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), 6057(b), 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

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

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;
- [ ] 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. . . . . ▶ [X]

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
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 10/01/1955

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

HAWKER BEECHCRAFT CORPORATION

10511 EAST CENTRAL
WICHITA, KS 67206-2557

2b Employer Identification Number (EIN) 48-0135770

2c Sponsor's telephone number 316-676-8496

2d Business code (see instructions) 336410

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.	10/15/2012	SHARAD B. JIWANLAL
	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")
HAWKER BEECHCRAFT CORPORATION

10511 EAST CENTRAL
WICHITA, KS 67206-2557

3b Administrator's EIN
48-0135770

3c Administrator's telephone number
316-676-8496

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**	8311
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**	2581
b	Retired or separated participants receiving benefits	**6b**	2256
c	Other retired or separated participants entitled to future benefits	**6c**	2917
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	7754
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	500
f	Total. Add lines **6d** and **6e**	**6f**	8254
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	39
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:
1B 1G

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)	X	**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 SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
HAWKER BEECHCRAFT CORPORATION

D Employer Identification Number (EIN)
48-0135770

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2011

2 Assets:

a	Market value	**2a**	342526590
b	Actuarial value	**2b**	342526590

3 Funding target/participant count breakdown:

			(1) Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	2602	176271223
b	For terminated vested participants	**3b**	2883	64500475
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		11436407
	(2) Vested benefits	**3c(2)**		151760120
	(3) Total active	**3c(3)**	2841	163196527
d	Total	**3d**	8326	403968225

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]

a	Funding target disregarding prescribed at-risk assumptions	**4a**	
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5	Effective interest rate	**5**	6.32 %
6	Target normal cost	**6**	7618572

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

	10/12/2012
Signature of actuary	Date
MARK A. HENDRICKS, FSA, EA, MAAA	11-05452
Type or print name of actuary	Most recent enrollment number
MERCER	816-556-4800
Firm name	Telephone number (including area code)
2405 GRAND BOULEVARD KANSAS CITY, MO 64108	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of year carryover and prefunding balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	87213	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	87213	0
10	Interest on line 9 using prior year's actual return of 9.92%	8652	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		6833564
b	Interest on (a) using prior year's effective rate of 6.69 % except as otherwise provided (see instructions)		457165
c	Total available at beginning of current plan year to add to prefunding balance		7290729
d	Portion of (c) to be added to prefunding balance		7290392
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	95865	7290392

Part III Funding percentages

14	Funding target attainment percentage	14	82.96 %
15	Adjusted funding target attainment percentage	15	82.96 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	82.43 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
07/15/2011	400000				
10/14/2011	3980000				
01/13/2012	3980000				
09/14/2012	2611845				
			Totals ► 18(b)	10971845	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a	Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b	Contributions made to avoid restrictions adjusted to valuation date	19b	0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	10269536

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
3.78%	6.31%	6.57 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	63

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No

27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	**27**	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	7618572
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	68827892	10036064
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	**33**	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	17654636

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	95865	7290392	7386257

36 Additional cash requirement (line 34 minus line 35)	**36**	10268379
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	10269536

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	1157
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	1157
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☒ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☒ 2011

42 Amount of acceleration adjustment	**42**	0
43 Excess installment acceleration amount to be carried over to future plan years	**43**	0

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.**	**2011** **This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HAWKER BEECHCRAFT CORPORATION

D Employer Identification Number (EIN)
48-0135770

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).. . . . . ☐ 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

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

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

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

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

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

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

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

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

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

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

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

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)

MERCER

13-2834414

(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?
11	NONE	42809	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

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

PRICEWATERHOUSECOOPERS LLP

13-4008324

(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?
10	NONE	29000	Yes [ ] No [X]	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 [ ]

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)

(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
(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.	

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

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

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

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
HAWKER BEECHCRAFT CORPORATION

D Employer Identification Number (EIN)
48-0135770

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: HAWKER BEECHCRAFT CORP DB MASTER TR

b Name of sponsor of entity listed in (a): THE BANK OF NEW YORK MELLON

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)
13-5160382-001	M	326068520

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

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HAWKER BEECHCRAFT CORPORATION

D Employer Identification Number (EIN)
48-0135770

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)	16900000	6591845
(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)		
(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)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	325589280	326068520
(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)		
(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	342489280	332660365
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h	3070	9784
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	3070	9784
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	342486210	332650581

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)	10971845	
(B) Participants	2a(1)(B)		
(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)		10971845
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
(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)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
(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)		0

		(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)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		78875
(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)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		11050720
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	20192259	
(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)		20192259
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)	694090	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		694090
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		20886349
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-9835629
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: PRICEWATERHOUSECOOPERS LLC (2) EIN: 13-4008324

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		20000000
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			
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			

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)
HAWKER BEECHCRAFT CORPORATION BASE RETIREMENT INCOME PLAN	48-0135770	003
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR SALARIED EMPLOYEES	48-0135770	002

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

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
HAWKER BEECHCRAFT CORPORATION RETIREMENT INCOME PLAN FOR HOURLY PAID EMPLOYEES

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
HAWKER BEECHCRAFT CORPORATION

D Employer Identification Number (EIN)
48-0135770

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**

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): 13-5160382

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** 14

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 (include any prior year accumulated funding deficiency not waived) **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 or other authority 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. 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): _____

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: 17% Investment-Grade Debt: 22% High-Yield Debt: 1% Real Estate: 0% Other: 60%

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):

Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees

Financial Statements
December 31, 2011 and 2010

Hawker Beechcraft Corporation
Retirement Income Plan for Hourly Employees
Index

Page(s)

Report of Independent Auditors 1

Financial Statements

Statements of Net Assets Available for Benefits 2

Statements of Changes in Net Assets Available for Benefits 3

Notes to Financial Statements 4-23

The supplemental schedules to the Plan's Form 5500 are not required since the Plan's assets are held in a Master Trust. Accordingly, the plan administrator must file detailed financial information for the Master Trust, including the supplemental schedules, separately with the Department of Labor.

pwc

Report of Independent Auditors

To the Participants and Administrator of
Hawker Beechcraft Corporation
Retirement Income Plan for Hourly Employees

We were engaged to audit the financial statements of Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees (the "Plan") at December 31, 2011 and 2010 and for the years then ended. These financial statements and schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the 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 Bank of New York Mellon the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2011 and 2010 and for the years there ended, that the information provided to the plan administrator by the trustee is complete and accurate.

As discussed in Note 1, Hawker Beechcraft Corporation, the Plan Sponsor, filed for protection under Chapter 11 of the United States Bankruptcy Code. Refer to Note 1 for discussion of the impact, if any, to the Plan of the bankruptcy.

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 schedules taken as a whole. The form and content of the information included in the financial statements and schedules, 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 Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

PricewaterhouseCoopers LLP

October 15, 2012

PricewaterhouseCoopers LLP, 1100 Walnut, Suite 1300, Kansas City, MO 64106
T: (816) 472 7921, F: (816) 218 1890, www.pwc.com/us

Hawker Beechcraft Corporation
Retirement Income Plan for Hourly Employees
Statements of Net Assets Available for Benefits
As of December 31, 2011 and 2010

	2011	2010
Assets		
Investments, at fair value		
Plan's interest in Hawker Beechcraft Master Trust	$ 326,068,520	$ 325,589,280
Receivable for employer contribution	6,591,845	16,900,000
Total assets	332,660,365	342,489,280
Liabilities		
Accounts payable and accrued expenses	9,784	3,070
Total liabilities	9,784	3,070
Net assets available for benefits	$ 332,650,581	$ 342,486,210

The accompanying notes are an integral part of these financial statements.

Hawker Beechcraft Corporation
Retirement Income Plan for Hourly Employees
Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2011 and 2010

	2011	2010
Additions		
Plan's interest in Hawker Beechcraft Master Trust investment income	$ 78,875	$ 29,663,036
Employer contributions	10,971,845	25,020,000
Transfers from other plans		
Hawker Beechcraft Corporation Retirement Income Plan for Salaried Employees (a related party)	-	908,833
Hawker Beechcraft Corporation Base Retirement Income Plan (a related party)	-	12,649
	11,050,720	55,604,518
Deductions		
Benefits paid to participants	20,192,259	18,890,940
Administrative expenses	694,090	984,549
Transfers to other plans		
Hawker Beechcraft Corporation Retirement Income Plan for Salaried Employees (a related party)	-	3,873,079
Hawker Beechcraft Corporation Base Retirement Income Plan (a related party)	-	103,261
	20,886,349	23,851,829
Net (decrease)/increase in net assets available for benefit	(9,835,629)	31,752,689
Net assets available for benefits, beginning of year	342,486,210	310,733,521
Net assets available for benefits, end of year	$ 332,650,581	$ 342,486,210

The accompanying notes are an integral part of these financial statements.

1. Plan Description

General

The Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees (the "Plan") is a noncontributory defined benefit pension plan covering substantially all hourly employees ("Hourly" employees) of Hawker Beechcraft Corporation and RAPID Aircraft Parts Inventory and Distribution, LLC (collectively, the "Companies"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Participants should refer to the plan agreement for more complete information.

On May 3, 2012, Hawker Beechcraft Corporation (the plan sponsor) filed for protection under Chapter 11 of the United States Bankruptcy code. The plan sponsor has been in discussions with the Pension Benefit Guaranty Corporation (PBGC) since that time in order to determine the future of this plan. On August 24, 2012, the individuals covered by this plan which were members of the International Association of Machinists and Aerospace Workers voted to ratify an agreement which would freeze benefits as of December 31, 2012. Participants in this plan will not accrue additional benefits after that time pending finalization of this agreement. The agreement is subject to approval by the US Bankruptcy Court. This approval has not been obtained as of the date of this filing.

Eligibility

Prior to December 31, 1989, an employee who receives compensation from an employee's "salary non-exempt" payroll or hourly payroll are eligible to participate in the Plan. An employee compensated from a "salary non-exempt" payroll hired after December 31, 1989 must complete one year of service to participate in the Plan. An employee compensated from a "salary non-exempt" payroll hired after July 31, 1993 must attain the age of 21 and complete one year of service to participate in the Plan.

Pension Benefits

Participants with five or more years of vesting service are entitled to monthly income pension benefits beginning at normal retirement age (65) equal to accrued benefits, which is the product of credited service and the monthly dollar credit in effect according to the following schedule:

Effective August 1, 1983, the monthly dollar credit for terminations or retirements is as follows:

Termination Period	Dollar Credit
8/1/83 through 8/4/85	$ 13.00
8/5/85 through 8/3/86	14.00
8/4/86 through 8/2/87	15.00
8/3/87 through 8/5/90	18.00
8/6/90 through 8/1/93	22.00
8/2/93 through 8/4/96	26.00
8/5/96 through 8/3/97	28.00
8/4/97 through 8/2/98	29.00
8/3/98 through 8/1/99	31.00
8/2/99 through 8/6/00	32.00
8/7/00 through 8/5/01	33.00
8/6/01 through 8/4/02	38.00
8/5/02 through 8/3/03	39.00
8/4/03 through 8/1/04	40.00

8/2/04 through 7/31/05	41.00
8/1/05 through 8/6/06	42.00
8/7/06 through 8/5/07	43.00
8/6/07 through 12/31/08	44.00
On or after 1/1/09	51.00

The Plan permits early retirement with reduced benefit amounts after age 55 for participants with five years of credited service and with unreduced benefits after age 62 with five years of credited service. If participants terminate before rendering five years of vesting service, they forfeit the right to receive their portion of accumulated plan benefits. The normal form of a benefit payment is a life annuity. If a participant is married and retirement-eligible at the time of death, a reduced survivorship benefit is payable to the participant's spouse in an amount equal to 50% of the monthly pension the participant would have been entitled to receive. Other options are available upon prior election.

Disability Benefits
Active participants terminated due to total and permanent disability who are not covered by the Companies' long-term disability plan receive a monthly income equal to the accrued benefit commencing: (1) on first day of month after determination of disability following a period of absence of at least two months, if disability is work-related, (2) at normal retirement date, if disability is not work-related and participant has less than 10 years of vesting service, or (3) first day of seventh month following disability, if disability is not work-related, but participant has at least 10 years of vesting service. Effective January 1, 2002, approval for disability retirement is subject to the participant being approved for Social Security disability benefits.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying financial statements are prepared on the accrual basis of accounting, with the exception of benefit payments, which are recorded when paid.

Investment Valuation and Income Recognition
The Plan's interest in the Hawker Beechcraft Master Trust (the "Master Trust") is stated at fair value. Net investment income (loss) from the Master Trust is allocated proportionately on a monthly basis based on the Plan's interest in the Master Trust. See Note 7 for additional information.

Contributions
Employer contributions are funded and recorded as determined by actuarial computations. The employer contributions paid and recorded by the Plan are based on actuarial calculations and recommendations of the Plan Actuary. See Note 4 for the Plan's funding policy.

Plan Transfers
Transfers in and out consist of funds transferred between the Hawker Beechcraft Corporation Retirement Income Plan for Salaried Employees, the Hawker Beechcraft Corporation Retirement Income Plan for Hourly Employees and the Hawker Beechcraft Corporation Base Retirement Income Plan due to participants who retire from one plan and also have service in another.

Benefit Payments
Benefit payments to participants are recorded when paid.

Administrative Expenses
Expenses specifically related to the Plan are included in the statement of changes in net assets available for benefits under "Administrative expenses." Expenses and accruals for expenses paid directly by the Master Trust are included in the statement of changes in net assets available for benefits under "Hawker Beechcraft Master Trust investment income" for the periods ending December 31, 2011 and 2010.

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 the plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets available for plan benefits at the date of the financial statements, the actuarial present value of accumulated plan benefits as of the benefit information date, the changes in net assets available for plan benefits during the reporting period and, when applicable, the disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Recent Accounting Pronouncements
In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures* (Topic 820) ("ASU 2010-06") which requires new disclosures and clarifies existing disclosures required under current fair value guidance. Under the new guidance, a reporting entity must disclose separately gross transfers in and gross transfers out of Levels 1, 2, and 3 and describe the reasons for the transfers. A reporting entity must also disclose and consistently follow its policy for determining when transfers between levels are recognized. The new guidance also requires separate presentation of purchases, sales, issuances, and settlements rather than net presentation in the Level 3 reconciliation. ASU 2010-06 also requires that the fair values of derivative assets and liabilities be presented on a gross basis except for the Level 3 reconciliation which may be presented on a net or a gross basis. The ASU also makes clear the appropriate level of disaggregation for fair value disclosures, which is generally by class of assets and liabilities, as well as clarifies the requirement to provide disclosures about valuation techniques and inputs for both recurring and nonrecurring fair value measurements that fall under Level 2 or Level 3. The new disclosure requirements were effective for the Plan year ending December 31, 2010 with the exception of the requirement to separately disclose purchases, sales, issuances, and settlements which was effective for the Plan year ending December 31, 2011. The adoption of ASU 2010-06 did not have a significant impact on the financial statements. See Note 7 for the fair value measurements and disclosures presented by the plan.

In May 2011, the FASB issued ASU 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04") which provides a consistent definition of fair value to ensure that the fair value measurement and disclosure requirements are similar between U.S. generally accepted accounting principles and International Financial Reporting Standards. This standard changes certain fair value measurement principles and enhances the disclosure requirements. ASU 2011-04 is effective for fiscal years beginning after December 15, 2011, and its adoption is not expected to have a significant impact on the financial statements.

Risks and Uncertainties
Contributions to the Plan are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements. See Note 7 for additional information with respect to investment risk.

3. Actuarial Present Value of Accumulated Pension Plan Benefits

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of deceased employees, and (c) active employees or their beneficiaries. Benefits are based principally upon years of service and compensation. Benefits payable under all circumstances - retirement, death, and termination of employment - are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Companies' consulting actuaries, Mercer Human Resource Consulting, and is the amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements for death, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2011 are as follows:

Discount rate	-	7.75% compounded annually for the present value of accumulated plan benefits
Assumed rate of return on investments for accumulated benefits	-	7.75%
Mortality basis	-	RP-2000 Mortality Table for males and females, without adjustment for collar or employee/annuitant distinction, projected to 2018.
Retirement age	-	Participants are assumed to retire at varying cumulative frequencies from age 55 (5% frequency) to age 70 (100% frequency) with the greatest individual frequency at age 65 (40% frequency).
Termination	-	Rates as follows for vested and nonvested termination:

Age	Percent
20	25.0%
25	17.5%
30	10.0%
35	5.8%
40	3.8%
45	1.8%
50	1.8%
55	1.1%
60	1.1%
65 and over	0.0%

- As a further allowance for heavy turnover in the early years of employment, the following additional turnover is based on years of service:

Service	Percent Terminating
1	5.0%
2	4.0%
3	3.0%
4	2.0%
5	1.0%

Plan Changes
There have been no changes in actuarial assumptions since the last valuation on December 31, 2010.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefit.

As of December 31, 2011, the most recent valuation date, the actuarial present value of accumulated plan benefits is as follows:

Vested benefits	
Participants currently receiving payments	$173,795,643
Terminated vested participants	56,142,079
Active participants	113,499,469
	343,437,191
Nonvested benefits	9,076,584
Total actuarial present value of accumulated plan benefits	$352,513,775

The following is an analysis of changes in the present value of accumulated plan benefits:

Actuarial present value of accumulated plan benefits as of December 31, 2010	$339,264,952
Increase (decrease) during the year attributed to:	
Benefits accumulated and gains	7,930,498
Interest on prior liability	25,510,584
Benefits paid	(20,192,259)
Net increase	13,248,823
Actuarial present value of accumulated plan benefits as of December 31, 2011	$352,513,775

4. Funding Policy

The Companies' funding policy is to make contributions to the Plan in amounts that will fund the pension cost accrued each year (using the methodology established for government contract pricing), which is the sum of the normal cost plus the amount(s) required to amortize: (1) any change in the unfunded actuarial accrued liability due to changes in the Plan over 30 years, and (2) any change in the unfunded actuarial accrued liability due to changes in actuarial assumptions or methods and actuarial gains and losses arising after 1975 over 15 years, plus interest on the preceding items to the date contributions are made. However, the contribution will not be less than the minimum required contribution nor greater than the maximum tax deductible contribution. Contributions of $3,980,000 and $2,611,845 were made in January 2012 and September 2012, respectively, to meet the minimum funding requirement for the year ended December 31, 2011. A contribution of $16,900,000 was made in 2011 and applied to the year ended December 31, 2010. Of that amount, $9,481,708 was made to meet the minimum funding requirement. The contributions made in 2012 and 2011 and applied to the years ended December 31, 2011 and 2010, respectively, are recorded as contributions receivable for the years ended December 31, 2011 and 2010.

Although they have not expressed any intention 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 set forth in ERISA.

5. Termination Policies

The Companies have not expressed any intent to terminate the Plan or discontinue its contributions. However, in the event the Plan is discontinued:

a. The assets comprising the Plan, including the net income (loss) of the Plan, shall be revalued at market by the Plan trustee.

b. The Plan provides that the net assets of the Plan shall be allocated among the participants and beneficiaries of the Plan in the order provided by ERISA.

c. To the extent unfunded vested benefits exist, ERISA provides that such benefits are payable by the PBGC to participants, up to specified limitations, as described in ERISA.

Whether all participants receive their full or partial benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated plan benefit obligations, and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

The Companies may terminate the Plan in whole or in part at any time. This summary of termination priorities is provided for general information purposes only. Participants should refer to the plan document for more information.

6. Summary of Information Certified by the Trustee

The following is a summary of the information certified as complete and accurate by The Bank of New York Mellon, N.A., (the "Trustee") as of and for the years ended December 31, 2011 and 2010, respectively.

	2011	2010
Investments at fair value		
Plan's interest in Master Trust net assets		
Hawker Beechcraft Master Trust	$ 326,485,481	$ 325,899,380
Changes in net assets		
Plan's interest in Master Trust net investment income		
Hawker Beechcraft Master Trust	$ 185,737	$ 29,669,938

The Plan's interest in Master Trust net assets certified by the Trustee ("Certified") does not include accrued expenses of $416,962 and $310,100 at December 31, 2011 and 2010, respectively, which are included in the statement of net assets available for benefits of the Plan. Exclusion of these accrued expenses from the Plan's certified interest in the Master Trust net assets available for benefits resulted in a difference of $106,862 and $6,902 between the Plan's certified interest in Master Trust investment income and the Plan's interest in the HBC Master Trust investment presented in the Statement of Changes in Net Assets Available for Benefits for the years ended December 31, 2011 and 2010, respectively.

7. Master Trust

Summary Financial Information

The Plan's assets are held in the Master Trust, which was established for the investments of assets of the Plan and other Company-sponsored defined benefit plans. The assets of the Master Trust are held by the Trustee. The Pension Committee, appointed by the Companies, periodically reviews the asset allocation and performance of the investments held in the Master Trust. The Pension Committee permits asset diversification to include a combination of cash, private equities, common and preferred stock, fixed income securities, foreign fixed income securities, real estate, and other investments such as repurchase agreements, reverse repurchase agreements, forwards, and futures.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

At December 31, 2011 and 2010, the Plan owned approximately 44.7% and 44.2%, respectively, of the fair value of the Master Trust's net assets. The Companies have obtained certifications from the Trustee, as of and for the years ended December 31, 2011 and 2010, that the information for the Master Trust is complete and accurate. The total net assets of the Master Trust at December 31, 2011 and 2010 were:

	2011	2010
Assets		
Investments at fair market value as determined by quoted market prices		
Cash and cash equivalents	$ 2,753,725	$ 858,760
Common/collective trusts	419,638,239	434,277,656
Collateral for securities on loan	7,968,390	9,577,021
Equity securities	117,485,016	126,916,536
Fixed income securities	182,520,306	170,564,570
Preferred securities	-	273,861
Futures contracts	16,547	35,570
	730,382,223	742,503,974
Investments at estimated fair market value		
Private equity securities	31,868,965	13,791,980
Total investments at fair market value	762,251,188	756,295,954
Interest and dividends receivable	1,920,441	2,205,989
Receivable for securities sold	37,185	340,100
Receivable for forward foreign currency contracts	183,469	5,939,615
Cash	39,316	4,854,999
Cash on deposit with brokers	-	14,555
Total assets	764,431,599	769,651,212
Liabilities		
Payable for securities lending collateral	7,968,390	9,577,021
Payable for forward foreign currency contracts	183,360	5,924,098
Payable for securities purchased	25,918,685	16,318,198
Written options	10,785	3,140
Interest and dividends payable	-	57,656
Cash on deposit with brokers	9,017	-
Accrued management investment expenses	932,734	702,003
Total liabilities	35,022,971	32,582,116
Master Trust net assets	$ 729,408,628	$ 737,069,096
Plan's interest in Master Trust	$ 326,068,520	$ 325,589,280

The following table is a summary of the investment earnings and the net appreciation (depreciation) in the fair market value of the Master Trust for the years ended December 31, 2011 and 2010:

	2011	2010
Net (depreciation) appreciation in fair value of investments		
Stocks and bonds	$ (9,352,920)	$ 14,094,882
Common/collective trusts	(3,153,675)	42,121,552
Options and contracts	906,982	562,270
Other investments	123,506	24,894
	(11,476,107)	56,803,598
Net appreciation in estimated fair value of investments		
Partnership/joint venture interest	3,631,293	2,343,555
	3,631,293	2,343,555
Interest	7,618,291	7,789,721
Dividends	3,057,819	2,413,863
Other	756,875	746,061
Master Trust investment income	3,588,171	70,096,798
Administrative expenses	3,035,091	2,930,925
Total Master Trust net investment income	$ 553,080	$ 67,165,873
Portion allocated to the Plan	$ 78,875	$ 29,663,036

Valuation Policy

Effective January 1, 2008, the Master Trust adopted the provisions of ASC 820 *Fair Value Measurement*. ASC 820 defines fair value, establishes a framework for measuring fair value and requires expanded disclosures regarding fair value measurements.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories:

Level 1 Inputs – Quoted prices for identical assets and liabilities in active markets.

Level 2 Inputs – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; observable inputs other than quoted prices; and inputs that are derived principally from or corroborated by other observable market data.

Level 3 Inputs – Unobservable inputs reflecting the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability.

The following tables present the Master Trust's assets measured at fair value on a recurring basis:

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 2,195,020	$ 558,705	$ -	$ 2,753,725
Common/collective trusts	-	419,638,239	-	419,638,239
Collateral for securities on loan	-	7,968,390	-	7,968,390
Equity securities				
Common stock				
Banking and finance	16,551,635	-	-	16,551,635
Basic industries	214,866	-	-	214,866
Capital goods	191,992	-	-	191,992
Chemicals	4,614,794	-	-	4,614,794
Computers and software	5,605,203	-	-	5,605,203
Consumer durables/non-durables	624,055	-	-	624,055
Consumer services	108,604	-	-	108,604
Energy	280,609	-	-	280,609
Food and beverage	7,830,882	-	-	7,830,882
Health care	2,676,515	-	-	2,676,515
Insurance	4,582,924	-	-	4,582,924
Media	1,728,428	-	-	1,728,428
Mining	2,450,750	-	-	2,450,750
Oil and gas	11,393,338	-	-	11,393,338
Pharmaceuticals	10,989,030	-	-	10,989,030
Retail	5,606,238	-	-	5,606,238
Transportation	2,492,323	-	-	2,492,323
Utilities	16,757,149	-	-	16,757,149
Other	22,785,681	-	-	22,785,681
Fixed income securities				
Corporate debt instruments	-	105,580,599	-	105,580,599
Other investments	-	2,665,969	-	2,665,969
U.S. Government securities	45,186,954	29,086,784	-	74,273,738
Futures contracts	16,547	-	-	16,547
Private equity securities	-	-	31,868,965	31,868,965
Total	$ 164,883,537	$ 565,498,686	$31,868,965	$ 762,251,188

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 589,745	$ 269,015	$ -	$ 858,760
Common/collective trusts	-	434,277,656	-	434,277,656
Collateral for securities on loan	-	9,577,021	-	9,577,021
Equity securities				
Common stock				
Banking and finance	25,409,142	-	-	25,409,142
Basic industries	4,622,917	-	-	4,622,917
Capital goods	5,440,907	-	-	5,440,907
Chemicals	3,455,478	-	-	3,455,478
Computers and software	3,920,548	-	-	3,920,548
Consumer durables/non-durables	7,528,199	-	-	7,528,199
Consumer services	6,581,593	-	-	6,581,593
Energy	7,846,985	-	-	7,846,985
Food and beverage	3,008,804	-	-	3,008,804
Health care	5,144,022	-	-	5,144,022
Insurance	2,098,821	-	-	2,098,821
Media	2,741,062	-	-	2,741,062
Mining	2,143,301	-	-	2,143,301
Oil and gas	6,841,723	-	-	6,841,723
Pharmaceuticals	6,613,541	-	-	6,613,541
Retail	4,255,920	-	-	4,255,920
Technology	6,907,734	-	-	6,907,734
Transportation	3,464,320	-	-	3,464,320
Utilities	7,633,010	-	-	7,633,010
Other	11,258,509	-	-	11,258,509
Fixed income securities				
Corporate debt instruments	-	64,863,310	-	64,863,310
Corporate debt instruments - preferred	-	46,873,142	-	46,873,142
Other investments	-	2,192,140	-	2,192,140
U.S. Government securities	31,796,285	24,839,693	-	56,635,978
Futures contracts	35,570	-	-	35,570
Preferred securities	273,861	-	-	273,861
Private equity securities	-	-	13,791,980	13,791,980
Total	$ 159,611,997	$ 582,891,977	$13,791,980	$ 756,295,954

The following is a description of the valuation methodologies used for assets measured at fair value:

- Cash equivalents are valued at cost, which, due to their short maturities, approximates fair value.

- Common collective trusts consist of pools of investments used by institutional investors to obtain equity and fixed income market exposures.

  The fair values of participation units held in the common/collection trusts are based on the net asset value (NAV) after adjustments to reflect all fund investments at fair value. The common/collective trusts generally permit redemptions daily. Certain common/collective trusts held by the Master Trust only allow redemptions on a weekly or bi-weekly basis. The fair values of the Plan's interest in the common/collective trusts are based on quoted market prices in active markets and securities and contracts are valued using observable inputs. The Master Trust is permitted to redeem investment units at NAV on the measurement date, and as a result, the investment is classified as a level 2 asset in the fair value hierarchy.

- Collateral for securities on loan are valued at amortized cost which approximates par value due to the short duration to maturity.

- Investments in equity securities (common and preferred) are valued at the last reported sales price. If no sales are reported for that day, the equity securities are valued at the more recent of the last published sale price or the mean between the last reported bid and asked prices, or at fair value as determined in good faith by the Trustee.

- Investments in fixed income securities (U.S. government, domestic and foreign bonds) are valued by a pricing service based upon market transactions at fair value as determined in good faith by the Trustee.

- Investments in private equity securities, including limited partnerships and joint ventures, are valued at estimated fair value based on quarterly financial information received from the investment advisor and/or general partner.

- Investments denominated in foreign currencies are translated into U.S. dollars using the last reported exchange rate.

- Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Investment Committee of the Plan.

- Valuation policies for derivatives investments are disclosed in the "Derivative Policy" paragraph.

The table below summarizes the changes in Level 3 investment assets for the years ended December 31, 2011 and 2010:

	2011 Private Equity Securities	2010 Private Equity Securities
Balance, beginning of year	13,791,980	$ 2,883,740
Acquisitions	20,840,733	8,564,685
Dispositions	(6,395,040)	-
Realized Gain (Loss)	(1,827,268)	-
Unrealized gain (loss)	5,458,560	2,343,555
Balance, end of year	$ 31,868,965	$13,791,980

Investment Income (Loss)
The Trustee maintains separate records of each plan's proportionate share in the Master Trust's investment accounts. The Plan's share of investment income of the Master Trust is included in the statement of changes in net assets available for plan benefits as Master Trust investment income. The Master Trust's investment income includes the net (depreciation) appreciation in the fair value of investments, which consists of the realized gains (losses) and the unrealized appreciation (depreciation) on those investments.

Under the Master Trust's agreement, each plan's assets are jointly invested. The Plan uses the unit participation method to calculate the Plan's interest in the Master Trust. Under this method, contributions made to and benefits paid from the Master Trust result in increases or decreases in units of participation.

Dividends are recorded on the ex-dividend date, and interest income is accrued as earned. All security transactions are recorded on the trade date. Dividend expense for securities sold short is recorded on the ex-dividend date. Gains or losses on sales of securities are based on average cost.

Investments Sold Short

The Master Trust may enter into dollar roll transactions. A dollar roll transaction may involve the sale of securities by the Master Trust with an agreement by the Master Trust to repurchase substantially similar securities at an agreed date and price. An example of a dollar roll occurs when the Master Trust enters a forward commitment to purchase a security and, instead of accepting delivery, the position is offset by a sale of the security with a simultaneous agreement to repurchase the security in the future. During the period between the sale and repurchase, the Master Trust will not be entitled to accrue interest and/or receive principal payments on the securities sold. The Master Trust is compensated by the difference between the current sales price and the lower forward price of the future purchase (often referred to as the "drop"), which is reported as interest income, as well as by the interest earned on the cash proceeds of the initial sale. Dollar roll transactions involve the risk that the market value of the securities sold by the Master Trust may decline below the repurchase price of those securities. In the event the buyer of the securities under a dollar roll transaction files for bankruptcy or becomes insolvent, the Master Trust's use of proceeds of the transaction may be restricted pending a determination by or with respect to the other party.

The Master Trust may sell a security it does not own in anticipation of a decline in the fair value of that security or as part of its core investment strategy. The Master Trust, in "selling short," sells borrowed securities that must at some date be repurchased and returned to the lender. The risk associated with this practice is that if the market value of the securities sold short increases, the Master Trust may realize losses upon repurchase at prices which may exceed the proceeds received from the sale of the security. Further, in unusual circumstances, the Master Trust may be unable to purchase securities to close its short positions. The Master Trust is obligated to pay a prime broker interest based on the value of the securities sold short and any dividends declared on the securities sold short. Such fees and dividends are recorded on the accrual basis as an expense to the Master Trust.

The Master Trust utilizes leverage to achieve its objective by combining short sales transactions with repurchase agreements. The concept of leveraging is based on the premise that the Master Trust's cost of borrowing will be at rates that normally will be lower than the rate of return earned on the longer term investments it holds. While the use of leverage may increase the returns to the Master Trust, the use of leverage also increases the risk of loss to the Master Trust because the claims of the lenders to the Master Trust on assets and income of the Master Trust will be senior to the claims of participants.

At December 31, 2011 and 2010, the Hawker Beechcraft Corporation Master Trust had no liabilities for securities sold short and there were no dollar roll transactions.

Repurchase Agreements

The Master Trust may lend extra cash or cash on deposit at brokers in connection with short sales transactions (see the "Investments Sold Short" section) through the use of repurchase agreements whereby the Master Trust agrees to purchase and automatically agrees to sell certain securities at a mutually-agreed upon date and price. At the same time the counterparty to this agreement agrees to pledge some of its securities. The underlying collateral securities consist of securities in which the Master Trust is permitted to invest. In the case of repurchase agreements used to lend extra cash, the Master Trust values the underlying collateral securities daily on a mark-to-market basis to determine that the value, including accrued interest, is at least equal to the repurchase price. If the seller defaults as a result of its bankruptcy or otherwise, and the value of the collateral declines, realization of the collateral by the Master Trust may be delayed or limited.

In the case of repurchase agreements used to invest cash on deposit at brokers in connection with short sales transactions, the collateral is marked to market daily, and the increase or decrease in fair market value of the collateral offset the increase or decrease in fair market value of the securities sold short.

As of December 31, 2011 and 2010, the Hawker Beechcraft Corporation Master Trust did not invest in repurchase agreements.

Reverse Repurchase Agreements
The Master Trust may borrow through the use of reverse repurchase agreements whereby the Master Trust agrees to sell and simultaneously agrees to repurchase certain securities at a mutually-agreed date and price. At the time the Master Trust enters into a reverse repurchase agreement, it is required to pledge securities subject to repurchase. The sale of these securities is not recorded, and the Master Trust agrees to later repay the amount borrowed plus interest. Should the securities' value decline below the repurchase price, the Master Trust may be obligated to pledge additional collateral to the lender in the form of cash or securities.

The Master Trust utilizes leverage to achieve its objective by using reverse repurchase agreements. The concept of leveraging is based on the premise that the Master Trust's cost of borrowing will be at rates that normally will be lower than the rate of return earned on the longer term investments it holds. While the use of leverage may increase the returns to the Master Trust, the use of leverage also increases the risk of loss to the Master Trust because the claims of the lenders to the Master Trust on assets and income of the Master Trust will be senior to the claims of participants.

Reverse repurchase agreements involve the risk that the market value of the securities purchased with the proceeds from the sale of securities subject to the reverse repurchase agreements may decline below the amount the Master Trust is obligated to pay to repurchase these securities. The risk in borrowing, as with any extension of credit, consists of the possible delay in the recovery of securities or possible loss of rights to the collateral should the counter party fail financially. Additionally, there is the risk that the expense associated with the transaction may be greater than the income earned from the investment of the proceeds.

As of December 31, 2011 and 2010, the Hawker Beechcraft Corporation Master Trust had no reverse repurchase agreements pledged as collateral.

Securities Lending Program
The Master Trust participates in a securities lending program with the Trustee. The program allows the Trustee to loan securities, which are assets of the Master Trust, to approved brokers (the "Borrowers"). The Trustee serves as the lending agent for the Master Trust. The terms of the lending agreements require that loans are secured, initially, by collateral, having a market value equal to or greater than 102% of the market value of U.S. securities on loan and 105% of non-U.S. securities on loan. The market value of the securities on loan and of the collateral received is monitored by the Trustee. If at any time the value of the collateral falls below 100% of the market value of securities on loan, the borrower may be required to deliver additional collateral necessary to restore the 102% ratio. The Fund retains any income earned on the securities while on loan to the broker. In the event of default by the Borrower, the Trustee shall indemnify the Master Trust by purchasing replacement securities equal to the number of unreturned loaned securities or, if replacement securities are not able to be purchased, the Trustee shall credit the Master Trust for the market value of the unreturned securities. In each case, the Trustee would apply the proceeds

from the collateral for such a loan to make the Master Trust whole. The market value of the securities on loan to Borrowers at December 31, 2011 and 2010 was $46,786,119 and $9,224,704, respectively. Securities lending income allocated to the Master Trust amounted to $114,403 and $73,675 for 2011 and 2010, respectively. Security lending income allocated to the Trustee amounted to $38,128 and $24,553 for 2011 and 2010, respectively.

To the extent that a loan of securities is secured by cash collateral, such collateral was used to purchase short term investments in an investment pool. The Master Trust bears the risk of loss with respect to the unfavorable change in fair value of the invested cash collateral. Cash collateral of $7,968,390 and $9,577,021 was held for securities on loan at December 31, 2011 and 2010, respectively. A portion of the income generated upon investment of cash collateral is remitted to the Borrowers, and the remainder is allocated between the Master Trust and the Trustee in its capacity as a security agent.

Non-cash collateral pledged, which consists solely of U.S. government mortgages, is held by the custodian bank until the maturity of the securities lending agreement. Provisions of the securities lending agreements and the procedures adopted by the Master Trust require that the market value of the collateral, including accrued interest thereon, is sufficient in the event of default by the counterparty. If the counterparty defaults and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Master Trust may be delayed or limited. The fair value of the non-cash collateral of $40,088,888 and $0 was pledged to the Master Trust for securities on loan at December 31, 2011 and 2010, respectively.

Derivative Policy
The Master Trust enters into contractual arrangements classified as derivatives in carrying out its investment strategy, principally to: (1) hedge a portion of the Master Trust's portfolio to limit or minimize exposure to certain risks, (2) gain exposure to a market more rapidly or less expensively than could be accomplished through the use of the cash markets, and (3) increase investment returns by reducing the cost of structuring the portfolio or by capturing value disparities between financial instruments. The Master Trust utilizes both exchange-traded investment instruments such as equity and interest rate futures, options on futures, over-the-counter ("OTC") options, and forward exchange contracts. Select major financial institutions are used in derivatives transactions. When engaging in OTC options and forward exchange contracts, there is exposure to credit loss in the event of nonperformance by the counterparties to these transactions. The Master Trust manages this exposure through credit approvals, limits, monitoring procedures, and to the extent possible, by restricting the period over which unpaid balances are allowed to accumulate. Procedures are in place at the Trustee to regularly monitor and report market and counterparty credit risks associated with these instruments. The Master Trust does not anticipate nonperformance by counterparties to these contracts, and no material loss would be expected from any such nonperformance.

The following is a summary of the significant accounting policies associated with the Master Trust's use of derivatives:

Forward Foreign Currency Exchange Contracts
A forward foreign currency exchange contract ("forward currency contract") is a commitment to purchase or sell a foreign currency at a future settlement date and at a negotiated rate.

Forward currency contracts are utilized to hedge a portion of the currency exposure that results from the Master Trust's holdings of equity and fixed income securities denominated in foreign

currencies. Forward currency contracts are marked-to-market at the prevailing forward exchange rate of the underlying currencies, and the difference between contract value and market value is recorded as unrealized appreciation (depreciation) in Master Trust net assets. When the forward currency contract is closed, the Master Trust transfers the unrealized appreciation (depreciation) to a realized gain (loss) equal to the change in the value of the forward currency contract when it was opened and the value at the time it was closed or offset. Sales and purchases of forward currency contracts having the same settlement date and broker are offset, and any gain (loss) is realized on the date of offset.

Certain risks may arise upon entering into a forward currency contract from the potential inability of counterparties to meet the terms of their contracts. Additionally, when utilizing forward currency contracts to hedge, the Master Trust gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

The amount of unrealized appreciation (depreciation) in net assets included in the Hawker Beechcraft Master Trust at December 31, 2011 and 2010 was immaterial.

Future Contracts
A future contract is a contractual agreement to make or take delivery of a standardized quantity of a specified grade or type of commodity or financial instrument at a specified future date in accordance with terms specified by a regulated future exchange.

The Master Trust uses equity index, fixed income, cash and cash equivalents, and commodities future contracts to manage exposure to the market. Buying futures tends to increase the Master Trust's exposure to the underlying instrument. Selling futures tends to decrease the Master Trust's exposure to the underlying instrument held or to hedge the fair value of other fund investments. The Master Trust does not employ leverage in its use of futures; thus, cash balances are maintained at a level at least equal to the contract value of the futures.

Future contracts are valued at the last settlement price at the end of each day on the exchange upon which they are traded. Upon entering into a future contract, the Master Trust is required to deposit either in cash or securities an amount equal to a certain percentage of the nominal value of the contract ("initial margin"). Pursuant to the future contract, the Master Trust agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the future contract. Such receipts or payments are known as "variation margin," which are settled daily and are included in the realized gains (losses) on future contracts. The Master Trust will record a variation margin receivable or payable in the Master Trust net assets for variation margins that have not yet been paid at the end of the year.

Future contracts involve, to varying degrees, credit and market risks. The Master Trust enters into future contracts on exchanges where the exchange acts as the counterparty to the transaction. Thus, credit risk on such transactions is limited to the failure of the exchange. The daily settlement on the future contracts serves to greatly reduce credit risk. Losses in value may arise from changes in the value of the underlying instrument or if there is an illiquid secondary market for the contracts. In addition, there is the risk that there may not be an exact correlation between a future contract and the underlying index or security.

No pledges of assets as collateral for futures held existed at December 31, 2011 or 2010.

Options

An option contract is a contract in which the writer of the option grants the buyer of the option the right to purchase from ("call option"), or sell to ("put option"), the writer a designated instrument at a specified price within a specified period of time. Certain options, including options on indices, will require cash settlement by the Master Trust if the option is exercised. The Master Trust may enter into put or call option contracts: in order to hedge against potential adverse price movements in the value of the portfolio assets; as a temporary substitute for selling selected investments; to lock in the purchase price of a security or currency it expects to purchase in the near future; as a temporary substitute for the purchase of selected investments; and to enhance potential gain. The Master Trust does not employ leverage in its use of options; thus, cash balances are maintained at a level at least equal to the underlying index exposure of the option contracts.

When the Master Trust purchases or writes an option, an amount equal to the premium paid or received by the Master Trust is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. Options purchased or written are valued at the last sale price or, in the absence of a sale, the mean between the closing bid and ask prices or at the most recent ask price (bid for purchased options) if no bid and ask prices are available. Over-the-counter purchased or written options are valued using dealer-supplied quotations. Gain and loss is recognized when the option contract expires or is closed.

If the Master Trust writes a covered call option, the Master Trust foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the value of the underlying security above the exercise price. If the Master Trust writes a put option, it accepts the risk of a decline in the value of the underlying security below the exercise price. Over-the-counter options have a risk of the potential inability of counterparties to meet the terms of their contracts. The Master Trust's maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise upon entering into option contracts prior to the expiration date and that a change in value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

As of December 31, 2011 and 2010, the Master Trust did not invest in options.

Swaps

The Master Trust may invest in interest rate swap contracts. The Master Trust uses interest rate swap contracts to manage its exposure to interest rates. Interest rate swap contracts entered into by the Master Trust typically represent the exchange by the Master Trust with a counterparty of a commitment to make variable rate and fixed rate payments with respect to a notional amount of principal. Such contracts may have a term of one to ten years, but typically require periodic interim settlement in cash, at which time both the value of the index or security and the specified interest rate are reset for the next settlement period. During the period that the swap contract is open, the contract is marked-to-market as the net amount due to or from the Master Trust in accordance with the terms of the contract based on the closing level of the relevant index or security and interest accrual through the valuation date. Changes in the value of the swap contract are recorded as unrealized gains or losses, while periodic cash settlements are recorded as realized gains or losses.

The Master Trust may also invest in credit default swaps. Credit default swap contracts entered into by the Master Trust typically represent the exchange by the Master Trust with a counterparty of a commitment to provide a level of credit protection for a commitment to receive interest at a fixed rate based on the potential risk of default of the relevant underlying issuer. Providing credit

protection to a counterparty tends to increase the Master Trust's exposure to the underlying instrument. Receiving credit protection from a counterparty tends to decrease the Master Trust's exposure to the underlying instrument held by the Master Trust, or hedge the fair value of other Master Trust investments. Such contracts may have a term of one to ten years, but typically require periodic interim settlement in cash. During the period that the credit default swap contract is open, the contract is marked-to-market in accordance with the terms of the contract based on the current interest rate spreads and credit risk of the referenced obligation of the underlying issuer and interest accrual through the valuation date. Changes in the value of the credit default swap contract are recorded as unrealized gains or losses, while periodic cash settlements are recorded as realized gains or losses.

Entering into a swap contract involves, to varying degrees, elements of credit, market and interest rate risk in excess of the amounts reported in the statement of net assets available for benefits. Notional principal amounts are used to express the extent of involvement in the transactions, but are not delivered under the contract. Accordingly, credit risk is limited to any amounts receivable from the counterparty. To reduce credit risk from potential counterparty default, the Master Trust enters into swap contracts with counterparties whose creditworthiness has been approved by the Trustee of the Master Trust. The Master Trust bears the market risk arising from any change in index or security values or interest rates.

At December 31, 2011 and 2010, the Master Trust did not invest in swaps.

8. Party-in-Interest Transactions

The Plan's investments are managed by The Bank of New York Mellon. Transactions with the Trustee qualify as party-in-interest transactions under ERISA. The Plan incurred no Trustee expenses directly related to the Plan for the years ended December 31, 2011 and 2010. The Plan was allocated approximately $432,834 and $1,294,409 in 2011 and 2010, respectively, of trustee expenses paid directly by the Master Trust to the Trustee. The expenses and accrued expenses paid by the Master Trust are included in the Plan's interest in the Master Trust investment gain. As of December 31, 2011 and 2010, $416,962 and $310,100 of trustee expenses were accrued, respectively. The Master Trust net investment balance of $729,408,628 and $737,069,096 at December 31, 2011 and 2010, respectively, was 100% invested in Trustee-managed accounts.

The Plan may also have certain payables to other plans and receivables from other plans under the Trust. Transactions with other plans qualify as party-in-interest transactions and are separately stated on the statement of changes in net assets available for benefits.

Hawker Beechcraft, Inc. provides certain facilities and administrative services relating to the operation of the Plan at no cost.

The party-in-interest transactions entered into by the Plan during the years ended December 31, 2011 and 2010 are considered allowable under ERISA.

9. Tax Status

The Internal Revenue Service has determined and informed the Company by letter dated May 24, 2012 that the design of the Plan meets the requirements for qualification under Code section 401(a), on which the tax exemption of the related trust under Section 501(a) is based.

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, 2011 and 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.

10. Subsequent Events

On May 3, 2012, the plan sponsor filed for protection under Chapter 11 of the United States Bankruptcy code. The plan sponsor has been in discussions with the PBGC since that time in order to determine the future of this plan. On August 24, 2012, the individuals covered by this plan which were members of the International Association of Machinists and Aerospace Workers voted to ratify an agreement which would freeze benefits as of December 31, 2012. Participants in this plan will not accrue additional benefits after that time pending finalization of this agreement. The agreement is subject to approval by the US Bankruptcy Court. This approval has not been obtained as of the date of this filing, October 15, 2012.

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 63.

(A) Retirement age	(B) Retirement percent	(C) Lx	(D) Number of employees expected to retire (B) x (C)	(E) (A) x (D)
55	5.00%	1,000.00	50.00	2,750.00
56	5.00%	950.00	47.50	2,660.00
57	3.00%	902.50	27.08	1,543.28
58	3.00%	875.43	26.26	1,523.24
59	3.00%	849.16	25.47	1,503.02
60	3.00%	823.69	24.71	1,482.64
61	1.50%	798.98	11.98	731.06
62	25.00%	786.99	196.75	12,198.37
63	20.00%	590.24	118.05	7,437.07
64	15.00%	472.19	70.83	4,533.07
65	40.00%	401.36	160.54	10,435.51
66	25.00%	240.82	60.20	3,973.52
67	25.00%	180.61	45.15	3,025.29
68	25.00%	135.46	33.86	2,302.82
69	25.00%	101.59	25.34	1,752.52
70	100.00%	76.19	76.20	5,333.78
Total			1,000.00	**63,185.19**
Average				**63.18**

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial assumptions

Discount rate sponsor elections	
▪ Segment rates or full yield curve	Segment
▪ Look-back months	4
▪ First 5 years	3.78%
▪ Next 15 years	6.31%
▪ Over 20 years	6.57%
Mortality sponsor elections	
▪ Healthy participants	Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
▪ Pre-1995 disabilities	Revenue Ruling 96-7 table for participants who became disabled before 1995.
▪ Post-1994 disabilities	Revenue Ruling 96-7 table for participants who became disabled after 1994 and are eligible for Social Security disability benefits.
Other economic assumptions	
▪ Salary increases	N/A
▪ Flat-dollar benefit increases	N/A
▪ Social Security wage base	N/A
▪ Inflation	3.00% per year
▪ Expected investment return	N/A
▪ Expenses	0.2% of the market value of assets, not including receivable contributions.
Demographic assumptions	
Withdrawal	See table of sample rates.
Disability incidence	See table of sample rates. 100% of participants becoming disabled are assumed to be eligible for Social Security disability benefits.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Retirement age

Attained age	Percentage
Under 55	0%
55	5%
56	5%
57	3%
58	3%
59	3%
60	3%
61	1.5%
62	25%
63	20%
64	15%
65	40%
66	25%
67	25%
68	25%
69	25%
70 and above	100%

Benefit commencement age for

- Future vested deferred 65
- Current vested deferred 65

Spouse assumptions	Male participants	Female participants
▪ Percentage married	85%	85%
▪ Spouse age difference	3 years younger	3 years older

Form of payment	Single life	50% J&S
▪ Active retirements	50%	50%
▪ Future vested deferred	50%	50%
▪ Future disabilities	100%	0%
▪ Future deaths	100%	0%
▪ Current vested deferred	50%	50%

Unpredictable contingent event assumptions N/A

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Table of sample rates

Attained age	Percentage		
	Withdrawal		Disability incidence
	Valuation Year	Future Year	All
20	25.0%	25.0%	0.09%
25	17.5	17.5	0.10
30	15.0	10.0	0.11
35	15.0	5.8	0.12
40	15.0	3.8	0.18
45	15.0	1.8	0.28
50	15.0	1.8	0.48
55	15.0	1.1	0.87
60	15.0	1.1	1.38
65	00.0	0.0	1.88

As further allowance for heavy turnover in the early years of employment, the following additional turnover is based on years of service, however this is not applicable after age 30 for valuation year table rates:

Service	Percent Terminating
1	5.0%
2	4.0%
3	3.0%
4	2.0%
5	1.0%

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial methods

Asset methods

The asset valuation method is the fair market value.

Participant methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.

- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.

- **Insurance contracts:** The plan does not have any insurance contracts.

Minimum funding methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.

- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.

- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Maximum deductible contribution method

Calculations of maximum deductible contributions include the excess of the funding target computed using the projected unit credit method over the minimum funding target. The objective of the projected unit credit method is to fund each participant's benefits under the plan as they accrue, taking into consideration expected future benefit increases. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **projected funding target** is the present value of benefits based on credited service as of the beginning of the plan year and projected benefit that would be used in the calculation of the benefit on each expected separation date. If multiple decrements are used, the projected funding target for an individual is the sum of the component projected funding targets associated with the various anticipated separation dates.

- The plan's **projected funding target** is the sum of the projected funding targets for all participants under the plan. The excess of the plan's projected funding target over the plan's funding target is included in the "cushion amount".

Schedule SB, Part V — Summary of Plan Provisions

Benefits included or excluded

Unless noted below, all benefits provided by the plan, as restated and amended effective January 1, 2009, are included in this valuation.

- **Most recent plan amendments included:** None.
- **Plan amendments excluded:** None.
- **IRC Section 436 benefit restrictions:**
  - *Unpredictable contingent event benefits:* This plan does not have any unpredictable contingent event benefits.
  - *Plan amendments:* See above.
  - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
  - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.
- **IRC Section 415(b) benefit limitations:** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

Schedule SB, Part V — Summary of Plan Provisions

Summary of major plan provisions

Effective date and plan year	Original plan: October 1, 1955 Restated plan: January 1, 1997 Plan year: Calendar year
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	None.
Definitions	
▪ Participation	Age 21 and one year of service.
▪ Employee contributions	None.
Normal retirement	
▪ Eligibility	Age 65 and five years of service.
▪ Benefit	Benefit rates follow the schedule below:

Monthly Benefit Per Year of Service	Retirements After
$43	August 7, 2006
$44	August 6, 2007
$51	January 1, 2009

Early retirement	
▪ Eligibility	Age 55 and 5 years of service.
▪ Benefit	Accrued benefit reduced according to the early retirement schedule following:

Age	Percent of Full Benefit
65	100%
64	100%
63	100%
62	100%
61	90%
60	80%
59	70%
58	65%
57	60%
56	55%
55	50%

Late retirement	
▪ Eligibility	5 years of service.
▪ Benefit	Benefit will continue to accrue until retirement.

Schedule SB, Part V — Summary of Plan Provisions

Deferred vested	
▪ Eligibility	5 years of service
▪ Benefit	Accrued benefit payable at age 65, or as early as age 55 reduced 0.6% for each of the first 60 months plus 0.4% for each additional month that the first payment date precedes Normal Retirement Date.
Disability	
▪ Eligibility	Termination due to total and permanent disability as required for Social Security disability benefits.
▪ Benefit	A benefit equal to the accrued benefit commencing: ▪ If disability is work connected, after absence of two months. ▪ If disability is not work connected and participant has at least 10 years of vesting service, after absence of six months.
Pre-retirement death	
▪ Eligibility	5 years of service.
▪ Benefit prior to early retirement	Surviving Spouse Benefit equal to the amount payable to the member's spouse as if the member had survived to early retirement age, retired early, elected a 50% Joint and Survivor Annuity and then died. Benefit commences on the first of the month following the date the member would have been eligible to retire early and is payable for lifetime of spouse.
▪ Benefit after early but before normal retirement	See Form of Retirement Benefit below.
▪ Benefit after normal retirement	See Form of Retirement Benefit below.
Form of benefits	
▪ Automatic form for unmarried participants	Standard form is life annuity.
▪ Automatic form for married participants	50% Joint & Survivor annuity.
▪ Optional forms	Optional forms are available with an actuarial reduction.
▪ Optional form conversion factors	For purposes of determining an option form of benefit payment (other than lump sum) the following factors are used: (a) Rate of interest: 7% (b) Mortality: The 1971 Group Annuity Mortality Table, males rates, with ages of the participant set back one year and ages of the spouse or joint annuitant set back five years. Lump sum payments are determined using the IRC 417(e) assumptions.
Miscellaneous	
▪ Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2011, the limit is $195,000.

Schedule SB, Part V — Summary of Plan Provisions

Plan provision changes since prior valuation

None.

Schedule SB, Line 24 — Change in Actuarial Assumptions

- Interest discounts and mortality rates were updated from 2010 to 2011 in accordance with PPA.
- Withdrawal rates for 2011 only were increased to reflect expected 2011 plan experience.

Schedule SB, Line 26 — Schedule of Active Participant Data

Attained age	Years of credited service										
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up	Total
Under 25		5									5
25-29		29	6	3							38
30-34		24	27	97	3						151
35-39		31	47	168	18	5					269
40-44		24	58	207	41	89					419
45-49		31	41	165	77	164	14	1			493
50-54		18	42	167	54	150	61	107	15		614
55-59		19	27	107	43	119	38	99	79		531
60-64		6	7	57	13	71	21	46	29	13	263
65-69		1	2	16	3	7	3	6	4	3	45
70 & up				2		3		2	2	4	13
Total	0	188	257	989	252	608	137	261	129	20	2,841

In each cell, number is the count of active participants for each age/service combination.

Schedule SB, Line 32 — Schedule of Amortization Bases

The shortfall amortization charge is the sum of the shortfall base amortization for each plan year covered under PPA. Although a shortfall base can be negative, the combined shortfall amortization charge cannot be negative.

Shortfall bases

Year established		Outstanding balance	Years remaining		2011 Installment
2010	$	46,420,101	6	$	8,619,892
2011		22,407,791	9		1,416,172[1]
Total	$	68,827,892		$	10,036,064

[1] Beginning in 2013, the amortization for this base is $3,648,899.

SCHEDULE SB (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Single-Employer Defined Benefit Plan Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of $1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan

Hawker Beechcraft Corp. Ret Income Plan for Hourly Employees

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

Hawker Beechcraft Corporation

D Employer Identification Number (EIN)

48-0135770

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 1 Day 1 Year 2011

2	Assets:			
	a Market value		**2a**	342,526,590
	b Actuarial value		**2b**	342,526,590
3	Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment	**3a**	2,602	176,271,223
	b For terminated vested participants	**3b**	2,883	64,500,475
	c For active participants:			
	(1) Non-vested benefits	**3c(1)**		11,436,407
	(2) Vested benefits	**3c(2)**		151,760,120
	(3) Total active	**3c(3)**	2,841	163,196,527
	d Total	**3d**	8,326	403,968,225
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) [ ]			
	a Funding target disregarding prescribed at-risk assumptions		**4a**	
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor		**4b**	
5	Effective interest rate		**5**	6.32 %
6	Target normal cost		**6**	7,618,572

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE

MARK A HENDRICKS MH — Signature of actuary

10-12-2012 — Date

Mark A. Hendricks, FSA, EA, MAAA — Type or print name of actuary

11-05452 — Most recent enrollment number

Mercer — Firm name

(816) 556-4800 — Telephone number (including area code)

2405 Grand Boulevard

Kansas City MO 64108 — Address of the firm

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions [ ]

Part II Beginning of year carryover and prefunding balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	87,213	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	87,213	0
10	Interest on line 9 using prior year's actual return of 9.92%	8,652	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		6,833,564
b	Interest on (a) using prior year's effective rate of 6.69% except as otherwise provided (see instructions)		457,165
c	Total available at beginning of current plan year to add to prefunding balance		7,290,729
d	Portion of (c) to be added to prefunding balance		7,290,392
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	95,865	7,290,392

Part III Funding percentages

14	Funding target attainment percentage	14	82.96 %
15	Adjusted funding target attainment percentage	15	82.96 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	82.43 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
07/15/2011	400,000				
10/14/2011	3,980,000				
01/13/2012	3,980,000				
09/14/2012	2,611,845				
			Totals • 18(b)	10,971,845	18(c) 0

19	Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a	Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b	Contributions made to avoid restrictions adjusted to valuation date	19b	0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	10,269,536

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] Yes [ ] No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
3.78 %	6.31 %	6.57 %	☐ N/A, full yield curve used

b Applicable month (enter code)	21b	4
22 Weighted average retirement age	22	63

23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No

27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	31a	7,618,572
b Excess assets, if applicable, but not greater than 31a	31b	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	68,827,892	10,036,064
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	17,654,636

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	95,865	7,290,392	7,386,257

36 Additional cash requirement (line 34 minus line 35)	36	10,268,379
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	10,269,536
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	38a	1,157
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	1,157
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40 Unpaid minimum required contributions for all years	40	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☒ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☒ 2011

42 Amount of acceleration adjustment	42	0
43 Excess installment acceleration amount to be carried over to future plan years	43	0