	<u>\$ 68,761,354</u>	<u>\$ -</u>	<u>\$ 80,393,669</u>	<u>\$ 22,601,209</u>

During 2022 and 2021, the Plan received an allocation of approximately 28 percent on net investment income in the Master Trust. Investment income is allocated to each plan based on the Plan's specific interest attributed to the underlying assets of the Master Trust.

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

The following are the changes in net assets for the Master Trust for the period from January 1, 2022 to May 31, 2022, and year ended December 31, 2021:

	2022	2021
Additions to net assets attributed to:		
Investment (loss) income:		
Net (depreciation) appreciation in fair value of investments	\$ (8,188,280)	\$ 8,346,374
Interest	47,591	8,899
Dividends	159,333	478,556
Investment (loss) income	<u>(7,981,356)</u>	<u>8,833,829</u>
Other income	<u>-</u>	<u>11,752</u>
Changes attributable to total additions	(7,981,356)	8,845,581
Deductions from net assets attributed to:		
Administrative expenses	227,883	305,819
Net redemptions	<u>(3,423,076)</u>	<u>(4,781,459)</u>
Net change in net assets	<u><u>\$ (11,632,315)</u></u>	<u><u>\$ 3,758,303</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 May 31, 2022:

	Level 1 (1)	Level 2 (2)	Level 3 (3)	Total
U.S. Government securities	\$ -	\$ 13,021,711	\$ -	\$ 13,021,711
Total assets in fair value hierarchy	<u>\$ -</u>	<u>\$ 13,021,711</u>	<u>\$ -</u>	13,021,711
Investments measured at net asset value (a)				42,557,977
Investments at fair value				<u><u>\$ 55,579,688</u></u>

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

Investments measured at net asset value (a)	<u><u>\$ 80,393,484</u></u>
---	-----------------------------

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

(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.

(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

U.S Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

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 May 31, 2022 and December 31, 2021.

The following table summarizes investments measured at fair value based on NAV per share as of May 31, 2022 and December 31, 2021:

Investment	May 31, 2022 Fair Value	December 31, 2021 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Common/collective trust:					
Northern Trust Collective Short Term Investment Fund	\$ 1,434,229	\$ 39,981,181	\$ -	Daily	None
Western Asset Long Duration Credit Collective Investment Fund	-	11,982,650	-	Daily	None
Wellington Trust Company, NA CTF II US Investment Grade Corporate Long Bond (a)	-	11,941,947	-	Daily	None
Legal & General US Credit Collective Investment Trust Fund	20,263,444	-	-	Daily	5 business days
Legal & General Long Duration US Credit Collective Investment Trust Fund	16,278,761	-	-	Daily	5 business days
Private investment partnerships:					
The Weatherlow Offshore Fund II Ltd. (b)	-	10,980,386	-	Quarterly	65 days
Pointer Offshore III, Ltd. (c)	4,581,543	5,507,320	-	Semi-Annual	Every March 15th and September 15th
	<u>\$ 42,557,977</u>	<u>\$ 80,393,484</u>	<u>\$ -</u>		

(a) This category seeks to consistently outperform the Bloomberg Barclays Long US Corporate Index through investment in a diversified portfolio of debt obligations.

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 4. Master Trust (Unaudited) (Continued)

(b) This category seeks to achieve its objective by investing all or substantially all of its assets in The Weatherlow Fund II L.P.

(c) 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.

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.

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.

Note 5. Derivative Instruments in Master Trust

For the period from January 1, 2022 to May 31, 2022, the Master Trust held investments and transacted in fixed income futures contracts. The investment managers bought and sold fixed income futures contracts to replicate cash bond exposures or adjust overall fixed income portfolio risk position such as to possibly limit the declines in the value of fixed income portfolio securities.

Risks of entering into futures contracts include the possibility that there may be an illiquid market and that changes in the value of the contract may not correlate with changes in the value of the underlying securities.

As of May 31, 2022 there are no outstanding fixed income futures contract. Realized gain on these derivatives transactions amounted to \$6,948. The Plan does not consider any derivative instruments to be hedging instruments.

Note 6. 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. Benefits under the Plan are based upon specified rates for each year of credited service. Benefits payable under all circumstances (retirement, death, disability and termination of employment) are included to the extent they are attributable to the employee service rendered to the valuation date.

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:

	2022	2021
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-2021

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 6. Actuarial Present Value of Accumulated Plan Benefits (Continued)

The benefit multiplier is \$25 for all participants other than retirements.

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.

The accumulated plan benefits as of May 31, 2022 and December 31, 2021 are presented from information provided by the actuary as of May 31, 2022 and January 1, 2022, respectively. There has been no significant change in the Plan's provisions or coverage from December 31, 2021 to January 1, 2022. As discussed in Note 10, the Board of Directors of the Company voted to merge the Plan into AAR CORP. Retirement Plan effective May 31, 2022. The impact of this decision to merge the Plan is a decrease in the actuarial present value of accumulated plan benefits of approximately \$12,100,000, and is presented as plan amendment in the changes in actuarial present value of accumulated plan benefits for the period from January 1, 2022 to May 31, 2022.

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

	May 31, 2022	December 31, 2021
Vested benefits:		
Active employees	\$ -	\$ 3,306,818
Participants with deferred vested benefits	-	3,660,637
Retirees and beneficiaries receiving benefits	-	4,943,127
Total vested accumulated benefits	-	11,910,582
Non-vested benefits	-	-
Total actuarial present value of accumulated plan benefits	\$ -	\$ 11,910,582

Changes in actuarial present value of accumulated plan benefits for the respective period and year ended:

	May 31, 2022	December 31, 2021
Actuarial present value of accumulated plan benefits at beginning of the period	\$ 11,910,582	\$ 11,763,474
Increase (decrease) during the year attributed to:		
Benefits paid	(190,837)	(563,414)
Change in assumptions	-	33,228
Actuarial gains	-	(155,134)
Interest	356,201	832,428
Plan amendment	(12,075,946)	-
Net (decrease) increase	(11,910,582)	147,108
Actuarial present value of accumulated plan benefits at end of period	\$ -	\$ 11,910,582

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 7. Related-Party Transactions

The Trustee provides accounting and administrative services to the Plan for which \$0 and \$28,011 of expenses were charged for the period from January 1, 2022 to May 31, 2022 and year ended December 31, 2021, respectively. There have been no known non-exempt prohibited transactions with a party-in-interest.

Note 8. Tax Status of the Plan

The Internal Revenue Service ("IRS") has determined and informed the Plan Sponsor, by letter dated and effective June 17, 2015, that the Plan is qualified and 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.

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 9. Risks and Uncertainties

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

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 10. Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

1. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.
2. Other vested benefits insured by the PBGC (a U.S. government agency) up to the applicable limitations.
3. All other vested benefits (that is, vested benefits not insured by the PBGC).
4. All nonvested benefits.

**AAR Cadillac Manufacturing Division
Pension Plan for Hourly Employees**

Notes to Financial Statements

Note 10. Plan Termination (Continued)

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. 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 should the Plan terminate at some future time 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 Company and the level of benefits guaranteed by the PBGC.

Note 11. Plan Merger

On February 21, 2022, the Board of Directors of the Company voted to merge the Plan into AAR CORP. Retirement Plan effective May 31, 2022. The merger resulted in a plan transfer out of approximately \$19,900,000 of net assets, and a decrease of approximately \$12,100,000 in the actuarial present value of accumulated plan benefits.

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

2022

This Form is Open to Public Inspection

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022

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 CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) 004

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
AAR MANUFACTURING, INC.

D Employer Identification Number (EIN)
38-2413129

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 01 Day 01 Year 2022

2 Assets:

a Market value 22,601,209

b Actuarial value 21,218,128

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	149	5,888,740	5,888,740
b For terminated vested participants	292	4,875,509	4,875,509
c For active participants	108	4,269,227	4,269,954
d Total	549	15,033,476	15,034,203

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

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

5 Effective interest rate 5.51%

6 Target normal cost

a Present value of current plan year accruals 0

b Expected plan-related expenses 41,000

c Total (line 6a + line 6b) 41,000

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
Signature of actuary

Type or print name of actuary
Willis Towers Watson US LLC
Firm name
233 South Wacker Drive Suite 1800
Chicago IL 60606
Address of the firm

2/17/2023
Date
2006149
Most recent enrollment number
312-288-7700
Telephone number (including area code)

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	3,322,808
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	3,322,808
10	Interest on line 9 using prior year's actual return of <u>11.41</u> %	0	379,132
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>5.69</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	3,701,940

Part III		Funding Percentages	
14	Funding target attainment percentage	14	116.50 %
15	Adjusted funding target attainment percentage	15	141.13 %
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	107.12 %
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	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: 5.18 %	3rd segment: 5.92 %	☐ 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 Demographic and benefit information		
a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
b Is the plan required to provide a projection of expected benefit payments? 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	41,000	
b Excess assets, if applicable, but not greater than line 31a	31b	41,000	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	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 the American Rescue Plan Act of 2021 (See Instructions)

41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☒ 2021
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SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	AAR Manufacturing Inc.
EIN/PN	38-2413129/004
Plan Name	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
Valuation Date	January 1, 2022
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

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
60	10.00%	1,000	1.000000	0.100000	6.000000
61	15.00%	900	0.900000	0.135000	8.235000
62	35.00%	765	0.765000	0.267750	16.600500
63	25.00%	497	0.497250	0.124313	7.831688
64	25.00%	373	0.372938	0.093234	5.967000
65	40.00%	280	0.279703	0.111881	7.272281
66	40.00%	168	0.167822	0.067129	4.430498
67	40.00%	101	0.100693	0.040277	2.698576
68	40.00%	60	0.060416	0.024166	1.643312
69	40.00%	36	0.036250	0.014500	1.000487
70	100.00%	22	0.021750	0.021750	1.522480

Average age at retirement 63.201821

Rounded for Schedule SB item 22 63

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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 Stabilization
■ First segment rate	4.75%	1.07%
■ Second segment rate	5.18%	2.68%
■ Third segment rate	5.92%	3.36%
■ Effective interest rate	5.51%	3.02%

Annual rates of increase

- Compensation: None
- Future Social Security wage bases None
- Statutory limits on compensation None

Administrative expenses \$41,000 (this amount is prorated for the short plan year ending 5/31/2022)

Rates not reflecting stabilization are used to determine PBGC variable rate premiums, and are used to determine the PBGC FTAP, PBGC 4010 FS, and the maximum deductible contribution.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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-2020) 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-2020).

Disability rates None.

Termination (not due to disability or retirement) rates 7% at all ages for both males and females.

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

Age	Assumption
60	10.0%
61	15.0%
62	35.0%
63-64	25.0%
65-69	40.0%
70 and over	100%

New or rehired employees It was assumed there will be no new or rehired employees.

Form of payment 75% of participants are assumed to elect a 50% joint and survivor annuity and 25% are assumed to elect a single life annuity.

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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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	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 2020 and 2021 (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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2022. 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.
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.
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.
------------------------	--

Plan Name:	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

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 decreased from \$97,000 to \$41,000 to reflect the short plan year.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1978. The last amendment reflected herein was adopted in 2017 to freeze the plan as of December 31, 2017.

Effective May 31, 2022, the plan was merged into the AAR CORP. Retirement Plan and immediately terminated.

Coverage and Participation

All employees represented by the UAW Local 1433 are eligible to participate in the Plan. Such employee will become a participant in the Plan as of the day he commences employment with the Company. No new employees will enter the plan after December 31, 2017.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

A participant earns 1/10 of a year of credited service for each 170 hours worked in a calendar year. No more than one year of credited service may be earned in any given year. Credited service is frozen as of December 31, 2017.

Vesting Service

A participant earns one year of Vesting Service for each year in which the participant completes at least 1,000 hours.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Benefits

Normal Retirement Benefit

Normal Retirement Date: First day of the month following the attainment of age 65 and five years of plan participation.

Benefit Formula: Accrued Benefit at Normal Retirement Date

Normal Form of Benefit: Life annuity.

Accrued Benefit

The applicable multiplier below times Credited Service, payable monthly, for retirements after 8/1/2012.

Termination Date	Benefit Multiplier
On or after 8/1/2005	\$22.00
On or after 8/1/2006	\$22.50
On or after 8/1/2007	\$23.00
On or after 8/1/2008	\$23.50
On or after 8/1/2009	\$24.00
On or after 8/1/2016	\$25.00

Early Retirement Benefit

Eligibility: Age 60 and 10 years of Credited Service.

Benefit: Accrued Benefit at date of early retirement reduced by 1/2 of 1% for each complete calendar month the participant is under age 65.

Vested Benefits upon Termination of Service

Vesting: Termination prior to retirement but after five years of Vesting Service.

Benefit: A pension commencing at normal retirement date equal to the Accrued Benefit at date of termination. The benefit can commence as early as age 60, reduced for commencement prior to age 65 by 1/2 of 1% for each complete calendar month the participant is under age 65.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Surviving Spouse Death Benefit

Eligibility: Five years of Vesting Service.

Benefit: 50% of the benefit that would have been payable to the participant had the participant retired the day before their death and elected to receive an immediate early retirement benefit in the form of a 50% joint and survivor annuity.

Notwithstanding the above, if the participant dies prior to early retirement eligibility, the surviving spouse is eligible to receive a monthly benefit equal to 50% of the amount to which the participant would have been entitled to had the participant terminated employment the day prior to his death, survived to their early retirement eligibility age and begun receiving a 50% joint and survivor annuity. This benefit is payable the first day of the month following the attainment of the participant's early retirement age.

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation

Effective May 31, 2022, the AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees has merged into the AAR CORP. Retirement Plan.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2022

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	1	1	0	0	0	0	0	0	0	0	2
35-39	1	1	0	4	0	0	0	0	0	0	6
40-44	0	2	0	3	0	0	0	0	0	0	5
45-49	1	0	0	3	3	1	0	0	0	0	8
50-54	3	0	2	7	3	6	7	0	0	0	28
55-59	1	0	1	8	0	4	7	0	0	0	21
60-64	1	0	3	10	3	8	5	0	3	0	33
65-69	0	0	1	1	0	0	1	0	0	1	4
70 & over	0	0	0	0	0	0	0	0	0	1	1
Total	8	4	7	36	9	19	20	0	3	2	108

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

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

EIN / PN: 38-2413129/004

Plan Sponsor: AAR Manufacturing Inc.

Valuation Date: January 1, 2022

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

2022

This Form is Open to Public Inspection

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022

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 CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) 004

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
AAR MANUFACTURING, INC.

D Employer Identification Number (EIN)
38-2413129

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 01 Day 01 Year 2022

2 Assets:

a Market value	2a	22,601,209
b Actuarial value	2b	21,218,128

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	149	5,888,740	5,888,740
b For terminated vested participants	292	4,875,509	4,875,509
c For active participants	108	4,269,227	4,269,954
d Total	549	15,033,476	15,034,203

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 5.51%
6 Target normal cost

a Present value of current plan year accruals	6a	0
b Expected plan-related expenses	6b	41,000
c Total (line 6a + line 6b)	6c	41,000

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
Signature of actuary
Type or print name of actuary
Willis Towers Watson US LLC
Firm name
233 South Wacker Drive Suite 1800
Chicago IL 60606
Address of the firm

2/17/2023
Date
2006149
Most recent enrollment number
312-288-7700
Telephone number (including area code)

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	3,322,808
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	3,322,808
10	Interest on line 9 using prior year's actual return of <u>11.41</u> %	0	379,132
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>5.69</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	3,701,940

Part III		Funding Percentages	
14	Funding target attainment percentage	14	116.50 %
15	Adjusted funding target attainment percentage	15	141.13 %
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	107.12 %
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: 5.18 %	3rd segment: 5.92 %	☐ 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 Demographic and benefit information		
a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
b Is the plan required to provide a projection of expected benefit payments? 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	41,000	
b Excess assets, if applicable, but not greater than line 31a	31b	41,000	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	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 the American Rescue Plan Act of 2021 (See Instructions)

41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☒ 2021
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SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	AAR Manufacturing Inc.
EIN/PN	38-2413129/004
Plan Name	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
Valuation Date	January 1, 2022
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

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
60	10.00%	1,000	1.000000	0.100000	6.000000
61	15.00%	900	0.900000	0.135000	8.235000
62	35.00%	765	0.765000	0.267750	16.600500
63	25.00%	497	0.497250	0.124313	7.831688
64	25.00%	373	0.372938	0.093234	5.967000
65	40.00%	280	0.279703	0.111881	7.272281
66	40.00%	168	0.167822	0.067129	4.430498
67	40.00%	101	0.100693	0.040277	2.698576
68	40.00%	60	0.060416	0.024166	1.643312
69	40.00%	36	0.036250	0.014500	1.000487
70	100.00%	22	0.021750	0.021750	1.522480

Average age at retirement 63.201821

Rounded for Schedule SB item 22 63

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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 Stabilization
■ First segment rate	4.75%	1.07%
■ Second segment rate	5.18%	2.68%
■ Third segment rate	5.92%	3.36%
■ Effective interest rate	5.51%	3.02%

Annual rates of increase

- Compensation: None
- Future Social Security wage bases None
- Statutory limits on compensation None

Administrative expenses \$41,000 (this amount is prorated for the short plan year ending 5/31/2022)

Rates not reflecting stabilization are used to determine PBGC variable rate premiums, and are used to determine the PBGC FTAP, PBGC 4010 FS, and the maximum deductible contribution.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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-2020) 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-2020).

Disability rates None.

Termination (not due to disability or retirement) rates 7% at all ages for both males and females.

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

Age	Assumption
60	10.0%
61	15.0%
62	35.0%
63-64	25.0%
65-69	40.0%
70 and over	100%

New or rehired employees It was assumed there will be no new or rehired employees.

Form of payment 75% of participants are assumed to elect a 50% joint and survivor annuity and 25% are assumed to elect a single life annuity.

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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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	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 2020 and 2021 (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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2022. 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.
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.
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.
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Plan Name:	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

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 decreased from \$97,000 to \$41,000 to reflect the short plan year.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1978. The last amendment reflected herein was adopted in 2017 to freeze the plan as of December 31, 2017.

Effective May 31, 2022, the plan was merged into the AAR CORP. Retirement Plan and immediately terminated.

Coverage and Participation

All employees represented by the UAW Local 1433 are eligible to participate in the Plan. Such employee will become a participant in the Plan as of the day he commences employment with the Company. No new employees will enter the plan after December 31, 2017.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

A participant earns 1/10 of a year of credited service for each 170 hours worked in a calendar year. No more than one year of credited service may be earned in any given year. Credited service is frozen as of December 31, 2017.

Vesting Service

A participant earns one year of Vesting Service for each year in which the participant completes at least 1,000 hours.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Benefits

Normal Retirement Benefit

Normal Retirement Date: First day of the month following the attainment of age 65 and five years of plan participation.

Benefit Formula: Accrued Benefit at Normal Retirement Date

Normal Form of Benefit: Life annuity.

Accrued Benefit

The applicable multiplier below times Credited Service, payable monthly, for retirements after 8/1/2012.

Termination Date	Benefit Multiplier
On or after 8/1/2005	\$22.00
On or after 8/1/2006	\$22.50
On or after 8/1/2007	\$23.00
On or after 8/1/2008	\$23.50
On or after 8/1/2009	\$24.00
On or after 8/1/2016	\$25.00

Early Retirement Benefit

Eligibility: Age 60 and 10 years of Credited Service.

Benefit: Accrued Benefit at date of early retirement reduced by 1/2 of 1% for each complete calendar month the participant is under age 65.

Vested Benefits upon Termination of Service

Vesting: Termination prior to retirement but after five years of Vesting Service.

Benefit: A pension commencing at normal retirement date equal to the Accrued Benefit at date of termination. The benefit can commence as early as age 60, reduced for commencement prior to age 65 by 1/2 of 1% for each complete calendar month the participant is under age 65.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Surviving Spouse Death Benefit

Eligibility: Five years of Vesting Service.

Benefit: 50% of the benefit that would have been payable to the participant had the participant retired the day before their death and elected to receive an immediate early retirement benefit in the form of a 50% joint and survivor annuity.

Notwithstanding the above, if the participant dies prior to early retirement eligibility, the surviving spouse is eligible to receive a monthly benefit equal to 50% of the amount to which the participant would have been entitled to had the participant terminated employment the day prior to his death, survived to their early retirement eligibility age and begun receiving a 50% joint and survivor annuity. This benefit is payable the first day of the month following the attainment of the participant's early retirement age.

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation

Effective May 31, 2022, the AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees has merged into the AAR CORP. Retirement Plan.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2022

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	1	1	0	0	0	0	0	0	0	0	2
35-39	1	1	0	4	0	0	0	0	0	0	6
40-44	0	2	0	3	0	0	0	0	0	0	5
45-49	1	0	0	3	3	1	0	0	0	0	8
50-54	3	0	2	7	3	6	7	0	0	0	28
55-59	1	0	1	8	0	4	7	0	0	0	21
60-64	1	0	3	10	3	8	5	0	3	0	33
65-69	0	0	1	1	0	0	1	0	0	1	4
70 & over	0	0	0	0	0	0	0	0	0	1	1
Total	8	4	7	36	9	19	20	0	3	2	108

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

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

EIN / PN: 38-2413129/004

Plan Sponsor: AAR Manufacturing Inc.

Valuation Date: January 1, 2022

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 2022 This Form is Open to Public Inspection
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Part I Annual Report Identification Information	
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>05/31/2022</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 AAR CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES 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 MANUFACTURING, INC. 1100 NORTH WOOD DALE ROAD WOOD DALE IL 60191	<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;">004</td> </tr> <tr> <td colspan="2">1c Effective date of plan 08/01/1978</td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) 38-2413129</td> </tr> <tr> <td colspan="2">2c Plan Sponsor's telephone number 630-227-2000</td> </tr> <tr> <td colspan="2">2d Business code (see instructions) 488100</td> </tr> </table>	1b Three-digit plan number (PN) ▶	004	1c Effective date of plan 08/01/1978		2b Employer Identification Number (EIN) 38-2413129		2c Plan Sponsor's telephone number 630-227-2000		2d Business code (see instructions) 488100	
1b Three-digit plan number (PN) ▶	004										
1c Effective date of plan 08/01/1978											
2b Employer Identification Number (EIN) 38-2413129											
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	 Signature of plan administrator	3/14/2023 Date	ERIC PACHAPA 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 (2022)
v. 220413

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 2022 This Form is Open to Public Inspection
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Part I Annual Report Identification Information	
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>05/31/2022</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	AAR CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES		1b Three-digit plan number (PN) ▶	004
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 MANUFACTURING, INC. 1100 NORTH WOOD DALE ROAD WOOD DALE IL 60191			1c Effective date of plan 08/01/1978	
		2b Employer Identification Number (EIN) 38-2413129		
		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		5/8/2023	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 (2022)
v. 220413

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

2022

This Form is Open to Public Inspection

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022

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 CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR HOURLY EMPLOYEES

B Three-digit plan number (PN) 004

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
AAR MANUFACTURING, INC.

D Employer Identification Number (EIN)
38-2413129

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 01 Day 01 Year 2022

2 Assets:
a Market value 22,601,209
b Actuarial value 21,218,128

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	149	5,888,740	5,888,740
b For terminated vested participants	292	4,875,509	4,875,509
c For active participants	108	4,269,227	4,269,954
d Total	549	15,033,476	15,034,203

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
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

5 Effective interest rate 5.51%

6 Target normal cost
a Present value of current plan year accruals 0
b Expected plan-related expenses 41,000
c Total (line 6a + line 6b) 41,000

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
Signature of actuary

Type or print name of actuary
Willis Towers Watson US LLC
Firm name
233 South Wacker Drive Suite 1800
Chicago IL 60606
Address of the firm

2/17/2023
Date
2006149
Most recent enrollment number
312-288-7700
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) 2022 v. 220413

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	3,322,808
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	3,322,808
10 Interest on line 9 using prior year's actual return of <u>11.41</u> %	0	379,132
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>5.69</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	3,701,940

Part III	Funding Percentages	
14 Funding target attainment percentage	14	116.50 %
15 Adjusted funding target attainment percentage	15	141.13 %
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	107.12 %
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: 5.18 %	3rd segment: 5.92 %	☐ 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 Demographic and benefit information		
a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
b Is the plan required to provide a projection of expected benefit payments? 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	41,000	
b Excess assets, if applicable, but not greater than line 31a	31b	41,000	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	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 the American Rescue Plan Act of 2021 (See Instructions)

41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☒ 2021
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SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	AAR Manufacturing Inc.
EIN/PN	38-2413129/004
Plan Name	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
Valuation Date	January 1, 2022
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

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
60	10.00%	1,000	1.000000	0.100000	6.000000
61	15.00%	900	0.900000	0.135000	8.235000
62	35.00%	765	0.765000	0.267750	16.600500
63	25.00%	497	0.497250	0.124313	7.831688
64	25.00%	373	0.372938	0.093234	5.967000
65	40.00%	280	0.279703	0.111881	7.272281
66	40.00%	168	0.167822	0.067129	4.430498
67	40.00%	101	0.100693	0.040277	2.698576
68	40.00%	60	0.060416	0.024166	1.643312
69	40.00%	36	0.036250	0.014500	1.000487
70	100.00%	22	0.021750	0.021750	1.522480

Average age at retirement 63.201821

Rounded for Schedule SB item 22 63

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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 Stabilization
■ First segment rate	4.75%	1.07%
■ Second segment rate	5.18%	2.68%
■ Third segment rate	5.92%	3.36%
■ Effective interest rate	5.51%	3.02%

Annual rates of increase

- Compensation: None
- Future Social Security wage bases None
- Statutory limits on compensation None

Administrative expenses \$41,000 (this amount is prorated for the short plan year ending 5/31/2022)

Rates not reflecting stabilization are used to determine PBGC variable rate premiums, and are used to determine the PBGC FTAP, PBGC 4010 FS, and the maximum deductible contribution.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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-2020) 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-2020).

Disability rates None.

Termination (not due to disability or retirement) rates 7% at all ages for both males and females.

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

Age	Assumption
60	10.0%
61	15.0%
62	35.0%
63-64	25.0%
65-69	40.0%
70 and over	100%

New or rehired employees It was assumed there will be no new or rehired employees.

Form of payment 75% of participants are assumed to elect a 50% joint and survivor annuity and 25% are assumed to elect a single life annuity.

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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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	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 2020 and 2021 (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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2022. 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.
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.
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.
------------------------	--

Plan Name:	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

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 decreased from \$97,000 to \$41,000 to reflect the short plan year.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1978. The last amendment reflected herein was adopted in 2017 to freeze the plan as of December 31, 2017.

Effective May 31, 2022, the plan was merged into the AAR CORP. Retirement Plan and immediately terminated.

Coverage and Participation

All employees represented by the UAW Local 1433 are eligible to participate in the Plan. Such employee will become a participant in the Plan as of the day he commences employment with the Company. No new employees will enter the plan after December 31, 2017.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

A participant earns 1/10 of a year of credited service for each 170 hours worked in a calendar year. No more than one year of credited service may be earned in any given year. Credited service is frozen as of December 31, 2017.

Vesting Service

A participant earns one year of Vesting Service for each year in which the participant completes at least 1,000 hours.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Benefits

Normal Retirement Benefit

Normal Retirement Date: First day of the month following the attainment of age 65 and five years of plan participation.

Benefit Formula: Accrued Benefit at Normal Retirement Date

Normal Form of Benefit: Life annuity.

Accrued Benefit

The applicable multiplier below times Credited Service, payable monthly, for retirements after 8/1/2012.

Termination Date	Benefit Multiplier
On or after 8/1/2005	\$22.00
On or after 8/1/2006	\$22.50
On or after 8/1/2007	\$23.00
On or after 8/1/2008	\$23.50
On or after 8/1/2009	\$24.00
On or after 8/1/2016	\$25.00

Early Retirement Benefit

Eligibility: Age 60 and 10 years of Credited Service.

Benefit: Accrued Benefit at date of early retirement reduced by 1/2 of 1% for each complete calendar month the participant is under age 65.

Vested Benefits upon Termination of Service

Vesting: Termination prior to retirement but after five years of Vesting Service.

Benefit: A pension commencing at normal retirement date equal to the Accrued Benefit at date of termination. The benefit can commence as early as age 60, reduced for commencement prior to age 65 by 1/2 of 1% for each complete calendar month the participant is under age 65.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Surviving Spouse Death Benefit

Eligibility: Five years of Vesting Service.

Benefit: 50% of the benefit that would have been payable to the participant had the participant retired the day before their death and elected to receive an immediate early retirement benefit in the form of a 50% joint and survivor annuity.

Notwithstanding the above, if the participant dies prior to early retirement eligibility, the surviving spouse is eligible to receive a monthly benefit equal to 50% of the amount to which the participant would have been entitled to had the participant terminated employment the day prior to his death, survived to their early retirement eligibility age and begun receiving a 50% joint and survivor annuity. This benefit is payable the first day of the month following the attainment of the participant's early retirement age.

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation

Effective May 31, 2022, the AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees has merged into the AAR CORP. Retirement Plan.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2022

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	1	1	0	0	0	0	0	0	0	0	2
35-39	1	1	0	4	0	0	0	0	0	0	6
40-44	0	2	0	3	0	0	0	0	0	0	5
45-49	1	0	0	3	3	1	0	0	0	0	8
50-54	3	0	2	7	3	6	7	0	0	0	28
55-59	1	0	1	8	0	4	7	0	0	0	21
60-64	1	0	3	10	3	8	5	0	3	0	33
65-69	0	0	1	1	0	0	1	0	0	1	4
70 & over	0	0	0	0	0	0	0	0	0	1	1
Total	8	4	7	36	9	19	20	0	3	2	108

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

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

EIN / PN: 38-2413129/004

Plan Sponsor: AAR Manufacturing Inc.

Valuation Date: January 1, 2022

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

2022

This Form is Open to Public Inspection

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 05/31/2022

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 CADILLAC MANUFACTURING DIVISION PENSION PLAN FOR
HOURLY EMPLOYEES

B Three-digit plan number (PN) 004

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
AAR MANUFACTURING, INC.

D Employer Identification Number (EIN)
38-2413129

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 01 Day 01 Year 2022

2 Assets:

a Market value 22,601,209

b Actuarial value 21,218,128

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	149	5,888,740	5,888,740
b For terminated vested participants	292	4,875,509	4,875,509
c For active participants	108	4,269,227	4,269,954
d Total	549	15,033,476	15,034,203

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

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

5 Effective interest rate 5.51%

6 Target normal cost:

a Present value of current plan year accruals 0

b Expected plan-related expenses 41,000

c Total (line 6a + line 6b) 41,000

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
Signature of actuary

Michael Kravitz
Type or print name of actuary

Willis Towers Watson US LLC
Firm name

233 South Wacker Drive Suite 1800
Chicago IL 60606
Address of the firm

2/17/2023
Date
2006149
Most recent enrollment number
312-288-7700
Telephone number (including area code)

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	3,322,808
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	3,322,808
10 Interest on line 9 using prior year's actual return of <u>11.41</u> %	0	379,132
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>5.69</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	3,701,940

Part III	Funding Percentages	
14 Funding target attainment percentage	14	116.50 %
15 Adjusted funding target attainment percentage	15	141.13 %
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	107.12 %
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: 5.18 %	3rd segment: 5.92 %	☐ 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 Demographic and benefit information		
a Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
b Is the plan required to provide a projection of expected benefit payments? 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	41,000	
b Excess assets, if applicable, but not greater than line 31a	31b	41,000	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	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 the American Rescue Plan Act of 2021 (See Instructions)

41 If an election was made to use the extended amortization rule for a plan year beginning on or before December 31, 2021, check the box to indicate the first plan year for which the rule applies. ☐ 2019 ☐ 2020 ☒ 2021
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SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	AAR Manufacturing Inc.
EIN/PN	38-2413129/004
Plan Name	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
Valuation Date	January 1, 2022
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

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
60	10.00%	1,000	1.000000	0.100000	6.000000
61	15.00%	900	0.900000	0.135000	8.235000
62	35.00%	765	0.765000	0.267750	16.600500
63	25.00%	497	0.497250	0.124313	7.831688
64	25.00%	373	0.372938	0.093234	5.967000
65	40.00%	280	0.279703	0.111881	7.272281
66	40.00%	168	0.167822	0.067129	4.430498
67	40.00%	101	0.100693	0.040277	2.698576
68	40.00%	60	0.060416	0.024166	1.643312
69	40.00%	36	0.036250	0.014500	1.000487
70	100.00%	22	0.021750	0.021750	1.522480

Average age at retirement 63.201821

Rounded for Schedule SB item 22 63

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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 Stabilization
■ First segment rate	4.75%	1.07%
■ Second segment rate	5.18%	2.68%
■ Third segment rate	5.92%	3.36%
■ Effective interest rate	5.51%	3.02%

Annual rates of increase

- Compensation: None
- Future Social Security wage bases None
- Statutory limits on compensation None

Administrative expenses \$41,000 (this amount is prorated for the short plan year ending 5/31/2022)

Rates not reflecting stabilization are used to determine PBGC variable rate premiums, and are used to determine the PBGC FTAP, PBGC 4010 FS, and the maximum deductible contribution.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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-2020) 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-2020).

Disability rates None.

Termination (not due to disability or retirement) rates 7% at all ages for both males and females.

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

Age	Assumption
60	10.0%
61	15.0%
62	35.0%
63-64	25.0%
65-69	40.0%
70 and over	100%

New or rehired employees It was assumed there will be no new or rehired employees.

Form of payment 75% of participants are assumed to elect a 50% joint and survivor annuity and 25% are assumed to elect a single life annuity.

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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

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	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 2020 and 2021 (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 Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

Sources of Data and Other Information

AAR CORP. furnished participant data as of January 1, 2022. 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.
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.
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.
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Plan Name:	AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN:	38-2413129/004
Plan Sponsor:	AAR Manufacturing Inc.
Valuation Date:	January 1, 2022

SCHEDULE SB ATTACHMENTS

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 decreased from \$97,000 to \$41,000 to reflect the short plan year.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Sponsor

AAR CORP.

Plan

AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

Plan Provisions

Effective Date and Most Recent Amendment

The plan was originally effective August 1, 1978. The last amendment reflected herein was adopted in 2017 to freeze the plan as of December 31, 2017.

Effective May 31, 2022, the plan was merged into the AAR CORP. Retirement Plan and immediately terminated.

Coverage and Participation

All employees represented by the UAW Local 1433 are eligible to participate in the Plan. Such employee will become a participant in the Plan as of the day he commences employment with the Company. No new employees will enter the plan after December 31, 2017.

Definitions

Plan Year

The twelve-month period ending December 31.

Credited Service

A participant earns 1/10 of a year of credited service for each 170 hours worked in a calendar year. No more than one year of credited service may be earned in any given year. Credited service is frozen as of December 31, 2017.

Vesting Service

A participant earns one year of Vesting Service for each year in which the participant completes at least 1,000 hours.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Benefits

Normal Retirement Benefit

Normal Retirement Date: First day of the month following the attainment of age 65 and five years of plan participation.

Benefit Formula: Accrued Benefit at Normal Retirement Date

Normal Form of Benefit: Life annuity.

Accrued Benefit

The applicable multiplier below times Credited Service, payable monthly, for retirements after 8/1/2012.

Termination Date	Benefit Multiplier
On or after 8/1/2005	\$22.00
On or after 8/1/2006	\$22.50
On or after 8/1/2007	\$23.00
On or after 8/1/2008	\$23.50
On or after 8/1/2009	\$24.00
On or after 8/1/2016	\$25.00

Early Retirement Benefit

Eligibility: Age 60 and 10 years of Credited Service.

Benefit: Accrued Benefit at date of early retirement reduced by 1/2 of 1% for each complete calendar month the participant is under age 65.

Vested Benefits upon Termination of Service

Vesting: Termination prior to retirement but after five years of Vesting Service.

Benefit: A pension commencing at normal retirement date equal to the Accrued Benefit at date of termination. The benefit can commence as early as age 60, reduced for commencement prior to age 65 by 1/2 of 1% for each complete calendar month the participant is under age 65.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Surviving Spouse Death Benefit

Eligibility: Five years of Vesting Service.

Benefit: 50% of the benefit that would have been payable to the participant had the participant retired the day before their death and elected to receive an immediate early retirement benefit in the form of a 50% joint and survivor annuity.

Notwithstanding the above, if the participant dies prior to early retirement eligibility, the surviving spouse is eligible to receive a monthly benefit equal to 50% of the amount to which the participant would have been entitled to had the participant terminated employment the day prior to his death, survived to their early retirement eligibility age and begun receiving a 50% joint and survivor annuity. This benefit is payable the first day of the month following the attainment of the participant's early retirement age.

Changes in Benefits Valued Since Prior Year

Changes in Plan Provisions since Last Actuarial Valuation

Effective May 31, 2022, the AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees has merged into the AAR CORP. Retirement Plan.

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees
EIN / PN: 38-2413129/004
Plan Sponsor: AAR Manufacturing Inc.
Valuation Date: January 1, 2022

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2022

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	1	1	0	0	0	0	0	0	0	0	2
35-39	1	1	0	4	0	0	0	0	0	0	6
40-44	0	2	0	3	0	0	0	0	0	0	5
45-49	1	0	0	3	3	1	0	0	0	0	8
50-54	3	0	2	7	3	6	7	0	0	0	28
55-59	1	0	1	8	0	4	7	0	0	0	21
60-64	1	0	3	10	3	8	5	0	3	0	33
65-69	0	0	1	1	0	0	1	0	0	1	4
70 & over	0	0	0	0	0	0	0	0	0	1	1
Total	8	4	7	36	9	19	20	0	3	2	108

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

Plan Name: AAR Cadillac Manufacturing Division Pension Plan for Hourly Employees

EIN / PN: 38-2413129/004

Plan Sponsor: AAR Manufacturing Inc.

Valuation Date: January 1, 2022