

AAR CORP.  
Director Nominating Process  
and Selection Guidelines  
(approved by Board 4/13/04)

1. The Board of Directors determines, from time to time, the number of positions on the Board and when such positions are to be filled.
2. The Nominating and Governance Committee (“Committee”) identifies, interviews and screens candidates and recommends qualified nominees to the Board for election. The Chairman of the Committee initiates the search process for director nominees when a need is identified. The Committee selects candidates for nomination with the goal of creating a balance of knowledge, experience and perspective on the Board.
3. Any member of the Board of Directors or senior management of the Company, and any search firm engaged by the Committee, may refer names of potential director nominees to the Committee for consideration as a potential nominee or provide input to the Committee concerning any potential nominee. Shareholders may also submit names of potential nominee candidates, together with the candidate’s qualifications and background, to the Committee for consideration as provided for in the Company’s annual proxy statement.
4. The Committee recommends to the Board a slate of one or more candidates that, in the judgement of the Committee, satisfies the Board’s selection criteria and who otherwise qualify for nomination as a director, for each director position to be filled.
5. The Board of Directors approves nominees for election to the Board from the slate of nominees recommended by the Committee.
6. The Board nominates a slate of director nominees for election by shareholders at the annual meeting each year. The Board of Directors may also elect nominees to fill vacancies on the Board from time to time pursuant to the Company’s Charter and by-laws.
7. The Committee selects candidates for nomination based on the following criteria and considerations:
  - High level of integrity and professional and personal ethics and values consistent with those of the Company.
  - Demonstrated business acumen, leadership and policy making experience or special technical skills or expertise (e.g. auditing, financial, law and aviation/aerospace) through successful performance and reputation in the business community, irrespective of gender or ethnicity.

- Ability to communicate insights and wisdom based on experience and expertise.
- Willingness to serve and commitment to enhancing shareholder value.
- Sufficient time to effectively carry out duties of a director, if elected.
- Independence; a majority of the Board must consist of “independent” directors as defined by the NYSE and Company independence policy and guidelines.
- The goal of maintaining a 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 interest of shareholders.
- Other factors the Nominating & Governance Committee deems appropriate.