Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
MERCURY AIRCRAFT INC. 401(K) RETIREMENT SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 04/01/1990

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
MERCURY AIRCRAFT INC.

17 WHEELER AVENUE
HAMMONDSPORT, NY 14840

17 WHEELER AVENUE
HAMMONDSPORT, NY 14840

2b Employer Identification Number (EIN)
16-0550220

2c Sponsor's telephone number
607-569-4212

2d Business code (see instructions)
332900

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/28/2011	GREG HINTZ
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
MERCURY AIRCRAFT INC.

17 WHEELER AVENUE
HAMMONDSPORT, NY 14840

3b Administrator's EIN
16-0550220

3c Administrator's telephone number
607-569-4212

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	484
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	328
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	125
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	453
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	3
f	Total. Add lines **6d** and **6e**	**6f**	456
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	446
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	13
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2F 2G 2J 2K 2T 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**C** (Service Provider Information)
(5)	X	**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MERCURY AIRCRAFT INC. 401(K) RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
MERCURY AIRCRAFT INC.

D Employer Identification Number (EIN)
16-0550220

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FID.INV.INST.OPS.CO.

04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 60	RECORDKEEPER	1408	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

CHASE INVESTMENT SERVICES CORP

1111 POLARIS PKWY STE 2A
OPERATIONS AND COMMISSIONS
COLUMBUS, OH 43240

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
61	ADVISOR	0	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
ALLNZ NFJ DIV VAL R - BOSTON FINANC 04-2526037	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
BLKRK INTL OPP A - BNY MELLON INVES 760 MOORE ROAD KING OF PRUSSIA, PA 19406	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COL MAR 21ST CENT A - COLUMBIA MGT 04-2838628	0.25%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COL/ACORN INTL A - COLUMBIA MGT INV 04-2838628	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER GLOBAL A - OPPENHEIMERF TWO WORLD FINANCIAL CENTER 225 LIBERTY STREET, 11TH FLOOR NEW YORK, NY 10281	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PERKINS MID CP VAL S - JANUS SERVIC 43-1804048	0.25%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIM TOTAL RETURN A - BOSTON FINANCI 04-2526037	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOTAL RETURN R - BOSTON FINAN 04-2526037	0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
RS PARTNERS A - BOSTON FINANCIAL DA 04-2526037	0.25%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
CHASE INVESTMENT SERVICES CORP	61	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COL MAR 21ST CENT A - COLUMBIA MGT 04-3156901	$0-<$3M=1.00% $3M-<$50M=0.50% $50M+=0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
CHASE INVESTMENT SERVICES CORP	61	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COL/ACORN INTL A - COLUMBIA MANAGEM 04-3156901	$0-<$3M=1.00% $3M-<$50M=0.50% $50M+=0.25%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
CHASE INVESTMENT SERVICES CORP	61	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER GLOBAL A - OPPENHEIMERF 13-2953455	$5M+=0.25%

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MERCURY AIRCRAFT INC. 401(K) RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
MERCURY AIRCRAFT INC.

D Employer Identification Number (EIN)
16-0550220

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: FA STABLE VALUE

b Name of sponsor of entity listed in (a): FIDELITY MANAGEMENT TRUST COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
04-3022712-026	C	1817936

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MERCURY AIRCRAFT INC. 401(K) RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
MERCURY AIRCRAFT INC.

D Employer Identification Number (EIN)
16-0550220

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1098138	737810
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	22885	56905
(9) Value of interest in common/collective trusts	1c(9)	1669480	1817936
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	19626968	22851413
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	22417471	25464064
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	22417471	25464064

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	197679	
	(B) Participants	2a(1)(B)	808443	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1006122
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	126	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	2667	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		2793
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	425890	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		425890
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		60116
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		2499538
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		3994459
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	946413	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		946413
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	1453	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1453
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		947866
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		3046593
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: INSERO & COMPANY CPAS, P.C. (2) EIN: 16-1016457

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		5000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
MERCURY AIRCRAFT INC. 401(K) RETIREMENT SAVINGS PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
MERCURY AIRCRAFT INC.

D Employer Identification Number (EIN)
16-0550220

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

FINANCIAL REPORT

DECEMBER 31, 2010



MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 - 10
Schedule of Assets (Held at End of Year)	11

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&company
The highest standard

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants of
Mercury Aircraft Inc. 401(k) Retirement Savings Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Mercury Aircraft Inc. 401(k) Retirement Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. As disclosed in Note 6, the Plan Administrator has obtained certifications from the trustee regarding the completeness and accuracy of the investment information provided to the Plan Administrator by the trustee as of and for the years ended December 31, 2010 and 2009.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Respectfully Submitted,

Insero & Company CPAs, P.C.

Insero & Company CPAs, P.C.
Certified Public Accountants

Rochester, New York
September 21, 2011

100 Chestnut Street, Suite 1500 >> Rochester, NY 14604 >> *ph:* 585-454-6996 >> *fax:* 585-454-4024 >> www.inserocpa.com
Insero & Company CPAs, P.C.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Investments, at Fair Value		
Common/Collective Trust Fund	**$ 1,817,936**	$ 1,669,480
Mutual Funds	**22,851,413**	19,626,968
Money Market Fund	**737,810**	1,098,138
Total Investments, at Fair Value	**25,407,159**	22,394,586
Notes Receivable from Participants	**56,905**	22,885
Net Assets Available for Benefits at Fair Value	**25,464,064**	22,417,471
Adjustment from Fair Value to Contract Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit - Responsive Investment Contracts	**(33,997)**	2,184
Net Assets Available for Benefits	**$ 25,430,067**	$ 22,419,655

See Notes to Financial Statements.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Additions to Net Assets Attributed to:		
Interest and Dividend Income	**$ 449,951**	$ 406,896
Net Appreciation in Fair Value of Investments	**2,499,538**	4,064,917
Employer Contributions	**197,679**	375,221
Participant Contributions	**808,443**	840,429
Interest Income on Notes Receivable from Participants	**2,667**	1,598
Total Additions	**3,958,278**	5,689,061
Deductions from Net Assets Attributed to:		
Benefits Paid to Participants	**946,413**	1,080,305
Administrative Expenses	**1,453**	629
Total Deductions	**947,866**	1,080,934
Net Increase	**3,010,412**	4,608,127
Net Assets Available for Benefits – Beginning	**22,419,655**	17,811,528
Net Assets Available for Benefits – Ending	**$ 25,430,067**	$ 22,419,655

See Notes to Financial Statements.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1 **Description of the Plan**

The following description of the Mercury Aircraft Inc. 401(k) Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined-contribution plan available to substantially all employees of Mercury Aircraft Inc. and Mercury Minnesota, Inc. (the "Companies") who have attained 18 years of age and have completed six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Trustee

Fidelity Management Trust Company ("Fidelity") serves as the trustee for the Plan.

Contributions

Participants may contribute a portion of their pre-tax annual compensation each Plan year, subject to the statutory limitation as provided for in the Internal Revenue Code ("IRC"). Additionally, participants may direct the investment of their account balance into various investment options offered by the Plan. Participants may transfer amounts from other qualified plans into this Plan with the consent of the Plan Administrator. The Companies will match 100% of employee contributions up to 3% of the participant's eligible compensation, as defined in the Plan document.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Companies' contributions and Plan earnings and charged with withdrawals and an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Companies' contribution portion of the participant's account plus earnings thereon is based on the vesting schedule below:

Years of Service	Vested Percentage
1	20%
2	40%
3	60%
4	80%
5	100%

Note 1 **Description of the Plan - Continued**

Notes Receivable from Participants
The Plan allows for hardship loans to participants. These loans must be applied for and are subject to review and approval. Specified hardship rules per the Plan document must be complied with prior to granting any hardship loan. Participants may borrow up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Generally, loans must be repaid within five years. Prevailing interest rates will apply.

Payment of Benefits
The Plan provides for normal retirement benefits upon reaching the age of 65 and has provisions for early retirement, disability, in-service, death and termination benefits for those participants who are eligible to receive such benefits.

Forfeitures
In accordance with the Plan document, forfeitures of non-vested employer contributions are applied to reduce future employer contributions. During 2010 and 2009, $152,964 and $-0-, respectively, of forfeitures were used to reduce employer contributions. At December 31, 2010 and 2009, forfeited non-vested accounts totaled approximately $15,000 and $162,000, respectively.

Note 2 **Summary of Significant Accounting Policies**

Basis of Accounting
The financial statements of the Plan are prepared on the accrual basis of accounting.

Investments Contracts
Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common/collective trust. The statements of net assets available for benefits present the fair value of the investment in the common/collective trust fund as well as the adjustment of the investment in the common/collective trust fund from fair value to contract value relating to the fully benefit-responsive investment contracts. The statements of changes in net assets available for benefits are prepared on a contract value basis.

Date of Management's Review
In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 21, 2011, the date that the financial statements were available to be issued.

Use of Estimates
The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Note 2 **Summary of Significant Accounting Policies - Continued**

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes are reclassified as distributions based upon the terms of the Plan document.

Investment Valuation and Income Recognition
Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Plan follows the fair value measurement guidance presented by accounting principles generally accepted in the United States of America for financial and nonfinancial assets and liabilities. This guidance defines fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Common/Collective Trust Fund: Valued at Net Asset Value (NAV) based on information provided by the investment advisor using the audited financial statements of the common/collective trust fund at year end. There are no redemption restrictions on this investment.

Note 2 **Summary of Significant Accounting Policies - Continued**

Investment Valuation and Income Recognition - Continued

Mutual Funds: These investments are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Money Market Fund: Valued at the NAV of shares held by the Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

Assets at Fair Value as of December 31, 2010

	Level 1	Level 2	Total
Common/Collective Trust Fund [a]	**$ -**	**$ 1,817,936**	**$ 1,817,936**
Money Market Fund	**737,810**	**-**	**737,810**
Mutual Funds			
Target Date Funds	**6,186,565**	**-**	**6,186,565**
International Equity	**2,693,325**	**-**	**2,693,325**
Small/Mid U.S. Equity	**5,426,667**	**-**	**5,426,667**
Large U.S. Equity	**2,002,914**	**-**	**2,002,914**
Fixed Income	**2,628,907**	**-**	**2,628,907**
Balanced	**60,160**	**-**	**60,160**
Large Blend	**1,499,025**	**-**	**1,499,025**
Large Value	**653,203**	**-**	**653,2035**
Large Growth	**1,700,647**	**-**	**1,700,647**
	$ 23,589,223	**$ 1,817,936**	**$ 25,407,159**

Assets at Fair Value as of December 31, 2009

	Level 1	Level 2	Total
Common/Collective Trust Fund [a]	$ -	$ 1,669,480	$ 1,669,480
Money Market Fund	1,098,138	-	1,098,138
Mutual Funds			
Target Date Funds	5,297,031	-	5,297,031
International Equity	2,296,649	-	2,296,649
Small/Mid U.S. Equity	4,404,981	-	4,404,981
Large U.S. Equity	1,840,194	-	1,840,194
Fixed Income	2,351,687	-	2,351,687
Balanced	60,220	-	60,220
Large Blend	1,343,218	-	1,343,218
Large Value	593,819	-	593,819
Large Growth	1,439,169	-	1,439,169
	$ 20,725,106	$ 1,669,480	$ 22,394,586

Note 2 **Summary of Significant Accounting Policies - Continued**

Investment Valuation and Income Recognition - Continued

(a) This investment generally invests in investment contracts, certain types of fixed income securities and money market investments. The investment tries to maintain a $1 NAV. The goal is to preserve the participant's principal investment while earning interest income.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits
Benefits are recorded when paid.

Risks and Uncertainties
The Plan invests in investment securities which are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Administrative Expenses
The Plan's administrative expenses may be paid by either the Plan or the Companies. During 2010 and 2009, substantially all administrative expenses were paid by the Companies.

Note 3 **Investments**
Participants may direct contributions to a limited number of investment options. Participants may change their investment options on a daily basis.

The fair values of individual investments that represent five percent or more of the Plan's net assets available for benefits as of December 31, are summarized below:

	2010	**2009**
Advisor Equity Income Fund	**$ 2,002,914**	$ 1,840,194
Advisor Stable Value Portfolio	**1,817,936**	1,669,480
Advisor New Insights Fund	**1,700,647**	N/A
Partners Fund	**1,554,964**	1,322,328
Advisor Mid Cap Fund	**1,546,211**	1,308,114
Equity Index Fund	**1,499,025**	1,223,898
Advisor Freedom 2020 Fund	**1,431,919**	1,288,348
Mid Cap Value Fund	**1,416,045**	N/A
Advisor Freedom 2010 Fund	**1,391,390**	1,344,489
Advisor Freedom 2025 Fund	**1,282,443**	N/A
Advisor Value Strategies Fund	**N/A**	1,271,891
21st Century Fund	**N/A**	1,439,168

The Plan's mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $2,499,538 in 2010 and $4,064,917 in 2009.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 4 **Plan Termination**

Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue their contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of a Plan termination, participants would become fully vested in their employer contributions.

Note 5 **Tax Status**

The Plan adopted a non-standardized form of a prototype plan sponsored by FMR Corp. The Internal Revenue Service ("IRS") has determined and informed the prototype plan by a letter dated October 9, 2003 that the Plan is designed in accordance with applicable sections of the IRC. The prototype plan opinion letter has been relied upon by this Plan. Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

Note 6 **Certified Information**

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity has certified to the completeness and accuracy of the investments reflected on the accompanying statements of net assets available for benefits as of December 31, 2010 and 2009, schedule of assets (Held at End of Year) as of December 31, 2010, and the investment activity (including interest and dividend income and net appreciation in fair value of investments) reflected in the statements of changes in net assets available for benefits for the years ended December 31, 2010 and 2009.

Note 7 **Party-in-Interest Transactions**

Certain Plan investments are managed by an entity related to Fidelity. Fidelity is the trustee as defined by the Plan and, therefore, transactions involving these investments qualify as party-in-interest transactions. Notes receivable from participants also qualify as party-in-interest transactions.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 8 **Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	2010	2009
Net Assets Available for Benefits Per the Financial Statements	**$ 25,430,067**	$ 22,419,655
Adjustment from Contract Value to Fair Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit-Responsive Investment Contracts	**33,997**	(2,184)
Net Assets Available for Benefits Per the Form 5500	**$ 25,464,064**	$ 22,417,471
Net Increase in Net Assets Available for Benefits Per the Financial Statements	**$ 3,010,412**	$ 4,608,127
Change in Adjustment from Contract Value to Fair Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit-Responsive Investment Contracts	**36,181**	49,444
Net Income Per the Form 5500	**$ 3,046,593**	$ 4,657,571

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010

Identity of Issue	Description of Investment	Current Value
Common/Collective Trust Fund		
*Fidelity Investment Institutional	Advisor Stable Value Portfolio	$ 1,817,936
Money Market Fund		
*Fidelity Investment Institutional	Prime Fund	737,810
Mutual Funds		
*Fidelity Investment Institutional	Advisor Equity Income Fund	2,002,914
*Fidelity Investment Institutional	Advisor New Insights Fund	1,700,647
RS	Partners Fund	1,554,964
*Fidelity Investment Institutional	Advisor Mid Cap Fund	1,546,211
JP Morgan	Equity Index Fund	1,499,025
*Fidelity Investment Institutional	Advisor Freedom 2020 Fund	1,431,919
Perkins	Mid Cap Value Fund	1,416,045
*Fidelity Investment Institutional	Advisor Freedom 2010 Fund	1,391,390
*Fidelity Investment Institutional	Advisor Freedom 2025 Fund	1,282,443
*Fidelity Investment Institutional	Advisor International Discovery Fund	1,199,118
PIMCO	Total Return Fund	1,066,252
*Fidelity Investment Institutional	Advisor Freedom 2015 Fund	911,357
*Fidelity Investment Institutional	Advisor Strategic Income Fund	840,922
*Fidelity Investment Institutional	Advisor Emerging Markets Funds	765,897
*Fidelity Investment Institutional	Advisor Government Income Fund	721,733
*Fidelity Investment Institutional	Advisor Freedom 2030 Fund	682,000
Allianz	NFJ Dividend Value	653,203
*Fidelity Investment Institutional	Advisor Small Cap Fund	588,965
BlackRock	International Opportunity Fund	568,639
*Fidelity Investment Institutional	Advisor Real Estate Fund	295,989
*Fidelity Investment Institutional	Advisor Freedom 2040 Fund	253,283
Columbia Marsico	Acorn International Fund	159,671
*Fidelity Investment Institutional	Advisor Freedom 2035 Fund	148,466
*Fidelity Investment Institutional	Advisor Freedom Income Fund	58,814
*Fidelity Investment Institutional	Advisor Freedom 2045 Fund	50,715
*Fidelity Investment Institutional	Advisor Freedom 2050 Fund	34,992
*Fidelity Investment Institutional	Advisor Stock Selector All Cap Fund	24,493
Janus	Balanced S Fund	1,346
		22,851,413
***Participant Loans**	Interest rates range from 5.25% to 8.00% and maturity dates range from April 2012 through June 2015.	56,905
		$ 25,464,064

*Denotes party-in-interest

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

FINANCIAL REPORT

DECEMBER 31, 2010



MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 - 10
Schedule of Assets (Held at End of Year)	11

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants of
Mercury Aircraft Inc. 401(k) Retirement Savings Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Mercury Aircraft Inc. 401(k) Retirement Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. As disclosed in Note 6, the Plan Administrator has obtained certifications from the trustee regarding the completeness and accuracy of the investment information provided to the Plan Administrator by the trustee as of and for the years ended December 31, 2010 and 2009.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Respectfully Submitted,

Insero & Company CPAs, P.C.

Insero & Company CPAs, P.C.
Certified Public Accountants

Rochester, New York
September 21, 2011

100 Chestnut Street, Suite 1500 >> Rochester, NY 14604 >> *ph:* 585-454-6996 >> *fax:* 585-454-4024 >> www.inserocpa.com
Insero & Company CPAs, P.C.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Investments, at Fair Value		
Common/Collective Trust Fund	**$ 1,817,936**	$ 1,669,480
Mutual Funds	**22,851,413**	19,626,968
Money Market Fund	**737,810**	1,098,138
Total Investments, at Fair Value	**25,407,159**	22,394,586
Notes Receivable from Participants	**56,905**	22,885
Net Assets Available for Benefits at Fair Value	**25,464,064**	22,417,471
Adjustment from Fair Value to Contract Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit - Responsive Investment Contracts	**(33,997)**	2,184
Net Assets Available for Benefits	**$ 25,430,067**	$ 22,419,655

See Notes to Financial Statements.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Additions to Net Assets Attributed to:		
Interest and Dividend Income	**$ 449,951**	$ 406,896
Net Appreciation in Fair Value of Investments	**2,499,538**	4,064,917
Employer Contributions	**197,679**	375,221
Participant Contributions	**808,443**	840,429
Interest Income on Notes Receivable from Participants	**2,667**	1,598
Total Additions	**3,958,278**	5,689,061
Deductions from Net Assets Attributed to:		
Benefits Paid to Participants	**946,413**	1,080,305
Administrative Expenses	**1,453**	629
Total Deductions	**947,866**	1,080,934
Net Increase	**3,010,412**	4,608,127
Net Assets Available for Benefits – Beginning	**22,419,655**	17,811,528
Net Assets Available for Benefits – Ending	**$ 25,430,067**	$ 22,419,655

See Notes to Financial Statements.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1 **Description of the Plan**

The following description of the Mercury Aircraft Inc. 401(k) Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined-contribution plan available to substantially all employees of Mercury Aircraft Inc. and Mercury Minnesota, Inc. (the "Companies") who have attained 18 years of age and have completed six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Trustee

Fidelity Management Trust Company ("Fidelity") serves as the trustee for the Plan.

Contributions

Participants may contribute a portion of their pre-tax annual compensation each Plan year, subject to the statutory limitation as provided for in the Internal Revenue Code ("IRC"). Additionally, participants may direct the investment of their account balance into various investment options offered by the Plan. Participants may transfer amounts from other qualified plans into this Plan with the consent of the Plan Administrator. The Companies will match 100% of employee contributions up to 3% of the participant's eligible compensation, as defined in the Plan document.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Companies' contributions and Plan earnings and charged with withdrawals and an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Companies' contribution portion of the participant's account plus earnings thereon is based on the vesting schedule below:

Years of Service	Vested Percentage
1	20%
2	40%
3	60%
4	80%
5	100%

Note 1 **Description of the Plan - Continued**

Notes Receivable from Participants
The Plan allows for hardship loans to participants. These loans must be applied for and are subject to review and approval. Specified hardship rules per the Plan document must be complied with prior to granting any hardship loan. Participants may borrow up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Generally, loans must be repaid within five years. Prevailing interest rates will apply.

Payment of Benefits
The Plan provides for normal retirement benefits upon reaching the age of 65 and has provisions for early retirement, disability, in-service, death and termination benefits for those participants who are eligible to receive such benefits.

Forfeitures
In accordance with the Plan document, forfeitures of non-vested employer contributions are applied to reduce future employer contributions. During 2010 and 2009, $152,964 and $-0-, respectively, of forfeitures were used to reduce employer contributions. At December 31, 2010 and 2009, forfeited non-vested accounts totaled approximately $15,000 and $162,000, respectively.

Note 2 **Summary of Significant Accounting Policies**

Basis of Accounting
The financial statements of the Plan are prepared on the accrual basis of accounting.

Investments Contracts
Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common/collective trust. The statements of net assets available for benefits present the fair value of the investment in the common/collective trust fund as well as the adjustment of the investment in the common/collective trust fund from fair value to contract value relating to the fully benefit-responsive investment contracts. The statements of changes in net assets available for benefits are prepared on a contract value basis.

Date of Management's Review
In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 21, 2011, the date that the financial statements were available to be issued.

Use of Estimates
The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Note 2 **Summary of Significant Accounting Policies - Continued**

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes are reclassified as distributions based upon the terms of the Plan document.

Investment Valuation and Income Recognition
Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Plan follows the fair value measurement guidance presented by accounting principles generally accepted in the United States of America for financial and nonfinancial assets and liabilities. This guidance defines fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Common/Collective Trust Fund: Valued at Net Asset Value (NAV) based on information provided by the investment advisor using the audited financial statements of the common/collective trust fund at year end. There are no redemption restrictions on this investment.

Note 2 **Summary of Significant Accounting Policies - Continued**

Investment Valuation and Income Recognition - Continued

Mutual Funds: These investments are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Money Market Fund: Valued at the NAV of shares held by the Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

Assets at Fair Value as of December 31, 2010

	Level 1	Level 2	Total
Common/Collective Trust Fund [a]	**$ -**	**$ 1,817,936**	**$ 1,817,936**
Money Market Fund	**737,810**	**-**	**737,810**
Mutual Funds			
Target Date Funds	**6,186,565**	**-**	**6,186,565**
International Equity	**2,693,325**	**-**	**2,693,325**
Small/Mid U.S. Equity	**5,426,667**	**-**	**5,426,667**
Large U.S. Equity	**2,002,914**	**-**	**2,002,914**
Fixed Income	**2,628,907**	**-**	**2,628,907**
Balanced	**60,160**	**-**	**60,160**
Large Blend	**1,499,025**	**-**	**1,499,025**
Large Value	**653,203**	**-**	**653,2035**
Large Growth	**1,700,647**	**-**	**1,700,647**
	$ 23,589,223	**$ 1,817,936**	**$ 25,407,159**

Assets at Fair Value as of December 31, 2009

	Level 1	Level 2	Total
Common/Collective Trust Fund [a]	$ -	$ 1,669,480	$ 1,669,480
Money Market Fund	1,098,138	-	1,098,138
Mutual Funds			
Target Date Funds	5,297,031	-	5,297,031
International Equity	2,296,649	-	2,296,649
Small/Mid U.S. Equity	4,404,981	-	4,404,981
Large U.S. Equity	1,840,194	-	1,840,194
Fixed Income	2,351,687	-	2,351,687
Balanced	60,220	-	60,220
Large Blend	1,343,218	-	1,343,218
Large Value	593,819	-	593,819
Large Growth	1,439,169	-	1,439,169
	$ 20,725,106	$ 1,669,480	$ 22,394,586

Note 2 **Summary of Significant Accounting Policies - Continued**

Investment Valuation and Income Recognition - Continued

(a) This investment generally invests in investment contracts, certain types of fixed income securities and money market investments. The investment tries to maintain a $1 NAV. The goal is to preserve the participant's principal investment while earning interest income.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits
Benefits are recorded when paid.

Risks and Uncertainties
The Plan invests in investment securities which are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Administrative Expenses
The Plan's administrative expenses may be paid by either the Plan or the Companies. During 2010 and 2009, substantially all administrative expenses were paid by the Companies.

Note 3 **Investments**
Participants may direct contributions to a limited number of investment options. Participants may change their investment options on a daily basis.

The fair values of individual investments that represent five percent or more of the Plan's net assets available for benefits as of December 31, are summarized below:

	2010	**2009**
Advisor Equity Income Fund	**$ 2,002,914**	$ 1,840,194
Advisor Stable Value Portfolio	**1,817,936**	1,669,480
Advisor New Insights Fund	**1,700,647**	N/A
Partners Fund	**1,554,964**	1,322,328
Advisor Mid Cap Fund	**1,546,211**	1,308,114
Equity Index Fund	**1,499,025**	1,223,898
Advisor Freedom 2020 Fund	**1,431,919**	1,288,348
Mid Cap Value Fund	**1,416,045**	N/A
Advisor Freedom 2010 Fund	**1,391,390**	1,344,489
Advisor Freedom 2025 Fund	**1,282,443**	N/A
Advisor Value Strategies Fund	**N/A**	1,271,891
21st Century Fund	**N/A**	1,439,168

The Plan's mutual funds (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $2,499,538 in 2010 and $4,064,917 in 2009.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 4 **Plan Termination**

Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue their contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of a Plan termination, participants would become fully vested in their employer contributions.

Note 5 **Tax Status**

The Plan adopted a non-standardized form of a prototype plan sponsored by FMR Corp. The Internal Revenue Service ("IRS") has determined and informed the prototype plan by a letter dated October 9, 2003 that the Plan is designed in accordance with applicable sections of the IRC. The prototype plan opinion letter has been relied upon by this Plan. Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

Note 6 **Certified Information**

The Plan Administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Fidelity has certified to the completeness and accuracy of the investments reflected on the accompanying statements of net assets available for benefits as of December 31, 2010 and 2009, schedule of assets (Held at End of Year) as of December 31, 2010, and the investment activity (including interest and dividend income and net appreciation in fair value of investments) reflected in the statements of changes in net assets available for benefits for the years ended December 31, 2010 and 2009.

Note 7 **Party-in-Interest Transactions**

Certain Plan investments are managed by an entity related to Fidelity. Fidelity is the trustee as defined by the Plan and, therefore, transactions involving these investments qualify as party-in-interest transactions. Notes receivable from participants also qualify as party-in-interest transactions.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 8 **Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31:

	2010	2009
Net Assets Available for Benefits Per the Financial Statements	**$ 25,430,067**	$ 22,419,655
Adjustment from Contract Value to Fair Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit-Responsive Investment Contracts	**33,997**	(2,184)
Net Assets Available for Benefits Per the Form 5500	**$ 25,464,064**	$ 22,417,471
Net Increase in Net Assets Available for Benefits Per the Financial Statements	**$ 3,010,412**	$ 4,608,127
Change in Adjustment from Contract Value to Fair Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit-Responsive Investment Contracts	**36,181**	49,444
Net Income Per the Form 5500	**$ 3,046,593**	$ 4,657,571

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010

Identity of Issue	Description of Investment	Current Value
Common/Collective Trust Fund		
*Fidelity Investment Institutional	Advisor Stable Value Portfolio	$ 1,817,936
Money Market Fund		
*Fidelity Investment Institutional	Prime Fund	737,810
Mutual Funds		
*Fidelity Investment Institutional	Advisor Equity Income Fund	2,002,914
*Fidelity Investment Institutional	Advisor New Insights Fund	1,700,647
RS	Partners Fund	1,554,964
*Fidelity Investment Institutional	Advisor Mid Cap Fund	1,546,211
JP Morgan	Equity Index Fund	1,499,025
*Fidelity Investment Institutional	Advisor Freedom 2020 Fund	1,431,919
Perkins	Mid Cap Value Fund	1,416,045
*Fidelity Investment Institutional	Advisor Freedom 2010 Fund	1,391,390
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*Fidelity Investment Institutional	Advisor International Discovery Fund	1,199,118
PIMCO	Total Return Fund	1,066,252
*Fidelity Investment Institutional	Advisor Freedom 2015 Fund	911,357
*Fidelity Investment Institutional	Advisor Strategic Income Fund	840,922
*Fidelity Investment Institutional	Advisor Emerging Markets Funds	765,897
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BlackRock	International Opportunity Fund	568,639
*Fidelity Investment Institutional	Advisor Real Estate Fund	295,989
*Fidelity Investment Institutional	Advisor Freedom 2040 Fund	253,283
Columbia Marsico	Acorn International Fund	159,671
*Fidelity Investment Institutional	Advisor Freedom 2035 Fund	148,466
*Fidelity Investment Institutional	Advisor Freedom Income Fund	58,814
*Fidelity Investment Institutional	Advisor Freedom 2045 Fund	50,715
*Fidelity Investment Institutional	Advisor Freedom 2050 Fund	34,992
*Fidelity Investment Institutional	Advisor Stock Selector All Cap Fund	24,493
Janus	Balanced S Fund	1,346
		22,851,413
***Participant Loans**	Interest rates range from 5.25% to 8.00% and maturity dates range from April 2012 through June 2015.	56,905
		$ 25,464,064

*Denotes party-in-interest

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

FINANCIAL REPORT

DECEMBER 31, 2010



MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4 - 10
Schedule of Assets (Held at End of Year)	11

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants of
Mercury Aircraft Inc. 401(k) Retirement Savings Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Mercury Aircraft Inc. 401(k) Retirement Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2010. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. As disclosed in Note 6, the Plan Administrator has obtained certifications from the trustee regarding the completeness and accuracy of the investment information provided to the Plan Administrator by the trustee as of and for the years ended December 31, 2010 and 2009.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Respectfully Submitted,

Insero & Company CPAs, P.C.

Insero & Company CPAs, P.C.
Certified Public Accountants

Rochester, New York
September 21, 2011

100 Chestnut Street, Suite 1500 >> Rochester, NY 14604 >> *ph:* 585-454-6996 >> *fax:* 585-454-4024 >> www.inserocpa.com
Insero & Company CPAs, P.C.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Investments, at Fair Value		
Common/Collective Trust Fund	**$ 1,817,936**	$ 1,669,480
Mutual Funds	**22,851,413**	19,626,968
Money Market Fund	**737,810**	1,098,138
Total Investments, at Fair Value	**25,407,159**	22,394,586
Notes Receivable from Participants	**56,905**	22,885
Net Assets Available for Benefits at Fair Value	**25,464,064**	22,417,471
Adjustment from Fair Value to Contract Value for Interest in a Common/Collective Trust Fund Relating to Fully Benefit - Responsive Investment Contracts	**(33,997)**	2,184
Net Assets Available for Benefits	**$ 25,430,067**	$ 22,419,655

See Notes to Financial Statements.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Additions to Net Assets Attributed to:		
Interest and Dividend Income	**$ 449,951**	$ 406,896
Net Appreciation in Fair Value of Investments	**2,499,538**	4,064,917
Employer Contributions	**197,679**	375,221
Participant Contributions	**808,443**	840,429
Interest Income on Notes Receivable from Participants	**2,667**	1,598
Total Additions	**3,958,278**	5,689,061
Deductions from Net Assets Attributed to:		
Benefits Paid to Participants	**946,413**	1,080,305
Administrative Expenses	**1,453**	629
Total Deductions	**947,866**	1,080,934
Net Increase	**3,010,412**	4,608,127
Net Assets Available for Benefits – Beginning	**22,419,655**	17,811,528
Net Assets Available for Benefits – Ending	**$ 25,430,067**	$ 22,419,655

See Notes to Financial Statements.

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1 **Description of the Plan**

The following description of the Mercury Aircraft Inc. 401(k) Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined-contribution plan available to substantially all employees of Mercury Aircraft Inc. and Mercury Minnesota, Inc. (the "Companies") who have attained 18 years of age and have completed six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Trustee

Fidelity Management Trust Company ("Fidelity") serves as the trustee for the Plan.

Contributions

Participants may contribute a portion of their pre-tax annual compensation each Plan year, subject to the statutory limitation as provided for in the Internal Revenue Code ("IRC"). Additionally, participants may direct the investment of their account balance into various investment options offered by the Plan. Participants may transfer amounts from other qualified plans into this Plan with the consent of the Plan Administrator. The Companies will match 100% of employee contributions up to 3% of the participant's eligible compensation, as defined in the Plan document.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Companies' contributions and Plan earnings and charged with withdrawals and an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Companies' contribution portion of the participant's account plus earnings thereon is based on the vesting schedule below:

Years of Service	Vested Percentage
1	20%
2	40%
3	60%
4	80%
5	100%

Note 1 **Description of the Plan - Continued**

Notes Receivable from Participants
The Plan allows for hardship loans to participants. These loans must be applied for and are subject to review and approval. Specified hardship rules per the Plan document must be complied with prior to granting any hardship loan. Participants may borrow up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance. Generally, loans must be repaid within five years. Prevailing interest rates will apply.

Payment of Benefits
The Plan provides for normal retirement benefits upon reaching the age of 65 and has provisions for early retirement, disability, in-service, death and termination benefits for those participants who are eligible to receive such benefits.

Forfeitures
In accordance with the Plan document, forfeitures of non-vested employer contributions are applied to reduce future employer contributions. During 2010 and 2009, $152,964 and $-0-, respectively, of forfeitures were used to reduce employer contributions. At December 31, 2010 and 2009, forfeited non-vested accounts totaled approximately $15,000 and $162,000, respectively.

Note 2 **Summary of Significant Accounting Policies**

Basis of Accounting
The financial statements of the Plan are prepared on the accrual basis of accounting.

Investments Contracts
Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common/collective trust. The statements of net assets available for benefits present the fair value of the investment in the common/collective trust fund as well as the adjustment of the investment in the common/collective trust fund from fair value to contract value relating to the fully benefit-responsive investment contracts. The statements of changes in net assets available for benefits are prepared on a contract value basis.

Date of Management's Review
In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 21, 2011, the date that the financial statements were available to be issued.

Use of Estimates
The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Note 2 **Summary of Significant Accounting Policies - Continued**

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes are reclassified as distributions based upon the terms of the Plan document.

Investment Valuation and Income Recognition
Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Plan follows the fair value measurement guidance presented by accounting principles generally accepted in the United States of America for financial and nonfinancial assets and liabilities. This guidance defines fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Common/Collective Trust Fund: Valued at Net Asset Value (NAV) based on information provided by the investment advisor using the audited financial statements of the common/collective trust fund at year end. There are no redemption restrictions on this investment.

Note 2 **Summary of Significant Accounting Policies - Continued**

Investment Valuation and Income Recognition - Continued

Mutual Funds: These investments are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Money Market Fund: Valued at the NAV of shares held by the Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

Assets at Fair Value as of December 31, 2010

	Level 1	Level 2	Total
Common/Collective Trust Fund [a]	**$ -**	**$ 1,817,936**	**$ 1,817,936**
Money Market Fund	**737,810**	**-**	**737,810**
Mutual Funds			
Target Date Funds	**6,186,565**	**-**	**6,186,565**
International Equity	**2,693,325**	**-**	**2,693,325**
Small/Mid U.S. Equity	**5,426,667**	**-**	**5,426,667**
Large U.S. Equity	**2,002,914**	**-**	**2,002,914**
Fixed Income	**2,628,907**	**-**	**2,628,907**
Balanced	**60,160**	**-**	**60,160**
Large Blend	**1,499,025**	**-**	**1,499,025**
Large Value	**653,203**	**-**	**653,2035**
Large Growth	**1,700,647**	**-**	**1,700,647**
	$ 23,589,223	**$ 1,817,936**	**$ 25,407,159**

Assets at Fair Value as of December 31, 2009

	Level 1	Level 2	Total
Common/Collective Trust Fund [a]	$ -	$ 1,669,480	$ 1,669,480
Money Market Fund	1,098,138	-	1,098,138
Mutual Funds			
Target Date Funds	5,297,031	-	5,297,031
International Equity	2,296,649	-	2,296,649
Small/Mid U.S. Equity	4,404,981	-	4,404,981
Large U.S. Equity	1,840,194	-	1,840,194
Fixed Income	2,351,687	-	2,351,687
Balanced	60,220	-	60,220
Large Blend	1,343,218	-	1,343,218
Large Value	593,819	-	593,819
Large Growth	1,439,169	-	1,439,169
	$ 20,725,106	$ 1,669,480	$ 22,394,586

Note 2 **Summary of Significant Accounting Policies - Continued**

Investment Valuation and Income Recognition - Continued

(a) This investment generally invests in investment contracts, certain types of fixed income securities and money market investments. The investment tries to maintain a $1 NAV. The goal is to preserve the participant's principal investment while earning interest income.

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The Plan's administrative expenses may be paid by either the Plan or the Companies. During 2010 and 2009, substantially all administrative expenses were paid by the Companies.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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Although they have not expressed any intent to do so, the Companies have the right under the Plan to discontinue their contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of a Plan termination, participants would become fully vested in their employer contributions.

Note 5 **Tax Status**

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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Net Income Per the Form 5500	**$ 3,046,593**	$ 4,657,571

MERCURY AIRCRAFT INC.
401(k) RETIREMENT SAVINGS PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010

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*Fidelity Investment Institutional	Advisor Freedom 2050 Fund	34,992
*Fidelity Investment Institutional	Advisor Stock Selector All Cap Fund	24,493
Janus	Balanced S Fund	1,346
		22,851,413
***Participant Loans**	Interest rates range from 5.25% to 8.00% and maturity dates range from April 2012 through June 2015.	56,905
		$ 25,464,064

*Denotes party-in-interest