

NON-STOP



Steadfast commitment to customer needs, employee engagement and shareholder value drive AAR's performance around the clock. We have over 6,000 professionals serving customers in over 100 countries, all with a single goal – *dedication to excellence*. This has allowed our 60-year-old company to become a leading aerospace and defense solutions provider offering a broad range of products and services. Our employees' efforts have been recognized by *Forbes* magazine, which has named AAR one of America's Most Trustworthy Companies for 2014.

non-stop

DEDICATION



During fiscal year 2014, we never lost focus on growing the business and building shareholder value. In the first quarter, ***we expanded our 1MRO network of airframe service centers with a new location in Lake Charles, Louisiana***, where we are now servicing wide-body aircraft. In the second quarter, we grew our commercial cargo product portfolio to all Airbus commercial aircraft by purchasing the cargo loading systems assets of PFW Aerospace GmbH. In the third quarter, we announced a 12-year agreement with Mesa Airlines for total support of the new fleet of E-175s they operate for United. By the end of year, we successfully opened a new supply chain hub in Brussels that positions us to grow our parts and distribution business with new customers in Europe, Africa and the Middle East.

We also maintain an unwavering ***commitment to quality, safety and regulatory compliance***. The Company's success depends on our customers having confidence in our ability to deliver high-quality products and services designed to assure safety of flight. We have developed a symbol that is displayed on mechanics' uniforms and facility flags to serve as a constant reminder of our dedication to safety – the AAR Airworthy eagle.



This badge is earned upon completion of AAR's ongoing safety management procedures and training programs, which are certified by the FAA. AAR was also the first MRO operator to agree to voluntarily share safety information with the FAA as part of the agency's efforts to identify the industry's risk areas. These same high standards and total commitment ***apply to our support of the men and women in uniform***.

DEDICATION IN ACTION

AAR Airlift crew members were recognized by the Helicopter Association International (HAI) for extraordinary actions in Afghanistan. They performed an emergency engine replacement on a S-61 helicopter at a Forward Operating Base in a record time of just under 4 hours during a resupply mission to U.S. forces. This is just one example of Airlift's ability to conduct operations under hostile conditions in austere environments. We provide expeditionary airlift services in support of contingency operations worldwide.



Continual focus on our customers' needs has resulted in AAR developing innovative solutions that bundle our existing capabilities or take them to the next level. Our *close-to-the customer* approach has allowed us to innovate and create high-value solutions for companies so they can focus on their core business. So whether it is developing a consumable and expendable parts program for a major airline or an interior reconfiguration program for a fleet of B757-200s, we can develop customized solutions that create efficiencies for our customers.

non-stop INNOVATION



Our *supply chain business gained meaningful momentum* with new contract wins totaling \$1.9 billion that will be realized over the life of the programs. We developed deeper relationships with our airline customers, who have come to see us as a more integral part of their supply chain. Our new single-source supplier contract with Mesa Airlines is a good example that includes not only rotatable inventory power-by-the-hour support but also heavy maintenance and wheel and brake services. The 12-year, \$200 million contract provides total support for the new fleet of E-175s that Mesa operates for United Airlines. AAR also secured a multi-million dollar supply chain contract to support Kenya Airways' 737NG aircraft, which will be managed from our newly established supply chain hub in Brussels. Further, we entered into a *consumable and expendable parts contract* with a major U.S. carrier valued at \$48 million annually to procure and manage parts and provide them to the customer's main warehouse as required. Under this contract, we act as an aggregator, replacing what used to be more than 150 suppliers.

AAR also became a multi-year *exclusive distributor of Eaton's fluid-distribution products* for sale to the Defense Logistics Agency. AAR will provide a streamlined and cost-effective supply chain to Eaton's customers, which was recently expanded to include its commercial airline customers worldwide.

INNOVATION WITHIN

We have also focused on innovating inside our own businesses to create platforms for future growth. AAR seized an opportunity to acquire inventory and airline contracts from Sabena technics Brussels. This allowed us to establish a supply chain hub in Europe to also serve customers in the growing Middle East and Africa markets.

Additionally, to offset the loss of Airlift flying positions due to the drawdown in Afghanistan, AAR further expanded into the vertical replenishment arena with a new U.S. Navy contract.



Right product, right place, right time. While we are excited about the new contracts recently won, we recognize that AAR's success and shareholder value is only sustainable if we are able to execute on our commitments. So whether it is supplying parts, completing a heavy check, flying aircraft or delivering cargo containers, a key measure of our performance is *customer satisfaction*. AAR's breadth of products/ services, worldwide reach, and responsiveness provide the peace of mind that our customers are looking for.

non-stop EXECUTION



Best Airframe MRO Provider - Americas



To help streamline operations, AAR established a Cargo Group comprised of Telair International, AAR Cargo Systems and Nordisk Aviation Products. *Nordisk had a strong year receiving large unit load device (ULD) orders* from China Southern, China Postal, Turkish, Vietnam and Singapore airlines. As the lightest ULDs available, Nordisk's cargo and luggage storage devices save commercial and freight airlines fuel and, therefore, money. And they also help the environment by reducing carbon emissions from aircraft. Nordisk has now delivered more than 700,000 units to the global markets in the past 40 years. Telair also achieved a key milestone by *delivering the 400th lower deck cargo handling system for the Airbus A330 series.*

In less than 2 years, *AAR's Duluth facility has grown to support four lines of aircraft maintenance* and about 375 jobs in Minnesota. In April, AAR celebrated the completion of heavy maintenance checks on the 100th Air Canada narrow-body Airbus aircraft, under a 5-year exclusive contract to support the airline's fleet of 89 A319, A320 and A321 aircraft. At the celebration, Air Canada's Vice President, Maintenance

& Engineering said that the new contract "assures Air Canada of a quality solution for our A320 maintenance needs through AAR's extensive and proven capabilities." And AAR has work in the pipeline to achieve the same success at our sixth MRO facility recently opened in Lake Charles, Louisiana.

EFFORTS AWARDED

This year, customers recognized our ability to execute by voting us ATE&M's Best Airframe MRO Provider in the Americas. AAR also received an award from NATO for Outstanding Component Repair Provider for the second consecutive year and our fourth consecutive Boeing Gold Performance Excellence Award for commercial component repair and defense logistics. We are proud to have our employees' commitment to high standards recognized.



Non-stop Commitment

Taking Flight

To help bridge the mid-skills gap in aviation, we launched the "Taking Flight" program to *raise the awareness of middle and high school students about well-paying careers in the aviation industry.* As part of this program, AAR hosts day-long excursions for students to its aircraft maintenance, repair and overhaul (MRO) facilities at the Indianapolis, Oklahoma City and Miami airports. The trips typically include visits to college programs where instructors provide insight on the type of curricula high school students need to

prepare themselves for jobs as avionic technicians, aerospace engineers, aircraft mechanics and air traffic controllers.

During the year, AAR hosted students from Chicago and Miami public middle and high schools who visited the *Company's vast MRO hangars to see first hand the repair and overhaul of commercial aircraft.* For some, it was their first time in an airplane. The Company's goal is to *inspire these students to focus on STEM* (Science, Technology, Engineering & Math) education to align their skill sets

with jobs of the future and create a more robust pipeline of future workers that will improve AAR's competitiveness in the global market. The Company also recently funded a summer STEM program in conjunction with the Overtown Youth Center in Miami founded by NBA great and recent Hall of Famer Alonzo Mourning. These programs are especially important now due to the current low supply of aircraft mechanics and the decrease in college graduates in STEM fields.



TO OUR STOCKHOLDERS, CUSTOMERS, AND EMPLOYEES



We are proud to report that in fiscal year 2014, AAR worked non-stop to deliver solid results. Facing headwinds in some of our markets, we optimized core business operations and secured new commercial supply chain contracts to help offset softness in military demand. Our full-year diluted earnings per share was \$1.83, compared to \$1.38 reported in fiscal year 2013. We achieved these results by being steadfastly dedicated to all of our stakeholders, innovating new solutions for the aerospace market, and reliably executing on our commitments.

Financial Strength

During the year, the Company continued to build on its financial strength, generating almost \$140 million in cash flow from operations and \$113 million in free cash flow, which allowed us to reduce our net debt by \$89 million. Throughout the year, the Company also continued to return capital to our shareholders by paying dividends and repurchasing shares totaling about \$12.8 million. We are very proud that AAR was named one of *Forbes* 100 Most Trustworthy Companies in 2014 based on the transparency of our financial reporting and the dedication of our employees.

With a stronger balance sheet, we are poised to take advantage of strategic opportunities. We are evaluating our robust pipeline of internal and external investment candidates to further expand and enhance our core business operations and capitalize on market dynamics. As we evaluate future investments, we are applying a renewed and energized focus on improving our return on capital. We view return on capital as an important measure for how we deploy resources, grow returns, and deliver long-term value for our shareholders.

Well Positioned for the Future

As we enter fiscal year 2015, U.S. commercial airlines are earning record profits largely due to consolidation and disciplined financial management. International markets are developing rapidly, fleets are expanding, and order backlogs for both Airbus and Boeing are at all-time highs. These trends are creating significant growth opportunities

Selected Financial Highlights

(dollars in millions except per share data)

For the year ended May 31*	2014	2013	2012	2011	2010
Operating Performance					
Net sales	\$ 2,035.0	\$ 2,137.3	\$ 2,065.0	\$ 1,805.1	\$ 1,352.2
Net income attributable to AAR	72.9	55.0	67.7	69.8	44.6
Diluted earnings per share	\$ 1.83	\$ 1.38	\$ 1.65	\$ 1.73	\$ 1.16
Financial Position					
Working capital	714.8	644.7	590.1	498.0	521.6
Total assets	2,199.5	2,136.9	2,195.7	1,703.7	1,500.2
Total debt	634.0	708.6	792.2	437.1	428.6
Stockholders' equity	1,000.7	919.5	866.0	835.3	746.4

* As reported

for AAR as our airline customers turn to us to maximize efficiency within their maintenance operations. During the year, we entered into several new long-term supply agreements with key airline customers and were awarded distribution rights by Eaton and other leading aerospace equipment manufacturers. We also were recognized for our aftermarket expertise when customers voted us ATE&M's Best Airframe MRO Provider in the Americas. Finally, contracts secured this year with Aeromexico, Kenya Airways and Singapore Airlines expanded our international business. AAR's focus on attractive commercial markets will only deepen in the year ahead.

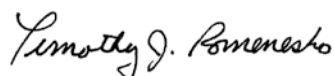
Our defense businesses have contributed significantly to our results for the past several years, but in fiscal year 2014 we started to see the impact of the drawdown in defense spending. While we anticipate continued significant reductions in government activity, we expect that there will be opportunities for us even in this contracting market. With continued pressure on budgets, governments will need AAR's lower-cost solutions to keep their aging fleets operating. For example, the five-year agreement we secured this year to expand our component repair support for Boeing's U.S. Army CH-47 helicopters is breathing new life into old aircraft and is part of a program that will save the government hundreds of millions of dollars.

In closing, we appreciate the hard work and dedication of our more than 6,000 employees in nearly 20 countries around the world. The ongoing commitment and entrepreneurial nature of AAR employees are the reasons our Company is financially strong and succeeds in working with some of the largest and most formidable aerospace companies in the world. We also value the strategic direction, sound counsel and active engagement of our Board of Directors. Additionally, we thank our valued customers for the trust and confidence they place in us every day to provide high-value solutions that help them reduce costs and operate safely. We will continue our non-stop dedication to all of our stakeholders in the coming year and well into the future.

Sincerely,

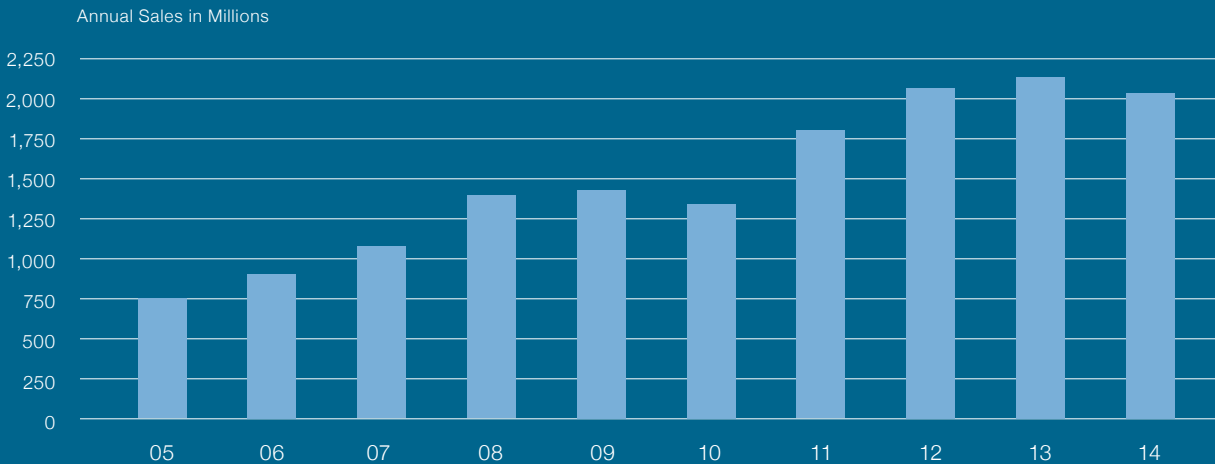


David P. Storch
Chairman and Chief Executive Officer



Timothy J. Romenesko
President and Chief Operating Officer

Ten Years Sales Growth



Non-stop Progress

AAR is well positioned for the future aviation market. The company's financial discipline and diversified business model has allowed it to endure, evolve and grow for more than 60 years. And the future looks bright.

In Aviation Services, AAR continues to enhance its industry-leading position in supply chain, MRO and Airlift. The Company has secured new contracts with international customers and for work outside North America. AAR's Supply Chain Group was recently selected by AMMROC, a joint venture between Mubadala, Sikorsky and Lockheed-Martin, to support the design of a new MRO facility in the United Arab Emirates. AAR's MRO Group has started to conduct heavy maintenance checks on wide-body aircraft for Aeromexico in our U.S. facilities. And while the number of Airlift flying positions has decreased due to the U.S. drawdown in Afghanistan, the Company has secured new customers for its expeditionary airlift services. In addition to the expansion of the vertical replenishment contract with the U.S. Navy, *Airlift recently commenced operations in Central Africa* to provide dedicated fixed-wing lift services to U.S. Africa Command.



In Technology Products, our Cargo Group is well positioned to grow with systems on successful Airbus narrow, mid-size and military aircraft platforms. AAR also recently announced the launch of a new line of unit load devices (ULDs) branded CAEROe, which are debuting on Cargolux freight carriers. The CAEROe pallets, developed by Telair, are up to 40 percent lighter than standard all-aluminum ULDs but can carry more weight without additional strapping to the aircraft structure, thereby providing extra space and, potentially, extra revenue for airlines.

Non-stop Solutions

AAR is a leading aerospace and defense contractor serving customers across the globe via a broad portfolio of business units. Our industry-leading Aviation Services and Technology Products segments provide solutions that enable our customers to fly passengers, cargo and defense assets in a safe, reliable and cost-efficient manner. We help our customers control costs, streamline their operations, and do more with less. For more than 60 years, aviation customers have put their trust in us.



AAR AT-A-GLANCE

AVIATION SERVICES

Parts and Supply Chain

Our Aviation Supply Chain business ranks among the world's top providers of aftermarket aircraft parts and logistics and inventory support, as well as OEM components.

- Supply Chain Management
- Aircraft & Engine Parts Supply
- OEM Parts Distribution
- Repair & Warranty Management (Airinmar)
- Aircraft & Engine Sales & Leasing
- Enterprise IT



MRO

We are the #1 Provider of MRO Services in North America and the third largest worldwide. We operate a network of 6 airframe repair facilities across the U.S., as well as shops for component repair, landing gear and wheels and brakes.

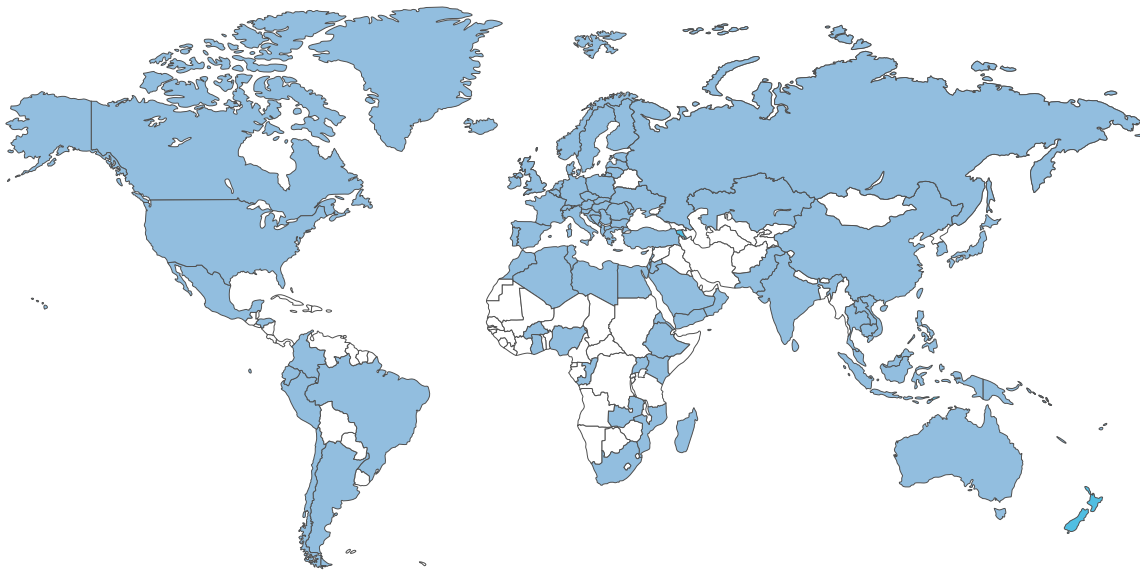
- Aircraft Maintenance
- Engineering Services
- Component Repair
- Landing Gear
- Wheels & Brakes

Airlift

Our Airlift business serves government and defense customers, helping to transport personnel, cargo and supplies in harsh environments around the world. By maximizing the efficiency of our operation, we achieved an average 92.8% readiness rate for the fleet supporting U.S. forces in Afghanistan.

1,082

aircraft maintained,
repaired or overhauled
with 5 million
man-hours worked



AAR's global footprint is impressive and continues to grow. Through a network of 60 locations, we serve customers in over 100 countries and employ more than 6,000 people across the globe.

TECHNOLOGY PRODUCTS

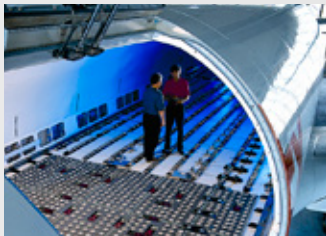
Cargo Products

AAR, including its subsidiaries Telair and Nordisk, is a tier-one provider of cargo handling systems for commercial and military aircraft.

- Aircraft Cargo Loading Systems (Telair)
- Nordisk Unit Load Devices
 - Containers & Pallets

341

airlines supported
(cargo & commercial)
and 1,782 customers
served



Mobility Systems

AAR provides specialized mobility products for military and humanitarian missions.

- Shelters
- Integrated C4 Systems



Aerostructures

AAR designs and produces aerostructures and interiors using advanced precision machining and composite manufacturing processes.

- Precision Metals
- Composite Design & Fabrication

AAR LEADERSHIP

CORPORATE OFFICERS

David P. Storch

Chairman and Chief Executive Officer

Timothy J. Romenesko

President and Chief Operating Officer

Michael K. Carr

Vice President, Tax and Assistant Treasurer

Peter K. Chapman

Vice President, Chief Commercial Officer

John C. Fortson

Vice President, Chief Financial Officer and Treasurer

Axel P. Hauner

Cargo Group Vice President

John M. Holmes

Aviation Services Group Vice President – Inventory Management and Distribution

Cheryle R. Jackson

Vice President, Government Affairs and Corporate Development

Dany Kleiman

Aviation Services Group Vice President – Repair and Engineering

Kevin M. Larson

Vice President and Chief Information Officer

Randy J. Martinez

Aviation Services Group Vice President – Airlift

David E. Prusiecki

Vice President, Defense Programs

Robert J. Regan

Vice President, General Counsel and Secretary

Michael J. Sharp

Vice President, Controller and Chief Accounting Officer

Timothy O. Skelly

Vice President and Chief Human Resources Officer

Donald J. Wetekam

Senior Vice President, Government and Defense Business Development

BOARD OF DIRECTORS

David P. Storch³ – Chairman

Chairman and Chief Executive Officer, AAR CORP.

Anthony K. Anderson^{1, 2}

Independent Business Consultant; Former Vice Chairperson and Managing Partner of Midwest Area at Ernst & Young LLP

Norman R. Bobins^{1, 2}

Non-Executive Chairman, The PrivateBank and Trust Company – Chicago; Chief Executive Officer, Norman Bobins Consulting, LLC.

Michael R. Boyce^{2, 4}

Chairman and Chief Executive Officer, PQ Corporation; Chairman and Chief Executive Officer, The Peak Group

Ronald R. Fogleman^{2, 3, 4} – Chairman, ⁵

General, U.S. Air Force (Ret.); President and Chief Operating Officer, B Bar J Cattle and Consulting Company

James E. Goodwin¹ – Chairman, ^{3, 4}

Chairman, Federal Signal Corporation; Retired Chairman and Chief Executive Officer, UAL, Inc. and United Airlines, Inc.

Patrick J. Kelly^{1, 4}

Managing Director, KMK & Associates, LLC

Peter Pace^{2, 4}

General, U.S. Marine Corps (Ret.); Chairman of the Joint Chiefs of Staff (Ret.)

Timothy J. Romenesko

President and Chief Operating Officer, AAR CORP.

Marc J. Walfish^{1, 3, 4}

Founding Partner, Merit Capital Partners

Ronald B. Woodard^{1, 2} – Chairman

Chairman, MagnaDrive, Inc.; Retired President, Boeing Commercial Airplane Group

¹ Member of Audit Committee

² Member of Compensation Committee

³ Member of Executive Committee

⁴ Member of Nominating and Governance Committee

⁵ Lead Director

STOCKHOLDER INFORMATION

Corporate Headquarters

AAR CORP.
1100 North Wood Dale Road
Wood Dale, Illinois 60191
Telephone: 630-227-2000
Facsimile: 630-227-2059
www.aarcorp.com

Transfer Agent and Registrar

Computershare Trust Company, N.A.
Providence, Rhode Island

Independent Registered Public Accounting Firm

KPMG LLP
Chicago, Illinois

Annual Meeting of Stockholders

The annual meeting of stockholders will be held at 9:00 a.m. (Chicago time) on Wednesday, October 8, 2014, at AAR's Corporate Headquarters, 1100 North Wood Dale Road, Wood Dale, Illinois 60191.

The Investor Service Program

AAR CORP. provides its stockholders the opportunity to purchase additional shares of common stock of the Company by automatic reinvestment of dividends and optional additional investments. Stockholders may obtain information regarding this plan by contacting the Corporate Secretary, AAR CORP., 1100 North Wood Dale Road, Wood Dale, Illinois 60191.

Ticker Symbol

AAR stock is traded on the New York and Chicago Stock Exchanges under the ticker symbol AIR.



AAR CORP.

1100 North Wood Dale Road
Wood Dale, Illinois 60191
www.aarcorp.com

