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## 1.0 Purpose:

- 1.1 AAR Aircraft Turbine Center and AAR Allen Aircraft shall (a) consistently provide Engines and Airframes (collectively, the "Equipment") that meet AAR's Customer and applicable Regulatory requirements, and (b) acquire Equipment that meets AAR's technical requirements.

## 2.0 Scope:


- 2.1 This policy identifies the requirements for inspection and maintenance of Equipment preceding the Purchase of such Equipment, preceding the receipt of Equipment on consignment, and prior to the release of Equipment for Lease or Sale.

## 3.0 Responsibility and Authority:

- 3.1 The responsibility and authority for the administration and implementation of this policy has been assigned to the General Manager, Parts Supply Group.
- 3.2 The Vice President of Corporate Quality and Business Systems Compliance is responsible to ensure the inspection and the maintenance of all Purchased, Consigned, Leased and Sold Equipment is performed in accordance with this policy.
- 3.3 The Technical Group shall be responsible for:
  - 3.3.1 Performing all Equipment inspections
  - 3.3.2 Assuring all materials and tooling is available for required task(s)
  - 3.3.3 Coordinating engine (including APU, if applicable) removal including positioning of appropriate serviceable engine / APU stands and ensuring proper communication between aircraft and engine groups.
- 3.4 AAR Traffic department shall be responsible for the safe transport of engines and / or airframe materials.
- 3.5 AAR Contracts department must review all agreements for approval by AAR Corp. Legal department.
- 3.6 Product Line Directors or designee shall be responsible to provide the Contracts Department with the proper authorized documentation referenced in this procedure prior to the execution of any Equipment transaction, such as purchase, sale, consignment, lease delivery and lease termination.

## 4.0 Procedure:

- 4.1 General Requirements:
  - 4.1.1 AAR shall plan and develop an inspection process to monitor the physical condition, records, and configuration of Equipment to ensure conformity to AAR, regulatory and customer requirements.
  - 4.1.2 Records of these inspections shall be maintained in status for duration of the Equipment.

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4.1.3 All Equipment shall be stored properly in accordance with applicable manuals to protect from damage, corrosion, and prevention of removal of parts.

4.2 Purchase of Equipment and Receipt of Consigned Equipment:

4.2.1 All Equipment considered for purchase or consignment shall be inspected (per the Technical Inspection criteria) to verify physical condition and the verification of records to ensure it meets contractual and product line requirements.

4.2.2 All Equipment purchases / consignments require a formal contract between AAR and the customer prior to purchase / consignment.

4.2.3 AAR Technical personnel shall conduct or cause to be conducted a physical inspection to ensure the Equipment is in the proper configuration per the agreement. The inspection may include but not limited to:


- a) Photographic Survey
- b) Detail Inspection of Engine & Engine Stand Interface
- c) Detail Inspection for the proper storage per applicable manual requirements
- d) Engine Borescope Inspection
- e) Engine and QEC component inspection and inventory
- f) Detailed external inspection of Equipment for damage or missing parts
- g) QEC Component Inspection and Inventory (if applicable)

4.2.4 For Airframes: Detailed inspection of Equipment Records, which may include but is not limited to:

- a) Maintenance Release Certificate(s)
- b) FAA and EASA A.D. and S.B. status
- c) Service Bulletin Status
- d) LLP Status and LLP Traceability
- e) Engine Shop Visit Records
- f) APU LLP Status, Part Certificates, and Logbook
- g) Trace of Ownership Transfer from Last Operator to Last Owner
- h) Aircraft Manuals - Aircraft IPC, AMM, MEL, and Landing Gear
- i) Current Aircraft Check Status
- j) Thrust Reverser & Cowl Inventory, Maintenance Records
- k) Dent & Buckle Chart
- l) Burn Certs

4.2.5 Upon completion of the Equipment inspection, the Technical group shall complete and sign an Engine Inspection Requirements Form # ASC-WDL-0054 or an Airframe Inspection Requirements Form # ASC-WDL-0055, as applicable, to validate the Equipment inspection. A copy of the applicable form is to be provided to the Product Line Director or designee.

4.2.6 The Product Line Director or designee shall then complete and sign the Notice of Engine Acceptance / Action Form # ASC-WDL-0057 or the Notice of Airframe Acceptance / Action Form # ASC-WDL-0056, as applicable (or an equivalent document, such as an email). This document is forwarded to the Contract Administrator along with a copy of a signed Engine or Airframe Inspection Requirements form prior to closing the transaction.

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#### 4.3 Lease of an Engine:

- 4.3.1 Prior to an engine lease proposal, AAR personnel shall acquire relevant documents of the engine to ensure the status of the physical condition, records and configuration is available.
- 4.3.2 AAR marketing personnel shall obtain their Manager's authorization prior to releasing relevant engine documents to the customer.
- 4.3.3 All engine leases require a formal contract between AAR and the customer. (Ref. ASC-WDL-PFC-4.3-6 Contract Review – Engine Lease).

#### 4.4 Pre-Delivery Requirements:


- 4.4.1 Prior to releasing the engine to the customer AAR shall perform an inspection to validate the physical condition / records and configuration. The inspection shall include but not be limited to:
  - a) Photographic Survey
  - b) Detail Inspection of Engine & Engine Stand Interface
  - c) Detail Inspection for the proper storage per applicable manual requirements
  - d) Engine and QEC component inspection and inventory
  - e) Detailed external inspection of Engine for damage or missing parts
- 4.4.2 Upon completion of the engine inspection, the Technical group shall complete and sign an Engine Inspection Requirement Form # ASC-WDL-0054 to validate the engine inspection. A copy of the form is to be provided to the Product Line Director or designee.
- 4.4.3 The Product Line Director or designee shall then complete and sign the Notice of Engine Acceptance / Action Form # ASC-WDL-0057 or an equivalent document, such as an email. This document is forwarded to the Contract Administrator along with a copy of a signed Engine Inspection Requirement form prior to delivering the engine to the customer.

#### 4.5 Shipping:

- 4.5.1 AAR shall find suitable methods to ship an Engine to a location in accordance with the contract agreement specified by the customer and AAR. Records shall indicate the person(s) authorizing release of the engine for delivery to the customer.
- 4.5.2 Provided AAR is responsible for the shipment, the Traffic Department shall be responsible for coordinating the carrier logistics of the shipping transaction of the engine to the customer, ensuring the engine is being shipped in accordance with the Dangerous Goods and Hazardous Material (DGHM) regulations (IATA, 49 CFR 172.04) and the prevention of damage and / or corrosion.

#### 4.6 Maintenance Tracking During Lease Period:

- 4.6.1 AAR shall be responsible for acquiring a usage report and relevant maintenance documentation from the Lessee in accordance with the contract between AAR and Lessee. Records from the Lessee shall be maintained with the contract and engine records as applicable.


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#### 4.7 Lease Return:

- 4.7.1 Prior to redelivery of the engine to AAR, a full inspection of the engine and records at the redelivery location will be completed to ensure compliance with the conditions of the contract agreement between AAR and the customer / lessee.
- 4.7.2 AAR Technical personnel shall be responsible for conducting a physical inspection to ensure the engine is in the redelivery condition defined in the agreement. The inspection shall include but not be limited to:
  - a) Photographic Survey
  - b) Detail Inspection of Engine & Engine Stand Interface
  - c) Detail Inspection for the proper storage per applicable manual requirements
  - d) Engine Borescope Inspection
  - e) Engine and QEC component inspection and inventory
  - f) Detailed external inspection of Engine for damage or missing parts
- 4.7.3 Detailed inspection of Engine Records including:
  - a) Maintenance Release Certificate(s)
  - b) FAA and EASA A.D. status, if required
  - c) Service Bulletin Status, if required
  - d) LLP Status
  - e) Engine Maintenance records generated during the lease, if applicable
- 4.7.4 Upon completion of the engine inspection, the Technical group shall complete and sign an Engine Inspection Requirement Form #ASC-WDL-0054 to validate the engine inspection. A copy of the form is to be provided to the Product Line Director or designee.
- 4.7.5 The Product Line Director or designee shall then complete and sign the Notice of Engine Acceptance / Action Form # ASC-WDL-0057 or an equivalent document, such as an email. This document is forwarded to the Contract Administrator along with a copy of a signed Engine Inspection Requirement form prior to terminating the engine lease.


#### 4.8 Sale of Equipment:

- 4.8.1 Prior to an Equipment sale proposal, AAR marketing personnel shall acquire relevant documents for the Equipment to ensure the status of the physical condition, records and configuration are available.
- 4.8.2 AAR marketing personnel shall obtain Manager's authorization prior to releasing relevant Equipment documents to the customer.
- 4.8.3 All Equipment sales require a formal contract between AAR and the customer. (Ref. ASC-WDL-PFC 4.3-5 Contract Review – Engine Sales)

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#### 4.9 Pre-Delivery:

- 4.9.1 After execution of the contract between AAR and the customer for AAR's sale of Equipment and prior to the sale of the Equipment to the customer, AAR shall perform an inspection to validate the current physical condition / records and configuration. This inspection may include but shall not be limited to:
- a) Photographic Survey
  - b) Detailed Inspection of Engine & Engine Stand interface
  - c) Detailed Inspection for the proper storage per applicable manual requirements
  - d) Equipment component inspection and inventory
  - e) Detailed external inspection of Equipment for damage or missing parts
- 4.9.2 Upon completion of the Equipment inspection, the Technical group shall complete and sign an Engine Inspection Requirements Form # ASC-WDL-0054 or an Airframe Inspection Requirements Form # ASC-WDL-0055, as applicable, to validate the Equipment inspection. A copy of the form is to be provided to the Product Line Director or designee.
- 4.9.3 The Product Line Director or designee shall then complete and sign the Notice of Engine Acceptance / Action Form # ASC-WDL-0057 or the Notice of Airframe Acceptance / Action Form # ASC-WDL-0056, as applicable (or an equivalent document, such as an email). This document is forwarded to the Contract Administrator along with a copy of a signed Engine or Airframe Inspection Requirement form prior to delivering the Equipment to the customer.

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## 5.0 Revision History:

<b>Revision Date:</b>	<b>Revision:</b>	<b>Sections / Page Revised:</b>	<b>Description / Reason for Revision:</b>	<b>Approved by:</b>
01/APR/2019	Original	All sections	Updated to new formatting requirements, clarification of Business Management System.	C. Anderson