Forward-Looking Statements

This presentation includes certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on beliefs of Company management, as well as assumptions and estimates based on information currently available to the Company, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, including those factors discussed under Item 1A, entitled “Risk Factors,” included in the Company’s Form 10-K for the fiscal year ended May 31, 2016. Should one or more of these risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. These events and uncertainties are difficult or impossible to predict accurately and many are beyond the Company’s control. The Company assumes no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. For additional information, see the comments included in AAR’s filings with the Securities and Exchange Commission.
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<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
</tr>
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<tr>
<td>Company Overview</td>
<td>David P. Storch – Chairman, President and Chief Executive Officer</td>
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<td>Aviation Services</td>
<td>John M. Holmes – Chief Operating Officer, Aviation Services</td>
</tr>
<tr>
<td>Airlift</td>
<td>Steven B. Harrison – President, AAR Airlift Group</td>
</tr>
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<td>Financial Update</td>
<td>Timothy J. Romenesko – Vice Chairman &amp; Chief Financial Officer</td>
</tr>
<tr>
<td>Closing Comments</td>
<td>David P. Storch – Chairman, President and Chief Executive Officer</td>
</tr>
</tbody>
</table>
DAVID P. STORCH
Chairman, President and Chief Executive Officer

• Chairman of AAR CORP (2005-Current)
• Chief Executive Officer (1996-Current)
• President and Chief Operating Officer (1989-1996)
• President of AAR Trading Group (1987-1989)
• Education:
  – BA from Ithaca College
OUR MISSION

To be the best at designing and delivering technical, operational and financial solutions to enhance the efficiency and competitiveness of our commercial aviation and government customers.
Our Values

QUALITY FIRST. SAFETY ALWAYS.

FIND A WAY. EVERY DAY.

MAKE MONEY. HAVE FUN.

IDEAS MATTER. THINK NEW. THINK AHEAD.

DO IT FAST. DO IT WELL.

BE HONEST. INSPIRE TRUST.

WORK AS ONE. BE INCLUSIVE.

OWN IT.
AAR Transformation

Focus on being an industry-leading Aviation Services company

- Monetize Cargo to fund growth (net proceeds of approximately $600 million after tax)
- Optimize Core Portfolio

Achieve financial flexibility

- Net Debt to EBITDA multiple improved from 3.2x to 1.3x
- Debt to equity reduced from 68% to 18%
- Improved credit ratings – S&P upgraded AAR CORP to BB+ with stable outlook
- Purchased 6.1 million shares at average price of $29.78 or $182 million since April 2015 (Approximately 14% of outstanding shares)
  - 4.7 million shares within 60 days of sale at average purchase price of $31.75
  - 1.4 million shares since June 2015 at average purchase price of $23.35
Established Player Serving the Global Aviation Services Market

Leading provider of Aviation Services and Expeditionary Services to commercial and defense/government markets

NYSE: AIR

$1.7B revenue stream

Over 60 years as a market leader in aftermarket aviation support

Over 4,800 employees in over 20 countries

Close-to-the-customer business model
## Company Overview

### Aviation Services (~85% of sales)

**Commercial 70% | Defense 30%**

| Supply Chain | MRO
| ~67% of segment | ~33% of segment |
| Programs | Aircraft maintenance and modifications |
| Distribution | Component repair |
| Trading | Landing gear and wheels and brakes repair |
| | Engineering services |

### Expeditionary Services (~15% of sales)

**Defense 84% | Commercial 16%**

| Airlift | Mobility
| ~67% of segment | ~33% of segment |
| Fixed and Rotary Wing | Pallets, containers, shelter systems, and accessories |
| Flight Operations, Maintenance, Logistics | Support services |
| Passengers, Cargo, Combi Short Takeoff and Landing | Special mission projects |
| Search and Rescue, NVG, Airdrop | |

---
# Aviation Services | Supply Chain

## Programs

**Comprehensive and innovative contracted solutions for supply chain management**

- Over 1,300 aircraft under long-term Power-by-the-Hour (PBH) support
- Inventory owned by customer or part of AAR pool
- Reduce maintenance spend; improve turn times

## Distribution

**Sales and marketing partner to extend OEM reach into the aftermarket**

- 10+ exclusive OEM relationships covering 50+ product lines
- 20,000+ line items available
- Stocking locations around the world
- Independent – No OEM or Airline affiliation

## Parts Trading

**Buying, selling, exchanging, and leasing overhauled airframe and engine parts**

- > 1 million parts stocked
- Aircraft and engine end-of-life solutions
- Inventory consignments
- Technical services including inspections and work scoping for repairs

---

**Industry Leading IT Solutions**
Aviation Services | MRO

Airframe Maintenance Facilities

Oklahoma City

Miami

Lake Charles

Indianapolis

Duluth

Rockford

#1 MRO of the Americas

> 5 million Man hours

850 aircraft maintained, repaired or overhauled
Expeditionary Services

Airlift

- Rotary & fixed wing flight operations
- Austere environments
- Search & rescue
- Personnel, cargo, combi, and external cargo capable
- Day, night, & all-weather operations

Mobility

- **Shelter systems** – Transportable by air, land and sea and patented for rapid on- and off-loading
- **ISU containers** – Customizable shipping and storage of equipment, spare parts, high value cargo
- **Expeditionary systems** – Mobile power, water purification, maintenance & calibration shops
- **Palletized systems** – Custom pallets & platforms for short-term storage and quick movement of cargo
### Strong Industry Relationships (Representative List)

<table>
<thead>
<tr>
<th>Airlines</th>
<th>Cargo Airlines</th>
<th>OEMs</th>
<th>Governments</th>
</tr>
</thead>
<tbody>
<tr>
<td>AeroMexico</td>
<td>DHL</td>
<td>&lt;!-- AIRBUS --&gt;</td>
<td>&lt;!-- AIRBUS --&gt;</td>
</tr>
<tr>
<td>Air Canada</td>
<td>FedEx</td>
<td>Lockheed Martin</td>
<td>&lt;!-- AIRBUS --&gt;</td>
</tr>
<tr>
<td>Alaska Airlines</td>
<td>UPS</td>
<td>Northrop Grumman</td>
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<tr>
<td>Delta</td>
<td>Boeing</td>
<td>Raytheon</td>
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<tr>
<td>Southwest Airlines</td>
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<tr>
<td>United</td>
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<tr>
<td>British Airways</td>
<td>Endeavor Air</td>
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<td>&lt;!-- AIRBUS --&gt;</td>
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<tr>
<td>China Airlines</td>
<td>Flybe</td>
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<tr>
<td>Etihad</td>
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<tr>
<td>Kenya Airways</td>
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<td>Lufthansa</td>
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<tr>
<td>Singapore Airlines</td>
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<td>&lt;!-- AIRBUS --&gt;</td>
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<tr>
<td>South African Airways</td>
<td></td>
<td></td>
<td>&lt;!-- AIRBUS --&gt;</td>
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</tbody>
</table>

**Regional Airlines**

- Air Wisconsin
- Endeavor Air
- Flybe
- Air Canada
- MEA Airlines
- SkyWest Airlines
Navigated Through Five Major Industry Cycles

After Each Down Cycle, AAR Has Emerged as a Stronger Company
JOHN M. HOLMES
Chief Operating Officer, Aviation Services

(15 years with AAR CORP)

• Chief Operating Officer, Aviation Service (2015-Current)
• Group Vice President, Aviation Supply Chain (2012-2015)
• General Manager AAR Allen Asset Management (2003-2012)
• Director of Mergers and Acquisitions (2001-2003)
• Prior to AAR, investment banking and private equity
• Education:
  – MBA from University of Chicago
  – BS, Finance from University of Illinois
Aviation Services | MRO

Airframe Maintenance Facilities

OKLAHOMA CITY
- Regional & Narrow body
- 300,000 SF
- Full airframe paint capabilities

INDIANAPOLIS
- Narrow & Wide body
- 1.1 Million SF
- Full airframe & paint capabilities

MIAMI
- Narrow & Wide body
- 226,000 SF in three hangars
- Full airframe paint capabilities

LAKE CHARLES
- Dedicated paint facility for narrow and wide body aircraft

DULUTH
- Regional & Narrow body
- 80,000 SF

ROCKFORD
- Narrow & Wide body
- 200,000 SF hangar

#1 MRO of the Americas

>5M Man hours

850+ Aircraft maintained, repaired or overhauled per year

2,700 Aircraft Maintenance Technicians

120,000sf Landing Gear facility

250,000sf Component Services facilities

Airframe Maintenance Facilities #1 MRO of the Americas >5M Man hours 850+ Aircraft maintained, repaired or overhauled per year 2,700 Aircraft Maintenance Technicians 120,000sf Landing Gear facility 250,000sf Component Services facilities
Highly transactional business where airframe and engine assets are acquired, refurbished and sold to airlines, MROs, component repair facilities, leasing companies and other parts providers

Largest independent aftermarket solutions provider which offers component OEMs comprehensive routes to global commercial and defense markets
Aviation Services | Integrated Program Solutions

COMMERCIAL
Provide power by the hour (PBH) component repair and logistics management

- 1,300 AIRCRAFT
- 41 AIRLINES
- 250,000 REPAIR TRANSACTIONS
- 24 COUNTRIES

GOVERNMENT
Provide third party logistics, supply chain performance based logistics and contractor logistics support to US Armed Services, Foreign Governments and OEMs

- 18 CONTRACTS
- 21 LOCATIONS
- 10 PLATFORMS
- $3B ASSETS MANAGED
Aviation Services | Strategy

Drive growth through best in class services within each discipline and leverage each to reinforce and grow the whole

**Integrated Program Solutions**
- Increase strategic relationship with airline MRO, OEMs and repair vendors through aggregated spend
- Fuel parts supply business
- Fund component repair capability development
- Long term contractual revenue

**MRO**
- Strategic relationship with airlines
- Build technical repair knowledge and data collection
- Support integrated solutions with component repair
- Generates parts requirements

**Parts Supply**
- Inventory pooling with programs
- Transactional data collection
- Strategic relationship with OEMs
STRATEGY & FOCUS

- **1MRO approach**: World-class quality, performance and safety throughout our facility network and across our portfolio of services
- **Footprint rationalization**: Realigning our facility footprint to maximize return on capital and meet customers’ emerging needs
- **Anchor tenants**: Major baseload, long term customers in each site
- **Global expansion**: Drive growth from new customers in new markets
- **Capability enhancements**: Invest in wide-body aircraft and other new platforms

50 OPPORTUNITIES | $1 BILLION | 3-7 YEAR TERMS
STRATEGY & FOCUS

- **Opportunistic purchasing**: Utilize market reach to make inventory buys from OEMs, airlines and other brokers
- **Inventory alignment**: Synchronize airframe stocking positions with PBH programs portfolio
- **Exchange program expansion**: Leverage Trading and Program rotatable asset pools through enhanced exchange program
- **Adjacent market expansion**: Expand into Regional, Rotorcraft and Business Aviation markets

RECENT WINS

- American Airlines
- MTU Aero Engines
- Pratt & Whitney
- UTC Aerospace Systems

**10 OPPORTUNITIES | $1 BILLION | 5-10 YEAR TERMS**
Aviation Services | Distribution

**STRATEGY & FOCUS**

- Leverage independent & multiple channels to market
- Large, deep, exclusive relationships with OEM partners
- Develop deep technical knowledge to drive sales growth and displace competitive product
- Globally scaled commercial and defense sales capabilities
- Global stocking locations (Asia, Middle East, Europe)

**RECENT WINS**

- UTC Aerospace Systems
- Sumitomo
- Eaton
- CRANE
- China Southern Airlines

10 OPPORTUNITIES | $750 MILLION | 5-10 YEAR TERMS
Aggressive International Expansion: Position assets and talent to increase international market share

Enhance Customer Experience: Digital solutions to enhance customer experience and connect to customer operations

Data: Utilize data collected from growing supported fleet to improve cost and develop more competitive proposals

40 OPPORTUNITIES | $2.7 BILLION | 5-10 YEAR TERMS
Current program covers the entire SAA Fleet 64 aircraft

All AOG requirements satisfied within 4 hours

Support includes ATA coverage for over 2600 individual components

Implementation of EDI between AAR & SAAT’s ERP

Exclusive MBK located in Johannesburg

Dedicated Program Director on-site to support all contractual & operational activities

AAR Training Program to develop technical skills & expertise within SAAT

Current Program covers over 140 Airbus & Boeing aircraft including new A320 aircraft additions

All AOG requirements satisfied within 4 hours

Repair (TAT) & warranty management supported with exchanges when required

Dedicated Engineering Support & Reliability Monitoring Program
**STRATEGY & FOCUS**

- Make the move from subcontractor to prime contractor
- Focus on performance based logistics (PBL) and contractor logistics services (CLS) opportunities
- Significant pipeline due to a bow wave of US Defense opportunities created by sequestration
- Leverage subcontract experience, cost structure and key relationships to develop competitive bids
- Apply commercial best practices where appropriate

**RECENT WINS**

- Department of State INL/A
- Navy C40A
- Afghan C-130
- RSAF

**10 OPPORTUNITIES | $4 BILLION | 3-10 YEAR TERMS**
Integrated Program Solutions | Government Case Studies

**Navy C40A**
- Prime Contractor for 15 aircraft globally
- Supply Chain Management and Depot Maintenance
- Providing real time on-line visibility and access to program data, metrics and reports

- All AOG requirements satisfied within 24 hours
- On-site support across 5 operational sites

**Afghan C-130**
- Prime Contract with USAF (FMS) for C-130H maintenance and logistics in Kabul, Afghanistan
- Support includes tip-to-tail supply chain on over 10,000 parts
- Includes AAR warehouse operations in Dubai
- Dedicated Program Director on-site to support all contractual & operational activities
- Exceeding all aircraft availability metrics
- Dedicated ERP system
## Aviation Services | Historical Financial Summary (in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,231</td>
<td>$1,316</td>
<td>$1,425</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$173</td>
<td>$187</td>
<td>$230</td>
</tr>
</tbody>
</table>

* FY15 gross profit excludes asset impairment charges of $43M. Reported gross profit in FY15 was $144M.
STEVEN B. HARRISON
President, AAR Airlift Group

(5 Years with AAR CORP)

• President, AAR Airlift Group (2015-Current)
• Chief Commercial Officer (2012-2015)
• President and CEO of National Airlines
• Retired as Colonel after 22 years in U.S. Air Force
• Education:
  – Masters Degree in Engineering Science; Politics, Philosophy, and Economics from Oxford University
  – BS, Aeronautical Engineering and Rhodes Scholar at U.S. Air Force Academy
Remote and Austere Turnkey Flight Operations

**Fixed Wing**
- Short / Unimproved Take Off & Landing (STOL)
- Aeromedical Evacuation
- Precision Airdrop

**Rotary Wing**
- Night Vision Systems
- Personnel Recovery
- Search & Rescue (SAR) Operations
Airlift Group | Global Footprint

- United States
- Afghanistan
- Niger
- Democratic Republic of Congo
- Bahrain
- Central African Republic
- Guam
- Philippines
- Falkland Islands
Airlift Group | Operational Overview

HIGHLY REGULATED MARKETPLACE
Extended US & NATO commitments to Afghanistan

Unstable international security environment (contingency, terrorism, narco-trafficking, ideological conflict)

Strained DoD aviation resources

Government budgetary austerity

MARKET FORCE

Existing presence in a core market

Tactical airlift requirements in austere locations

Need for commercial force multipliers

Demand for better, faster, cheaper aviation solutions

AAR OPPORTUNITY
Airlift Group | Growth Strategy

- Leverage AAR (Airlift and Aviation Services) synergies and experience into Government Owned/Contractor Operated (GOCO) programs
  - US Department of State (INL/A)

- Promote low cost expeditionary alternatives to organic Government assets
  - UK Ministry of Defence (Falklands Search and Rescue)

- Capitalize on AAR’s historical expertise in parts and modifications for rotary wing market
  - Capture market dislocations

- Differentiate AAR with advanced program management, quality and business systems

US Dept. of State Air Wing
- Up to $10B / 11 years
- Run rate $317M/year (per extension)
- Under incumbent protest

UK MoD Search & Rescue
- Up to 12 years
- Replaced MoD’s organic SAR assets in Falkland Islands
- First-ever AW-189 SAR program
Expand and Complement Core Markets

COCO (Contractor Owned, Contactor Operated)
- Part 135 Airline Operations
- Asset Heavy
- Foundational
  - Capabilities
  - Authorities
  - Past Performance
- Aviation Services
- Traditional Market Space

GOCO (Government Owned, Contactor Operated)
- Public Use (no FAA certificate required)
- Asset Light
- Leverage Part 135 Airline’s
  - Capabilities
  - Bona fides
  - Experience
- Manpower Services
- Example: INL/A

SAR (Search and Rescue)
- Replace organic government assets
- Leverage Part 135 Airline’s
  - Capabilities
  - Bona Fides
  - Experience
  - Program Mgmt
- Partner for local content
- Example: UK MoD (Falkland Islands)
TIMOTHY J. ROMENESKO
Vice Chairman & Chief Financial Officer

(35 years with AAR CORP)

• Vice Chairman & Chief Operating Officer Expeditionary Services (2015-2016)
• President and Chief Operating Officer (2007-2015)
• Elected to AAR CORP Board of Directors in 2007
• Vice President & Chief Financial Officer (1994-2007)
• Education:
  – MBA from DePaul University
  – BA from St. Norbert College
  – CPA designation in Illinois
AAR Strong Financial Position

- Strong business fundamentals in Aviation Services
- INL/A award by Department of State in Airlift
- Improved outlook in Expeditionary Services
- Strong balance sheet to support internal and external opportunities
Balanced Capital Allocation

- Organic growth through investment in new programs and opportunities
- Future growth through strategic acquisitions
- Committed to returning capital to shareholders ($214M in dividends and share purchases since March 1, 2014)
First Quarter FY2017 Highlights

- Sales and earnings per share for continuing operations exceeded expectations
- Sales were $404.8M, $18.1M increase from prior year (up 4.7%)
- Gross Profit increased over prior year in both segments (15.2% vs. 13.9% in Q1 FY16)
- Earnings from continuing operations of $9.9M, exceeding prior year by 34%
- Diluted EPS from continuing operations was $0.29, exceeding last year by 38%

Commitment to Strong Shareholder Returns
## 1Q FY2017 Segment Results

### Aviation Services

<table>
<thead>
<tr>
<th>in millions</th>
<th>1Q 2017</th>
<th>Prior Year 1Q 2016</th>
<th>Variance Better / (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$334.6</td>
<td>$315.8</td>
<td>$18.8</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$53.4</td>
<td>$49.9</td>
<td>$3.5</td>
</tr>
<tr>
<td>% Margin</td>
<td>16.0%</td>
<td>15.8%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

### Expeditionary Services

<table>
<thead>
<tr>
<th>in millions</th>
<th>1Q 2017</th>
<th>Prior Year 1Q 2016</th>
<th>Variance Better / (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$70.2</td>
<td>$70.9</td>
<td>($0.7)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$8.1</td>
<td>$4.0</td>
<td>$4.1</td>
</tr>
<tr>
<td>% Margin</td>
<td>11.5%</td>
<td>5.6%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Both Aviation Services and Expeditionary Services 1Q Gross Profit Exceeds Prior Year
Key Financial Goals

- Organic sales growth of 5%-10%
- Earnings per share growth of 10%-12%
- SG&A as % of sales < 10%
- 20% operating return on capital on new deals
- Year-over-year improvement in ROIC
- Working capital turnover of 3.5x – 4x
- Leverage of 3.5x EBITDA
**Summary**

- Confirming FY17 guidance on sales and diluted EPS
- INL/A Award – Protest Resolution
- Continued strong momentum in Aviation Services, not withstanding loss of revenue with KC10
- Improving outlook in Expeditionary Services
- Continued focus on cash generation and operational efficiency

<table>
<thead>
<tr>
<th>in millions except EPS</th>
<th>FY 2016</th>
<th>Guidance FY 2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$1,699</td>
<td>$1,700 - $1,800</td>
<td>Up to 8%</td>
</tr>
<tr>
<td>Diluted EPS (Continuing Ops)</td>
<td>$1.09</td>
<td>$1.30 - $1.40</td>
<td>19% - 28%</td>
</tr>
</tbody>
</table>
Closing Comments

David P. Storch
Chairman, President and Chief Executive Officer
Total Share Price Appreciation of 21% Year to Date

<table>
<thead>
<tr>
<th>Date</th>
<th>AAR Stock Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2015</td>
<td>$26.29</td>
</tr>
<tr>
<td>May 31, 2016</td>
<td>$24.41</td>
</tr>
</tbody>
</table>

Share Price Appreciation

- +21% YTD
- +30% FYTD

$31.77

Returned $214M to shareholders since March 1, 2014, through dividends and share repurchases

Notes:
Market data as of October 18, 2016
Recent announcements have resulted in positive share price performance
- INL/A award on 9/1/2016
- 1Q earnings higher than expectations
- Announced new contracts (Enter Air, flydubai, CommutAir)

AAR has outperformed its peer group and the S&P 500 over the last twelve months and fiscal year-to-date

<table>
<thead>
<tr>
<th></th>
<th>LTM</th>
<th>Since FY17</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>YTD</td>
</tr>
<tr>
<td>AAR</td>
<td>40%</td>
<td>30%</td>
</tr>
<tr>
<td>Peers(1)</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>5%</td>
<td>1%</td>
</tr>
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