



Corporate Governance Guidelines

(Last approved on July 13, 2021)

1. Director Qualification Standards

A majority of the members of the Board of Directors shall qualify as independent directors in accordance with the applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated thereunder, and the applicable rules of the New York Stock Exchange.

The Nominating and Governance Committee and the Board of Directors shall critically evaluate director nominees to determine the independence of a director, taking into consideration charitable contributions made by the Company to organizations with whom a director is affiliated, whether the Company has a consulting or other contractual relationship with, or provides other indirect compensation to, a director, and other factors required by New York Stock Exchange rules or applicable law.

Each director shall promptly advise the Board of any change in primary employment, appointment to other public or private Boards, or other changes in status or qualification for service as a director of the Company in order to provide an opportunity for the Board to determine whether continued Board service is in the best interest of the Company.

Each director shall comply with the stock ownership guidelines set forth in Paragraph 9 of these Guidelines.

Recognizing the value of continuity of directors who have experience with the Company, there are no limits on the number of terms a director may hold office, subject to the director retirement policy set forth in Paragraph 13.

2. Size of Board and Director Selection

The Board of Directors shall determine, from time to time, the number of positions on the Board and when such positions are to be filled. The Nominating and Governance Committee shall identify, interview and screen candidates and recommend to the Board a slate of one or more candidates who, in the judgment of the Nominating and Governance Committee, satisfy the Board's selection criteria and otherwise qualify for nomination as a director. The Board of Directors shall approve nominees for election to the Board from the slate of candidates recommended by the Nominating and Governance Committee.

The Chairman of the Nominating and Governance Committee shall initiate the search process for director nominees when a need is identified. Any member of the Board of Directors or senior management of the Company, and any search firm engaged by the Nominating and Governance Committee, may refer names of potential director nominees to the Nominating and Governance Committee for consideration as a potential nominee or provide input to the Nominating and Governance Committee concerning any potential nominee. Stockholders may also submit names of potential nominee candidates, together with the candidate's qualifications and background, to

the Nominating and Governance Committee for consideration as provided in the Company's By-Laws and annual proxy statement.

In selecting candidates to recommend to the Board for nomination, the Nominating and Governance Committee shall base its recommendations on the following criteria and considerations:

- a high level of integrity and professional and personal ethics and values consistent with those of the Company;
- professional background and relevant business and industry experience;
- current employment, leadership experience and other board service;
- demonstrated business acumen or special technical skills or expertise (e.g. auditing, financial, law and aviation/aerospace);
- a commitment to enhancing stockholder value and serving the interest of all stockholders;
- independence (including within the meaning of the applicable rules of the New York Stock Exchange) and freedom from any conflicts of interest that would interfere with the ability to discharge a director's duties;
- willingness and ability to make the commitment of time and attention necessary for effective board service;
- a balance and diversity of business, financial and other experience, expertise, capabilities and perspectives among sitting directors in the context of the current composition of the Board, operating requirements of the Company and long-term interests of stockholders; and
- other factors the Nominating and Governance Committee deems appropriate.

The Nominating and Governance Committee is committed to actively seeking highly qualified women and minority persons to include in its pool from which new candidates are selected. Accordingly, the Nominating and Governance Committee shall include, and shall direct any search firm it retains to include, in its list of director candidates one or more such persons.

3. Director Responsibilities

Directors exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company in a manner consistent with their fiduciary duties. Directors are expected to attend all meetings of the Board of Directors, stockholder meetings and meetings of Board committees upon which they serve, and to be familiar with the Company's director orientation and educational materials and participate in director continuing education programs made available by the Company from time to time. To prepare for meetings, directors are expected to review the materials that are sent to directors in advance of those meetings.

The Board of Directors of the Company and each Board committee shall hold regular executive sessions of independent directors without management participation or presence. The Lead Director (see Paragraph 11) shall preside at each executive session of the Board of Directors and provide a report to the Chairman of the Board and the Chief Executive Officer on matters discussed, as appropriate. Interested parties may communicate directly with the independent directors, individually or as a group or through the procedures disclosed in the annual proxy statement.

4. Committees and Committee Chairs

The Board of Directors shall at all times maintain an Audit Committee, a Nominating and Governance Committee and a Compensation Committee which shall operate in accordance with the Company's By-Laws, their respective charters as adopted and amended from time to time by the Board, the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange and other applicable law. The Board may also establish such other committees (e.g., an Executive Committee and an Aviation Safety and Training Committee) as it deems appropriate and delegate to such committees such authority permitted by such committees' charters, if any, applicable law and the Company's By-Laws as the Board sees fit.

The Chairman of the Board will chair the Executive Committee unless the Board determines otherwise. The Chairs of the other Committees should change at periodic intervals, and there should also be a regular rotation in the membership of the Committees, balancing the need for fresh perspective with the need for experience and continuity.

5. Director Access to Management and Independent Advisors

The Company shall provide each director with complete access to the management of the Company, subject to reasonable advance notice and reasonable efforts to avoid disruption to the Company's management, business and operations. The Board of Directors and, to the extent set forth in the applicable committee charter, each of its committees shall have the right to consult and retain independent legal and other advisors at the expense of the Company.

6. Director Compensation

The Board of Directors, upon the recommendation of the Compensation Committee, shall determine the form and amount of director compensation, including cash, equity-based awards and other director compensation. In determining director compensation, the Board of Directors shall consider, among other factors, the levels of compensation customary at other companies of similar size and type, as well as the business environment.

7. CEO Evaluation and Succession

The independent directors of the Board shall conduct an annual review of the performance and compensation of the Chief Executive Officer, taking into account the views and recommendations of the Compensation Committee and Nominating and Governance Committee.

The Board of Directors shall establish and review such formal or informal policies and procedures, consulting with the Nominating and Governance Committee, the Chief Executive Officer and others, as it considers appropriate, regarding succession to the Chief Executive Officer, and other key members of management, in the event of emergency or retirement.

8. Annual Performance Evaluation of the Board and Board Committees

The Board of Directors and each of its committees shall conduct a self-evaluation annually to determine whether it is functioning effectively. The full Board of Directors shall discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance.

9. Stock Ownership Guidelines for Directors and Executive Officers

The Board of Directors of the Company expects its directors and executive officers to own and retain a meaningful amount of the Company's stock to demonstrate their confidence in the Company to the investing public and the Company's stockholders and employees. The Board also believes it is important that its directors and executive officers have long-term financial interests that are aligned with those of its stockholders. Accordingly, the following stock ownership guidelines shall apply to the Company's directors and executive officers:

Directors	Non-employee directors shall own and retain during their service on the Board a minimum of the lesser of (a) the sum of three times the annual cash retainer (currently \$95,000) and the annual grant (currently \$125,000) or (b) 20,000 shares of the Company's common stock. Non-employee directors shall achieve this stock ownership level within four years of joining the Board.
Executive Officers	Stock ownership requirements for executive officers of the Company shall be expressed as a multiple of salary, with the minimum requirements as follows:
Position	Minimum Ownership Requirements (Multiple of Base Salary)
Chairman of the Board	6 times
CEO	6 times
Executive Officers Who Report Directly to the CEO	2 times
Other Executive Officers	1 times

Until such stock ownership guidelines are met, executive officers must retain at least 50% of the shares received as compensation, net of shares withheld for taxes and payment of the exercise price in the case of an option exercise or net of shares withheld for taxes in the case of the vesting of shares of restricted stock or performance-based stock.

Shares are valued at market price at fiscal year-end for purposes of determining compliance with these stock ownership guidelines. In calculating the stock ownership for the Company's non-employee directors and executive officers, the following shall be "counted":

- Shares purchased on the open market;
- Shares held in individual brokerage accounts;

- Shares held jointly with, or separately by, spouse and/or minor children;
- Shares acquired under the Company's Stock Benefit Plan, except that unvested performance-based restricted and unvested time-based restricted stock under the Company's Stock Benefit Plan shall count at a 50% level;
- Shares obtained through stock option exercise; and
- Shares issuable upon settlement of deferred stock units held under the Non-Employee Directors Deferred Compensation Plan.

Failure to meet or to show sustained progress toward meeting the above guidelines may result in a reduction in future stock grants.

10. Chairman and Chief Executive Officer

The Board of Directors determines the leadership of the Board and the Company in the way that best serves the Company. The Board has no fixed policy with respect to combining or separating the offices of Chairman of the Board and Chief Executive Officer and may vest those responsibilities in the same individual or in different individuals.

11. Lead Director

When the Chairman of the Board is not an independent director, the independent directors shall select a Lead Director from among the independent directors on the Board. The Lead Director shall have the following responsibilities:

- Chair all executive sessions of the Board, all meetings of the Board at which the Chairman of the Board is not present and all meetings of the independent directors;
- Serve as a liaison among the Chairman of the Board, the Chief Executive Officer and the independent directors;
- Consult with the Chairman of the Board on Board meeting schedules and agendas and other matters pertinent to the Company and the Board;
- Have the authority to call a meeting of the independent directors or a meeting of the Board; and
- Perform such other duties as the Board of Directors may from time to time designate.

12. Communications with the Board of Directors

Stockholders and other interested parties may communicate with the Board of Directors, the Chairman of the Board, the Lead Director, a Committee Chairman, the independent directors as a group, or any individual director by mail addressed to:

AAR CORP.
 Attention: [Board] [Chairman of the Board] [Lead Director] [Committee Chairman]
 [Independent Directors] [Individual Director]
 c/o Corporate Secretary
 One AAR Place
 1100 North Wood Dale Road
 Wood Dale, IL 60191

13. Director Retirement Policy

No candidate who has reached the age of 75 prior to the date of nomination shall be nominated by the Board for election as a director, except in special circumstances approved by the Board.

14. Amendment and Modification

These Guidelines may be amended or modified by the Board of Directors, subject to the disclosure and other provisions of the Securities Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. The Board of Directors, with the assistance of the Nominating and Governance Committee, as appropriate, shall review these Corporate Governance Guidelines on an annual basis to determine whether any changes are appropriate.

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