

Presentment Date: July 10, 2012 at 12:00 p.m. (prevailing Eastern Time)

Objection Deadline: July 10, 2012 at 11:30 a.m. (prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Chapter 11
	)	
HAWKER BEECHCRAFT, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 12-11873 (SMB)
	)	
Debtors.	)	Jointly Administered
	)	

**DEBTORS' APPLICATION FOR THE ENTRY OF AN ORDER  
AUTHORIZING THE EMPLOYMENT AND RETENTION OF  
MERCER (US), INC. AND CERTAIN OF ITS AFFILIATES AS BENEFITS AND  
PENSION CONSULTANTS *NUNC PRO TUNC* TO THE PETITION DATE**

<sup>1</sup> The Debtors in the chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Hawker Beechcraft, Inc. (2598); Arkansas Aerospace, Inc. (7496); Beech Aircraft Corporation (0487); Beechcraft Aviation Company (3548); Hawker Beechcraft Acquisition Company, LLC (8770); Hawker Beechcraft Corporation (5770); Hawker Beechcraft Defense Company, LLC (5891); Hawker Beechcraft Finance Corporation (8763); Hawker Beechcraft Global Customer Support Corporation (7338); Hawker Beechcraft Holding, Inc. (6044); Hawker Beechcraft International Delivery Corporation (6640); Hawker Beechcraft International Holding LLC (6757); Hawker Beechcraft International Service Company (9173); Hawker Beechcraft Notes Company (0498); Hawker Beechcraft Quality Support Company (7800); Hawker Beechcraft Regional Offices, Inc. (3889); HBC, LLC (N/A); and Rapid Aircraft Parts Inventory and Distribution Company, LLC (N/A). The location of the Debtors' corporate headquarters and the Debtors' service address is: 10511 East Central, Wichita, Kansas 67206.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this application (this “Application”) for the entry of an order, substantially in the form attached hereto as **Exhibit A**, pursuant to section 327 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “Local Bankruptcy Rules”) authorizing the employment and retention of Mercer (US) Inc. and its affiliates Mercer Investment Consulting, Inc. and Mercer Health & Benefits LLC (collectively, “Mercer”) to serve as the Debtors’ benefits and pension consultants effective *nunc pro tunc* to the Petition Date (as defined herein). In support of this Application, the Debtors submit the Declaration of Spencer D. Fields, a Partner of Mercer (the “Fields Declaration”), attached hereto as **Exhibit B**. In further support of this Application, the Debtors respectfully state as follows.

### **Jurisdiction**

1. The United States Bankruptcy Court for the Southern District of New York (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are section 327 of the Bankruptcy Code, Rules 2014(a) and 2016 of the Bankruptcy Rules, and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules.

### **Background**<sup>1</sup>

4. On May 3, 2012 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code. On May 4, 2012, the Court entered an order [Docket No. 34] authorizing the joint administration and procedural consolidation of the chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in the chapter 11 cases. On May 11, 2012, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Committee”) [Docket No. 83].

### **Relief Requested**

5. By this Application, the Debtors seek the entry of an order authorizing the employment and retention of Mercer to serve as the Debtors’ benefits and pension consultants effective *nunc pro tunc* to the Petition Date. The terms and scope of Mercer’s services are set forth in an engagement letter between the Debtors and Mercer dated as of July 19, 2009 (the “Engagement Letter”),<sup>2</sup> a copy of which is attached hereto as **Exhibit C**, and the Statements of Work dated January 27, 2011 (the “Pension Statement of Work”) and January 10, 2012 (the “Benefits Statement of Work”), copies of which are attached hereto as **Exhibits D and E**,

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<sup>1</sup> A description of the Debtors’ businesses, the reasons for commencing the chapter 11 cases, and the relief sought from the Court to allow for a smooth transition into chapter 11 are set forth in the *Declaration of Robert S. Miller (I) in Support of Debtors’ Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2*, filed on May 4, 2012 [Docket No. 22] (the “First Day Declaration”), incorporated herein by reference.

<sup>2</sup> The Engagement Letter was fully executed on July 19, 2009.

respectively (together, the “Statements of Work,” and together with the Engagement Letter, the “Engagement Agreement”).<sup>3</sup>

### **Basis for Relief**

#### **A. Mercer’s Qualifications.**

6. The Debtors believe that Mercer is well qualified to provide its services to the Debtors in a cost-effective, efficient, and timely manner. Since July 19, 2009, Mercer’s professionals have worked closely with the Debtors’ management team and employees and, as such, have become well acquainted with the Debtors’ business operations and compensation programs. Moreover, the Debtors’ management has determined that the Debtors require the continuation of Mercer’s services in order to operate their businesses effectively and to maintain benefit plans that are both competitive and appropriate for the Debtors’ circumstances. As noted below, Mercer has substantial expertise in working with businesses in a chapter 11 environment, and is well qualified to perform these services and assist the Debtors in the chapter 11 cases.

7. Mercer is a consulting firm focused on providing benefits and pension consulting services. Mercer routinely advises large corporate clients on all aspects of their business operations. Of relevance to the Debtors’ circumstances, Mercer has considerable experience providing benefits and pension planning and other advisory services to businesses in a chapter 11 environment. Specifically, Mercer has been employed to provide various services in numerous cases under the Bankruptcy Code, including the chapter 11 cases of: *In re Borders Grp., Inc.*, Case No. 11-10614 (MG) (Bankr. S.D.N.Y. Apr. 7, 2011); *In re Neenah Enters., Inc.*, Case No. 10-10360 (MFW) (Bankr. D. Del. Mar. 8, 2010); *In re R.H. Donnelley Corp.*, Case No. 09-

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<sup>3</sup> Pursuant to the Engagement Letter, Mercer and the Debtors may enter into subsequent Statements of Work. To the extent that the Debtors request Mercer to perform any services other than (a) the services set forth in the Engagement Agreement and (b) the services set forth in this Application and the Fields Declaration, the Debtors shall apply for an order approving any such additional services and such application shall set forth, in addition to the additional services to be performed, any additional fees sought to be paid.

11833 (KG) (Bankr. D. Del. Sept. 11, 2009); *In re Tribune Co.*, Case No. 08-13141 (KJC) (Bankr. D. Del. May 11, 2009); *In re Nortel Networks Inc.*, Case No. 09-10138 (Bankr. D. Del. Mar. 10, 2009); *In re Venture Holdings Co., LLC*, Case No. 03-48939 (TJT) (Bankr. E.D. Mich. Aug. 16, 2005); *In re Allied Holdings, Inc.*, Case No. 05-12515 (CRM) (Bankr. N.D. Ga. Aug. 2, 2005); *In re ONCO Inv. Co.*, Case No. 04-10558 (JBR) (Bankr. D. Del. Apr. 28, 2004); *In re Alterra Healthcare Corp.*, Case No. 03-10254 (MFW) (Bankr. D. Del. Apr. 10, 2003); and *In re Kaiser Aluminum Corp.*, Case No. 02-10429 (JKF) (Bankr. D. Del. Sept. 23, 2002).

8. In light of the complexity of the chapter 11 cases and the nature of the Debtors' industry, the Debtors have a continued need for expert consultation regarding their benefits programs and their pension plans. As a leading benefits and pension consulting firm, Mercer is particularly well suited to serve as the Debtors' benefits and pension consultant in the chapter 11 cases. Mercer routinely advises large corporate clients on benefits and pension issues and has considerable experience providing these services to businesses in a chapter 11 environment.

**B. Services to Be Provided.**

9. General descriptions of the types of services the Debtors anticipate that Mercer will render are set forth in the Engagement Agreement. In particular, the Debtors anticipate that Mercer will perform both (a) ordinary course pension and benefits consulting services, consistent with prepetition practice, and (b) restructuring pension consulting services. Both the ordinary course and restructuring services will include, among other services, the following:<sup>4</sup>

(i) Ordinary Course Pension Services.

- Provide administration, funding, and accounting services for the Debtors' qualified pension plans; and

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<sup>4</sup> To the extent that the Application and the terms of the Engagement Agreement are inconsistent, the terms of the Engagement Agreement shall control. Capitalized terms used but not defined in this paragraph shall have the meanings ascribed to them in the Engagement Agreement.

- Provide actuarial and accounting services for the Debtors' non-qualified pension plans and retirement medical plans (collectively, the "Ordinary Course Pension Services").

(ii) Restructuring Pension Consulting Services.<sup>5</sup>

- Develop potential qualified and/or non-qualified defined contribution plan design alternatives for various employee groups;
- Collect and analyze market data to determine competitiveness of such potential plan designs;
- Calculate projected cost estimates for three to five years based on various employment scenarios;
- Determine impact to participants in current defined contribution plans with respect to freezing and/or terminating current plans and implementing potential replacement plan options;
- Prepare various reports for management, creditors, and other stakeholders; and
- All other services related to the pension not considered Ordinary Course Pension Services (collectively, the "Restructuring Pension Consulting Services").

(iii) Ordinary Course Benefits Consulting Services.

- Provide general consulting and advice and produce reports related to health and welfare benefits programs;
- Negotiate health and benefit plan renewals, implement plan design changes, calculate premium equivalent and COBRA rates, and assist with employee contribution rate development;
- Report on periodic budget vs. actual claim plan cost;
- Provide technical review for clarity and accuracy of benefit booklets and certificates; and
- Monitor financial status of current carriers and assist with health and welfare related regulatory issues (collectively, the "Ordinary Course Benefits Consulting Services").

**C. Professional Compensation.**

10. As is standard practice in the industry, under Engagement Letter and the Benefits Statement of Work, Mercer is compensated for the Ordinary Course Benefits Consulting Services through commissions paid by third-party insurers. The Debtors do not pay Mercer out-

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<sup>5</sup> Although the Restructuring Pension Consulting Services are not specifically enumerated in the Pension Statement of Work, the Pension Statement of Work contemplates that Mercer may perform certain additional mutually agreed upon services.

of-pocket for the Ordinary Course Benefits Consulting Services and will not do so during the chapter 11 cases. The Debtors respectfully request authority to continue this arrangement in the ordinary course of business.

11. In accordance with the terms and conditions of the Engagement Letter and the Pension Statement of Work, Mercer has historically been compensated for the Ordinary Course Pension Services both in the form of a fixed annual fee and, for services not covered by the fixed fee, Mercer is compensated pursuant to its hourly rate structure. Mercer's fixed annual fee for the 2012 year is \$165,000 and is billed in equal monthly amounts throughout the year (the "Fixed Fee"). The Fixed Fee covers the Ordinary Course Pension Services that Mercer has provided to the Debtors since entering into the Pension Statement of Work. The Debtors request that they be permitted to continue paying the Fixed Fee to Mercer in the ordinary course of business without a requirement to file monthly and interim fee applications; *provided, however*, Mercer will file a final fee application on account of the Fixed Fee, which shall not be subject to the standard of review set forth in section 330 of the Bankruptcy Code except by the U.S. Trustee.<sup>6</sup>

12. In accordance with the terms and conditions of the Engagement Letter, the Pension Statement of Work, and the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* (the "Compensation Order") [Docket No. 185], the Debtors are advised that Mercer intends to seek compensation for all services not covered by the Fixed Fee, including, without limitation, the Restructuring Pension Consulting

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<sup>6</sup> On May 31, 2012, the Court entered the *Final Order Authorizing, but not Directing, the Debtors to (i) Pay Certain Prepetition Compensation and Reimbursable Employee Expenses, (ii) Pay and Honor Employee Medical and Other Benefits, and (iii) Continue Employee Wages and Benefits Programs* (Docket No. 187) (the "Final Wages Order"), which authorized the debtors to pay ordinary course pension plan administrative fees. The Debtors believe that they are authorized to pay the Fixed Fee pursuant to the authority granted in the Final Wages Order but seek authority for such fixed fee herein in the interest of transparency and out of an abundance of caution. *See Final Wages Order* at ¶ 3(h).

Services, pursuant to its hourly rate structure. The current hourly rates for Mercer's professionals that will perform services for the Debtors under the terms of the Engagement Agreement are as follows (the "Hourly Fees"): <sup>7</sup>

Senior Consultant/Actuary	\$410 - \$680
Consultant/Actuary	\$340 - \$440
Senior Analyst	\$260 - \$340
Analyst	\$135 - \$260
Administrative Assistant	\$0

13. Reasonable out-of-pocket expenses will also be charged at actual costs incurred (and will include charges for travel, report reproduction, delivery services, etc.) and will be itemized separately from the fees on Mercer's applications for compensation.

14. In recognition of the prevailing standards and requirements for the retention of professionals in chapter 11 cases, the Debtors request (and Mercer agrees) that notwithstanding any contrary provisions in the Engagement Agreement, all of Mercer's Hourly Fees and expenses related to these cases, including, without limitation, the Restructuring Pension Consulting Services, will be subject to approval of the Court upon the filing of an application by Mercer in accordance with sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, the fee and expense guidelines established by the Office of the United States Trustee (the "U.S. Trustee"), the Compensation Order, and any administrative or other order concerning professional compensation and reimbursement entered in the Debtors' chapter 11 cases. Mercer will maintain records in support of any actual and necessary cost and expenses incurred in connection with the rendering of its Restructuring Pension Consulting Services and other Hourly Fee services in these cases by category and the nature of the services rendered. Mercer will also maintain reasonably detailed descriptions of services provided on behalf of the Debtors related to

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<sup>7</sup> Mercer's rates are subject to periodic change based upon economic and other conditions.



Restructuring Pension Consulting Services and other Hourly Fee services, which will include the approximate time expended in providing those services and the individuals who provided such professional services on behalf of the Debtors.

15. Mercer has advised the Debtors that Mercer's billing system software is unable to record the time of Mercer professionals in tenth of an hour increments and respectfully requests a waiver from having to maintain contemporaneous time descriptions in time increments of tenths of an hour. The Debtors therefore request that, should the Court approve Mercer's retention, Mercer be authorized to report the time incurred by Mercer's professionals in quarter of an hour increments. The Debtors submit that, given the nature of the services to be provided by Mercer, such billing formats and associated time details will be sufficient for the Debtors and other parties in interest to make an informed judgment regarding the nature and appropriateness of Mercer's services and fees.

16. Mercer has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with the chapter 11 cases.

**D. Mercer's Disinterestedness.**

17. To the best of the Debtors' knowledge, information, and belief, other than in connection with these cases, Mercer has no connection with the Debtors, their creditors, the U.S. Trustee, or any other party with an actual or potential interest in the chapter 11 cases or their respective attorneys or accountants, except as set forth below or in the Fields Declaration. In particular:

- (i) Mercer is not employed by, and has not been employed by, any entity other than the Debtors in matters related to the chapter 11 cases; and
- (ii) from time to time, Mercer has provided services, and likely will continue to provide services, to certain creditors of the Debtors and various other parties adverse to the Debtors in matters unrelated to the chapter 11 cases. As described below, however, Mercer has undertaken a detailed search to

determine, and to disclose, whether it is performing or has performed services for any significant creditors, equity security holders, insiders or other parties in interest in such unrelated matters.

18. To check and clear potential conflicts of interest in these cases, Mercer performed a conflicts search on the Debtors and other significant parties in interest (collectively, the “Interested Parties”).<sup>8</sup> The identities of the Interested Parties were provided to Mercer by the Debtors and are set forth on **Schedule 1** to the Fields Declaration. Mercer’s research of its relationships with the Interested Parties indicates that Mercer is currently or was formerly employed by certain of the Interested Parties (or their apparent affiliates, as the case may be) for whom Mercer provides or provided services unrelated to the Debtors’ cases. A summary of such parties that Mercer was able to locate as of the date of this Application using its reasonable efforts are listed on **Schedule 2** to the Fields Declaration.

19. Despite the efforts described above to identify and disclose Mercer’s connections with parties in interest in these cases, Mercer is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if Mercer discovers additional information that requires disclosure, Mercer will file a supplemental disclosure with the Court as promptly as possible.

20. In the ordinary course of business, prior to the Petition Date, Mercer provided services to the Debtors pursuant to the Engagement Agreement. Consequently, as of the Petition Date, Mercer held a general unsecured claim against the Debtors in the approximate amount of

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<sup>8</sup> As of the date of this Application, Mercer has completed its conflicts search for those Interested Parties identified by the Debtors and the results of that conflicts search are described in the Fields Declaration. In the event that Mercer subsequently discovers that a conflict search has not been completed for any of the Interested Parties or any subsequently identified party in interest, Mercer will promptly complete a conflict search on such parties and file a supplemental declaration in the event that completion of the search requires any additional disclosures in connection with its retention by the Debtors in these cases.

\$12,061.<sup>9</sup> As set forth in the Fields Declaration, Mercer has agreed to waive this claim, subject to the Court's approval of Mercer's retention under this Application. According to Mercer's books and records, during the 90 days before the commencement of the chapter 11 cases, Mercer received approximately \$163,000 for professional services performed and expenses incurred.

21. To the best of the Debtors' knowledge, information, and belief, and as described in the Fields Declaration, Mercer neither holds nor represents any interest adverse to the Debtors or their respective estates in the matters for which it is proposed to be retained. Accordingly, the Debtors believe that Mercer is a "disinterested person," as defined in section 101(14) of the Bankruptcy Code. For all of the reasons previously stated, the Debtors submit that the employment of Mercer would be in the best interests of the Debtors and their estates. The Debtors' knowledge, information and belief regarding Mercer's disinterestedness are based, and made in reliance, upon the Fields Declaration.

#### **Supporting Authority**

22. Section 327(a) of the Bankruptcy Code authorizes a debtor to employ professionals that "do not hold or represent an interest adverse to the estate, and that are disinterested persons." 11 U.S.C. § 327(a). As discussed above, Mercer satisfies the disinterestedness standard of section 327(a) of the Bankruptcy Code.

23. Moreover, Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors,

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<sup>9</sup> In addition to this amount, the pension trusts of the Debtors' pension plans owe Mercer approximately \$26,795 for prepetition services. As this amount will be paid out of the assets of the various pension trusts, the Debtors respectfully submit that this amount does not affect Mercer's status as a "disinterested person."

any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014(a).

24. The Debtors believe that Mercer is well qualified to provide its services to the Debtors in a cost-effective, efficient, and timely manner. Mercer's professionals have worked closely with the Debtors' management team and employees and, as such, have become well acquainted with the Debtors' business operations and compensation programs. The Debtors' management has determined that the Debtors require Mercer's services, as set forth herein and in the Engagement Agreement, in order to operate their businesses effectively and to maintain benefit plans that are both competitive and appropriate for the Debtors' circumstances. As noted above, Mercer has substantial expertise in working with businesses in a chapter 11 environment, and is well qualified to perform these services and assist the Debtors in the chapter 11 cases. As such, the Debtors respectfully request that the Court authorize the retention and employment of Mercer as benefits and pension consultants pursuant to section 327(a) of the Bankruptcy Code.

**Waiver of Bankruptcy Rule 6004(a) and 6004(h)**

25. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale or lease of property under Bankruptcy Rule 6004(h).

**Motion Practice**

26. This Application includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of their application to this Application. Accordingly, the Debtors submit that this Application satisfies Local Bankruptcy Rule 9013-1(a).

**Notice**

27. The Debtors have provided notice of this Application to the following parties:

(a) the U.S. Trustee; (b) counsel for the Committee; (c) counsel to the administrative agent under the Debtors' prepetition secured credit agreement (the "Credit Agreement"); (d) counsel to the ad hoc committee of lenders under the Credit Agreement; (e) counsel to Deutsche Bank National Trust Company in its capacity as the indenture trustee for the Debtors' 8.5% senior notes and 8.875% / 9.625% senior PIK election notes (the "Senior Notes"); (f) counsel to Wilmington Trust, N.A. in its capacity as the indenture trustee for the Debtors' 9.750% senior subordinated notes; (g) counsel to the ad hoc committee of the Debtors' Senior Notes; (h) Brown Rudnick LLP, as counsel to certain lenders under the Credit Agreement; (i) the United States Securities and Exchange Commission; (j) the Internal Revenue Service; and (k) all entities that have filed a request for service of filings in the above captioned chapter 11 cases pursuant to Bankruptcy Rule 2002.

**No Prior Request**

28. No prior request for the relief sought in this Application has been made to this or any other court.

*[Remainder of Page Intentionally Left Blank]*

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting such other relief as is just and proper.

Dated: June 26, 2012

/s/ Alexander L.W. Snyder

Hawker Beechcraft, Inc.

Alexander L.W. Snyder

Vice President, General Counsel

**EXHIBIT A**

**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:	)	Chapter 11
	)	
HAWKER BEECHCRAFT, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 12-11873 (SMB)
	)	
Debtors.	)	(Jointly Administered)
	)	

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**ORDER AUTHORIZING THE EMPLOYMENT AND RETENTION OF  
MERCER (US), INC. AND CERTAIN OF ITS AFFILIATES AS BENEFITS AND  
PENSION CONSULTANTS *NUNC PRO TUNC* TO THE PETITION DATE**

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Upon the application (the “Application”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), for the entry of an order (the “Order”) authorizing the employment and retention of Mercer (US) Inc. and its affiliates Mercer Investment Consulting, Inc. and Mercer Health & Benefits LLC (collectively, “Mercer”) to serve as the Debtors’ benefits and pension consultants effective *nunc pro tunc* to the Petition Date, all as more fully described in the Application; and upon the First Day Declaration and the Fields Declaration; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the

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<sup>1</sup> The Debtors in the chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Hawker Beechcraft, Inc. (2598); Arkansas Aerospace, Inc. (7496); Beech Aircraft Corporation (0487); Beechcraft Aviation Company (3548); Hawker Beechcraft Acquisition Company, LLC (8770); Hawker Beechcraft Corporation (5770); Hawker Beechcraft Defense Company, LLC (5891); Hawker Beechcraft Finance Corporation (8763); Hawker Beechcraft Global Customer Support Corporation (7338); Hawker Beechcraft Holding, Inc. (6044); Hawker Beechcraft International Delivery Corporation (6640); Hawker Beechcraft International Holding LLC (6757); Hawker Beechcraft International Service Company (9173); Hawker Beechcraft Notes Company (0498); Hawker Beechcraft Quality Support Company (7800); Hawker Beechcraft Regional Offices, Inc. (3889); HBC, LLC (N/A); and Rapid Aircraft Parts Inventory and Distribution Company, LLC (N/A). The location of the Debtors’ corporate headquarters and the Debtors’ service address is: 10511 East Central, Wichita, Kansas 67206.

<sup>2</sup> Capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Application.



Application being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the Application (the “Hearing”); and upon consideration of the First Day Declaration and the Fields Declaration, the record of the Hearing, and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors’ estates, their creditors, and other parties in interest, and that the legal and factual bases set forth in the Application and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and any objections to the relief requested herein having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Application is approved as set forth herein.
2. The retention and employment of Mercer as benefits and pension consultants to the Debtors pursuant to section 327(a) of the Bankruptcy Code, on the terms set forth in the Application, the Engagement Agreement, and the Fields Declaration, is hereby approved *nunc pro tunc* to the Petition Date.
3. The Engagement Agreement is approved.
4. Mercer shall file monthly, interim, and final fee applications for allowance of its compensation and expenses relating to the Restructuring Pension Consulting Services and other Hourly Fees in accordance with the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Compensation Order, the guidelines established by the Office of the United States Trustee, and any other applicable orders of the Court (collectively the “Fee Guidelines”); *provided, however*, that a limited waiver of the information requirements of General Order M-389 and the guidelines established by the

Office of the United States Trustee is granted such that Mercer may submit time records in a summary format which shall set forth a description of the services rendered by each professional and the amount of time in quarter -hour increments spent on each date by each such individual in rendering services on behalf of the Debtors.

5. Mercer shall not be required to file monthly, interim, and final fee applications for allowance of its compensation for the Ordinary Course Benefits Consulting Services and Mercer is authorized to be compensated for the Ordinary Course Benefits Consulting Services in the ordinary course of business.

6. The Debtors are authorized to pay Mercer its Fixed Fee in the ordinary course of business, and Mercer shall not be required to file monthly and interim fee applications for allowance of its Fixed Fee, however Mercer shall file a final fee application for such services, which shall not be subject to the standard of review set forth in section 330 of the Bankruptcy Code except by the U.S. Trustee.

7. Mercer shall be reimbursed only for reasonable and necessary expenses as provided by the Fee Guidelines.

8. Notwithstanding anything to the contrary in the Engagement Agreement, the Application, or the Fields Declaration, to the extent that the Debtors request Mercer to perform any services other than (a) the Ordinary Course Pension Services and the Ordinary Course Benefits Consulting Services set forth in the Engagement Agreement and (b) the Restructuring Pension Consulting Services set forth in the Application and the Fields Declaration, the Debtors shall apply for an order approving any such additional services and such application shall set forth, in addition to the additional services to be performed, any additional fees sought to be paid.

9. Mercer shall provide ten business days' notice to the Debtors, the U.S. Trustee, and any official committee before any increases in the rates set forth in the Application or the Engagement Agreement are implemented and shall file such notice with the Court. The U.S. Trustee retains all rights to object to any rate increase on all grounds, including the reasonableness standard set forth in section 330 of the Bankruptcy Code, and the Court retains the right to review any rate increase pursuant to section 330 of the Bankruptcy Code.

10. To the extent that this Order is inconsistent with the Engagement Agreement, the Application, or the Fields Declaration with respect to the terms and conditions of Mercer's retention and employment by the Debtors in the chapter 11 cases, the terms of this Order shall govern.

11. The indemnification provisions of Engagement Agreement, if any, are approved in their entirety, subject to the following:

- (i) All requests of indemnified persons for payment of indemnity, contribution, or otherwise pursuant to the indemnification provisions of the Engagement Agreement shall be made by means of an interim or final fee application and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of the Engagement Agreement, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the orders of the Court; *provided, however*, that in no event shall an indemnified person be indemnified or receive contribution to the extent that any claim or expense has been finally determined by a court of competent jurisdiction to have resulted from the bad-faith, gross negligence, or willful misconduct on the part of that or any other indemnified person.
- (ii) In no event shall an indemnified person be indemnified or receive contribution or other payment under the Engagement Agreement if the Debtors, their estates, or the official committee of unsecured creditors assert a claim for, and the Court determines by final order that such claim arose primarily out of, such indemnified person's bad-faith, gross negligence, or willful misconduct.
- (iii) In the event Mercer seeks reimbursement of its attorneys' fees from the Debtors pursuant to the Engagement Agreement or an indemnified person seeks reimbursement of attorneys' fees from the Debtors pursuant to the

Engagement Agreement, the invoices and supporting time records from such attorneys shall be included in Mercer's own interim and final fee applications, and such invoices and time records shall be subject to the U.S. Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of section 330 of the Bankruptcy Code without regard to whether such attorney has been retained under sections 327 and 328 of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code. Until the earliest of (a) the date that a plan of reorganization is confirmed by final order of the Court and (b) the date that the chapter 11 cases are closed, the Court shall be provided invoices (redacted as appropriate) with respect to such attorneys' fees and expenses, and shall have five days to object to such fees and expenses prior to their payment.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this order in accordance with the Application.

13. Notice of the Application as provided therein shall be deemed good and sufficient notice of such Application and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules are satisfied by such notice.

14. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

15. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2012  
New York, New York

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Stuart M. Bernstein  
United States Bankruptcy Judge

**EXHIBIT B**

**Fields Declaration**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:	)	Chapter 11
	)	
HAWKER BEECHCRAFT, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 12-11873 (SMB)
	)	
Debtors.	)	Jointly Administered
	)	

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**DECLARATION OF SPENCER D. FIELDS IN SUPPORT OF DEBTORS'  
APPLICATION FOR THE ENTRY OF AN ORDER AUTHORIZING THE  
EMPLOYMENT AND RETENTION OF MERCER (US), INC. AND CERTAIN OF ITS  
AFFILIATES AS BENEFITS AND PENSION CONSULTANTS *NUNC  
PRO TUNC* TO THE PETITION DATE**

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I, Spencer D Fields, being duly sworn, hereby depose and say:

1. I am a Partner of Mercer (US) Inc., (together with its affiliates, Mercer Investment Consulting, Inc. and Mercer Health & Benefits LLC, "Mercer"), a global consulting and related investment and outsourcing services firm with offices located at 2405 Grand Blvd., Suite 900, Kansas City, Missouri 64105, and I make this declaration (this "Declaration") on behalf of Mercer. I am generally familiar with the Mercer's day-to-day operations, business affairs, practices, clients, and books and records. If called and sworn as a witness, I could and would testify competently to the matters set forth herein.

2. I submit this Declaration in support of the application (the "Application")<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for an order

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<sup>1</sup> The Debtors in the chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Hawker Beechcraft, Inc. (2598); Arkansas Aerospace, Inc. (7496); Beech Aircraft Corporation (0487); Beechcraft Aviation Company (3548); Hawker Beechcraft Acquisition Company, LLC (8770); Hawker Beechcraft Corporation (5770); Hawker Beechcraft Defense Company, LLC (5891); Hawker Beechcraft Finance Corporation (8763); Hawker Beechcraft Global Customer Support Corporation (7338); Hawker Beechcraft Holding, Inc. (6044); Hawker Beechcraft International Delivery Corporation (6640); Hawker Beechcraft International Holding LLC (6757); Hawker Beechcraft International Service Company (9173); Hawker Beechcraft Notes Company (0498); Hawker Beechcraft Quality Support Company (7800); Hawker Beechcraft Regional Offices, Inc. (3889); HBC, LLC (N/A); and Rapid Aircraft Parts Inventory and Distribution Company, LLC (N/A). The location of the Debtors' corporate headquarters and the Debtors' service address is: 10511 East Central, Wichita, Kansas 67206.

authorizing the employment and retention of Mercer as benefits and pension consultant to the Debtors in the chapter 11 cases, pursuant to § 327(a) of title 11 of the United States Code (the “Bankruptcy Code”), *nunc pro tunc* to the Petition Date, as well as to provide the disclosure required under Rules 2014(a) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”). Unless otherwise stated in this Declaration, I have personal knowledge of the facts as set forth herein.<sup>3</sup>

**A. Mercer’s Qualifications.**

3. Mercer is a consulting firm focused on providing benefits and pension consulting services. Mercer routinely advises large corporate clients on all aspects of their business operations. Of relevance to the Debtors’ circumstances, Mercer has considerable experience providing benefits and pension planning and other advisory services to businesses in a chapter 11 environment. Specifically, Mercer has been employed to provide various services in numerous cases under the Bankruptcy Code, including the chapter 11 cases of: *In re Borders Grp., Inc.*, Case No. 11-10614 (MG) (Bankr. S.D.N.Y. Apr. 7, 2011); *In re Neenah Enters., Inc.*, Case No. 10-10360 (MFW) (Bankr. D. Del. Mar. 8, 2010); *In re R.H. Donnelley Corp.*, Case No. 09-11833 (KG) (Bankr. D. Del. Sept. 11, 2009); *In re Tribune Co.*, Case No. 08-13141 (KJC) (Bankr. D. Del. May 11, 2009); *In re Nortel Networks Inc.*, Case No. 09-10138 (Bankr. D. Del. Mar. 10, 2009); *In re Venture Holdings Co., LLC*, Case No. 03-48939 (TJT) (Bankr. E.D. Mich. Aug. 16, 2005); *In re Allied Holdings, Inc.*, Case No. 05-12515 (CRM) (Bankr. N.D. Ga. Aug. 2, 2005); *In re ONCO Inv. Co.*, Case No. 04-10558 (JBR) (Bankr. D. Del. Apr. 28, 2004); *In re*

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Application.

<sup>3</sup> Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at Mercer and are based on information provided by them.

*Alterra Healthcare Corp.*, Case No. 03-10254 (MFW) (Bankr. D. Del. Apr. 10, 2003); and *In re Kaiser Aluminum Corp.*, Case No. 02-10429 (JKF) (Bankr. D. Del. Sept. 23, 2002).

**B. Services to Be Provided.**

4. I request the employment and retention of Mercer to provide benefits and pension-related consulting services under the terms of the engagement letter between the Debtors and Mercer dated as of July 19, 2009 (the “Engagement Letter”),<sup>4</sup> a copy of which is attached to the Application as **Exhibit C**, and the Statements of Work dated January 27, 2011 (the “Pension Statement of Work”) and January 10, 2012 (the “Benefits Statement of Work”), copies of which are attached to the Application as **Exhibits D and E**, respectively (together, the “Statements of Work,” and together with the Engagement Letter, the “Engagement Agreement”). General descriptions of the types of services the Debtors anticipate that Mercer will render are set forth in the Engagement Agreement. In particular, the Debtors anticipate that Mercer will perform both (a) Ordinary Course Pension Services and Ordinary Course Benefits Consulting Services, consistent with prepetition practice, and (b) Restructuring Pension Consulting Services. The Debtors anticipate that the Restructuring Pension Consulting Services will include, among other services, the following:<sup>5</sup>

- Develop potential qualified and/or non-qualified defined contribution plan design alternatives for various employee groups;
- Collect and analyze market data to determine competitiveness of such potential plan designs;
- Calculate projected cost estimates for three to five years based on various employment scenarios;
- Determine impact to participants in current defined contribution plans with respect to freezing and/or terminating current plans and implementing potential replacement plan options;

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4 The Engagement Letter was fully executed on July 19, 2009.

5 To the extent that this Declaration and the terms of the Engagement Agreement are inconsistent, the terms of the Engagement Agreement shall control.



- Prepare various reports for management, creditors, and other stakeholders; and
- All other services related to the pension not considered Ordinary Course Pension Services

5. As noted above, Mercer has substantial expertise in working with businesses in a chapter 11 environment, and believes that it is well qualified to perform these services and assist the Debtors in the chapter 11 cases. To the best of my knowledge, information and belief, Mercer's services as benefits and pension consultants do not duplicate those provided to the Debtors by any of the Debtors' other professionals, nor are they duplicative of any in-house services available to the Debtors.

**C. Professional Compensation.**

6. As is standard practice in the industry, under Engagement Letter and the Benefits Statement of Work, Mercer is compensated for the Ordinary Course Benefits Consulting Services through commissions paid by third-party insurers. The Debtors do not pay Mercer out-of-pocket for the Ordinary Course Benefits Consulting Services and will not do so during the chapter 11 cases.

7. In accordance with the terms and conditions of the Engagement Letter and the Pension Statement of Work, Mercer has historically been compensated for the Ordinary Course Pension Services both in the form of a fixed annual fee and, for services not covered by the fixed fee, Mercer is compensated pursuant to its hourly rate structure. Mercer's fixed annual fee for the 2012 year is \$165,000 and is billed in equal monthly amounts throughout the year (the "Fixed Fee"). The Fixed Fee covers the Ordinary Course Pension Services that Mercer has provided to the Debtors since entering into the Pension Statement of Work.

8. Mercer intends to seek compensation for all services not covered by the Fixed Fee, including, without limitation, the Restructuring Pension Consulting Services, pursuant to its

hourly rate structure. The current hourly rates for Mercer's professionals that will perform services for the Debtors under the terms of the Engagement Agreement are as follows (the "Hourly Fees"): <sup>6</sup>

Senior Consultant/Actuary	\$410 - \$680
Consultant/Actuary	\$340 - \$440
Senior Analyst	\$260 - \$340
Analyst	\$135 - \$260
Administrative Assistant	\$0

9. Reasonable out-of-pocket expenses will also be charged at actual costs incurred (and will include charges for travel, report reproduction, delivery services, etc.) and will be itemized separately from the fees on Mercer's applications for compensation.

10. In recognition of the prevailing standards and requirements for the retention of professionals in chapter 11 cases, Mercer agrees that notwithstanding any contrary provisions in the Engagement Agreement, all of Mercer's Hourly Fees and expenses related to these cases, including, without limitation, the Restructuring Pension Consulting Services, will be subject to approval of the Court upon the filing of an application by Mercer in accordance with sections 330 and 331 of the Bankruptcy Code, Bankruptcy Rule 2016, the fee and expense guidelines established by the Office of the United States Trustee (the "U.S. Trustee"), the Compensation Order, and any administrative or other order concerning professional compensation and reimbursement entered in the Debtors' chapter 11 cases. Mercer will maintain records in support of any actual and necessary cost and expenses incurred in connection with the rendering of its Restructuring Pension Consulting Services and other Hourly Fee services in these cases by category and the nature of the services rendered. Mercer will also maintain reasonably detailed descriptions of services provided on behalf of the Debtors related to Restructuring Pension

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<sup>6</sup> Mercer's rates are subject to periodic change based upon economic and other conditions.

Consulting Services and other Hourly Fee services, which will include the approximate time expended in providing those services and the individuals who provided such professional services on behalf of the Debtors.

11. Mercer's billing system software is unable to record the time of Mercer professionals in tenth of an hour increments and Mercer respectfully requests a waiver from having to maintain contemporaneous time descriptions in time increments of tenths of an hour. Mercer requests that it be authorized to report the time incurred by Mercer's professionals in quarter of an hour increments. Mercer believes that, given the nature of the services to be provided by Mercer, such billing formats and associated time details will be sufficient for the Debtors and other parties in interest to make an informed judgment regarding the nature and appropriateness of Mercer's services and fees.

12. Mercer agrees not to share with any person or firm the compensation to be paid for professional services rendered in connection with the Chapter 11 Cases.

**D. Mercer's Disinterestedness.**

13. To the best of my knowledge, information, and belief, other than in connection with these cases, Mercer has no connection with the Debtors, their creditors, the U.S. Trustee, or any other party with an actual or potential interest in the chapter 11 cases or their respective attorneys or accountants, except as set forth herein. In particular:

- (i) Mercer is not employed by, and has not been employed by, any entity other than the Debtors in matters related to the chapter 11 cases; and
- (ii) from time to time, Mercer has provided services, and likely will continue to provide services, to certain creditors of the Debtors and various other parties adverse to the Debtors in matters unrelated to the chapter 11 cases. As described below, however, Mercer has undertaken a detailed search to determine, and to disclose, whether it is performing or has performed services for any significant creditors, equity security holders, insiders or other parties in interest in such unrelated matters.

14. To check and clear potential conflicts of interest in these cases, Mercer performed a conflicts search on the Debtors and other significant parties in interest (collectively, the “Interested Parties”). The identities of the Interested Parties were provided to Mercer by the Debtors and are set forth on **Schedule 1** attached hereto. Mercer’s research of its relationships with the Interested Parties indicates that Mercer is currently or was formerly employed by certain of the Interested Parties (or their apparent affiliates, as the case may be) for whom Mercer provides or provided services unrelated to the Debtors’ cases. A summary of such parties that Mercer was able to locate as of the date of the Application using its reasonable efforts are listed on **Schedule 2** attached hereto.

15. Despite the efforts described above to identify and disclose Mercer’s connections with parties in interest in these cases, Mercer is unable to state with certainty that every client relationship or other connection has been disclosed. In this regard, if Mercer discovers additional information that requires disclosure, Mercer will file a supplemental disclosure with the Court as promptly as possible.

16. In the ordinary course of business, prior to the Petition Date, Mercer provided services to the Debtors pursuant to the Engagement Agreement. Consequently, as of the Petition Date, Mercer held a general unsecured claim against the Debtors in the approximate amount of \$12,061.<sup>7</sup> Mercer has agreed to waive this claim, subject to the Court’s approval of Mercer’s retention under this Application. According to Mercer’s books and records, during the 90 days before the commencement of the chapter 11 cases, Mercer received approximately \$163,000 for professional services performed and expenses incurred.

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<sup>7</sup> In addition to this amount, the pension trusts of the Debtors’ pension plans owe Mercer approximately \$26,795 for prepetition services. As this amount will be paid out of the assets of the various pension trusts, I believe that that this amount does not affect Mercer’s status as a “disinterested person.”

17. To the best of my knowledge, information, and belief, Mercer neither holds nor represents any interest adverse to the Debtors or their respective estates in the matters for which it is proposed to be retained. Accordingly, I believe that Mercer is a “disinterested person,” as defined in section 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing  
statements are true and correct.

Dated: June 26, 2012  
New York, New York

/s/ *Spencer D. Fields*

Mercer (US) Inc.  
Spencer D. Fields  
Partner

**SCHEDULE 1**

**Potential Parties in Interest**

**Banks**

Bank of America  
Bank of China  
Bankinter SA  
BBVA Bancomer  
Central Star Credit Union  
China Merchants Bank  
City Bank  
HBSC Bank  
Intrust Bank  
Lloyds TSB Bank plc  
OAO AKB Rosbank  
Scotiabank Inverlat  
US Bank NA  
Volksbank Dill

**Bondholders**

GSO Capital Partners LP  
GSO Capital Partners LP  
HWBCC LP  
Q Investments LP  
Special Value Expansion Fund LLC  
Special Value Opportunities Fund LLC  
Tennenbaum Capital Partners LLC  
Tennenbaum Opportunities Fund VI LLC  
Tennenbaum Opportunities Partners V LP

**Debtor Affiliates**

Arkansas Aerospace, Inc.  
Beech Aircraft Corporation  
Beechcraft Aviation Company  
Hawker Beech de Mexico, S. de R.L. de C.V.  
Hawker Beech International Services de Mexico, S. de R.L. de C.V.  
Hawker Beech Services de Mexico, S. de R.L. de C. V.  
Hawker Beechcraft (Beijing) Consulting Company, Ltd.  
Hawker Beechcraft (Bermuda) Ltd.  
Hawker Beechcraft Acquisition Company, LLC  
Hawker Beechcraft Australia Pty Ltd  
Hawker Beechcraft Austria GmbH

Hawker Beechcraft Corporation  
Hawker Beechcraft Defense Company, LLC  
Hawker Beechcraft Do Brasil  
Hawker Beechcraft do Brasil Assessoria e Intermediacao de Negocios Ltda.  
Hawker Beechcraft Finance Corporation  
Hawker Beechcraft Germany GmbH  
Hawker Beechcraft Global Customer Support Corporation  
Hawker Beechcraft Holding, Inc.  
Hawker Beechcraft India Private Limited  
Hawker Beechcraft International Delivery Corporation  
Hawker Beechcraft International Holding LLC  
Hawker Beechcraft International Service Company  
Hawker Beechcraft International Service Company Spain, S.L.  
Hawker Beechcraft Limited  
Hawker Beechcraft Notes Company  
Hawker Beechcraft Quality Support Company  
Hawker Beechcraft Regional Offices, Inc.  
Hawker Beechcraft Singapore Pte. Limited  
Hawker Beechcraft, Inc.  
HBC, LLC  
LLC Hawker Beechcraft Int'l RSA  
Rapid Aircraft Parts Inventory and Distribution Co., LLC  
Travel Air Insurance Company (Kansas)  
Travel Air Insurance Company, Ltd.

**Indenture Trustees**

Wilmington Trust Co.  
Deutsche Bank National Trust Co.  
Wells Fargo Bank NA

**Insurers**

Ace American Insurance Co.  
Aon Risk Services  
Beazley Insurance Co. Inc.  
Chartis  
Chartis Insurance Co.



National Union Fire Insurance Co. of  
Pittsburgh, Pa.  
St. Paul Fire and Marine Insurance Co.  
Travelers  
Zurich American Insurance Co.

**Investment Banker**

Perella Weinberg Partners

**Landlords**

101HB LLC  
A&B Properties WDCI Heritage LLC  
Air Capital Delivery & Warehouse LLC  
Anaheim Hills Exec. Suites  
Andre-Maxwell, Barbara  
Atlantic Aviation  
Avmats  
AZA Airport Authority  
Beechcraft Heritage Museum  
Centurion Investments  
Cheyenne Air  
Continental American Corp.  
Delaware River & Bay Authority  
Dupage Airport Authority Flight Center  
Elliott Aviation  
Elliott Aviation of Minneapolis  
Executive Beechcraft Inc.  
Galaxy Gates Properties LLC  
Galvin Flying Service Inc.  
Go Elite Car LLC  
Guardian Air Service  
ICT Airport Authority  
IND Airport Authority  
Jet Aviation of America  
Jon S. Vesely Revocable Trust  
Kohler Properties  
Landmark Aviation  
LIT Airport Commission  
Midwest Corporate Aviation  
Mission Aire V LP  
Morningstar Community Church  
Plaza Del Sol Inc.  
Redding Commercial Group LLC  
Regus  
San Antonio, City of (TX)

Signature Flight Support  
SLN Airport Authority  
U of V Foundation  
Wichita Airport Facilities  
Wilscam, Laura

**Lenders**

40/86 Advisors  
ACA CLO 2005-1 Ltd.  
ACA CLO 2006-2 Ltd.  
ACA CLO 2006-I Ltd.  
AIG/Sun America Asset Management  
Aimco CLO Series 2005-A  
Aimco CLO Series 2006-A  
Aladdin Capital  
Aladdin Flexible Investment Fund Spc  
Series 2008-2 Segregated Portfolio  
Alcentra  
ALJ Capital  
ALJ Capital I LP  
ALJ Capital II LP  
AllianceBernstein Global High Income Fund  
AllianceBernstein LP  
AllianceBernstein Pooling Portfolios High  
Yield  
Allstate Life Insurance Co.  
Altenberg Funding  
American Funds Insurance Series Asset  
Allocations Fund  
American Funds Insurance Series Global  
Bond Fund  
American Funds Insurance Series High  
Income Bond Fund  
American High Income Trust Inc  
Angelo Gordon & Co. LP  
Apidos Capital  
Apidos Capital Management LLC  
Apidos CDO I  
Apidos CDO III Ltd.  
Apidos CDO IV Ltd.  
Apidos CDO V  
Apidos Cinco CDO  
Apidos Quattro  
Ariel Reinsurance Co. Ltd.  
Arkansas Judicial Retirement System

Arkansas Public Employees Retirement System  
Atrium IV  
Atrium VI  
Avalon Capital Ltd. 3  
Avery Point CLO Ltd.  
Babson Capital Floating Rate Income Master Fund LP  
Babson Capital Global Loans Ltd.  
Babson Capital Loan Strategies Master Fund LP  
Babson Capital Management LLC  
Babson CLO Ltd. 2004-II  
Babson CLO Ltd. 2005-II  
Babson CLO Ltd. 2006-I  
Bain Capital Sankaty  
Ballyrock CLO 2006-1 Ltd.  
Baltimore Fire & Police Employee Retirement System, The City of  
Bank of America  
Bank of America NA  
Bank of Nova Scotia, The  
Barclays Bank Plc  
BCI 1 Loan Funding LLC  
Belhurst CLO Ltd.  
Bell Atlantic Master Trust  
Bentham Wholesale Syndicated Loan Fund  
Bill & Melinda Gates Foundation  
Black Diamond Offshore Ltd.  
Blackrock Credit Investors Master Fund LP  
Blackrock Financial Management  
Blackrock Financial Management Inc.  
Blackrock Floating Rate Income Trust  
Blackrock Senior Income Series  
Blackrock Senior Income Series II  
Blackrock Senior Income Series IV  
Blackrock Senior Income Series V Ltd.  
Bond Fund of America  
Canaras Capital Management  
Capital Guardian Global High-Income Opportunities Master Fund  
Capital Guardian US High-Yield Fixed-Income Master Fund  
Capital Research & Management Co.  
Capital World Bond Fund  
Carlson Capital

Carlyle  
Cascade Investment LLC  
Cavalry CLO I Ltd.  
CCA Eagle Loan Master Fund Ltd.  
CCP Credit Acquisition Holdings LLC  
Celts CLO 2007-1 Ltd.  
Centerbridge  
Centerbridge Special Credit Partners LP  
Champlain CLO Ltd.  
CIT Group  
CIT Group/Equipment Financing Inc.  
Citibank Global Asset Management  
Citibank International  
Citibank NA  
Clydesdale CLO 2003 Ltd.  
Clydesdale CLO 2005 Ltd.  
Clydesdale Strategic CLO I Ltd.  
Cole Brook CBNA Loan Funding LLC  
Columbusnova CLO Ltd. 2007-1  
Commercial Industrial Finance Corp. (CIFC)  
Credit Suisse  
Credit Suisse Ag  
Credit Suisse Loan Funding  
Credit Suisse Loan Funding LLC  
Crescent Alternative Credit Partners LP  
Crescent Capital Group  
CS Alternative Capital Management  
CSAM Funding II  
CSAM Funding III  
CSAM Funding IV  
Cypresstree Investment Management Co.  
Deerfield Capital  
Delaware Investment  
Deutsche Asset Management / Scudder  
Deutsche Bank  
Deutsche Bank AG  
Diversified Credit Portfolio Ltd.  
Double Black Diamond Offshore Ltd.  
Dryden V Leveraged Loan CDO 2003  
Dryden VIII-Leveraged Loan CDO 2005  
Dryden XI Leveraged Loan CDO 2006  
Dryden XVI - Leveraged Loan CDO 2006  
Dryden XVIII Leveraged Loan 2007 Ltd.  
Dryden XXI Leveraged Loan CDO LLC  
DWS Balanced Fund

DWS Balanced VIP  
DWS High Income Fund  
DWS High Income Plus Fund  
DWS High Income Trust  
DWS High Income VIP  
DWS Multi Market Income Trust  
DWS Strategic Income Fund  
DWS Strategic Income Trust  
DWS Strategic Income VIP  
Eaton Vance Management Inc.  
Export Development Canada  
Export Development Corp.  
Faraker Investment Pte. Ltd.  
Farallon Capital Am Investors LP  
Farallon Capital Institutional Partners II LP  
Farallon Capital Institutional Partners III LP  
Farallon Capital Institutional Partners LP  
Farallon Capital Partners  
Farallon Capital Partners LP  
Fernwood Associates LLC  
Fernwood Foundation Fund LLC  
Fernwood Restructurings Ltd.  
Fidelity Management & Research Co.  
First 2004 I CLO Ltd.  
First 2004-II CLO Ltd.  
Foothill Capital Corp.  
Foothill Group Inc., The  
Fort Hill Investments  
Franklin CLO VI Ltd.  
Franklin Floating Rate Trust  
Galaxy VIII CLO Ltd.  
General Electric Capital Corp.  
General Electric Inv. Corp.  
Genesis CLO 2007-2 Ltd.  
Gold Coast Capital Subsidiary III Ltd.  
Golden Knight II CLO Ltd.  
Goldman Sachs Asset Management  
Goldman Sachs Lending Partners LLC  
Green Island CBNA Loan Funding LLC  
GSO Capital  
GSO Capital Partners LP  
GSO Special Situations Fund LP  
GSO Special Situations Overseas Master  
Fund Ltd.  
Harbert Credit Opportunities Master Fund  
Ltd.

Harbert Distressed Investments  
Hewetts Island CLO II Ltd.  
Hewett's Island CLO III Ltd.  
Hewett's Island CLO V Ltd.  
Hewett's Island CLO VI Ltd.  
Highland Capital Management  
Highland Floating Rate Opportunities Fund  
Illinois State Board of Investment  
Income Fund of America, The  
ING (L) Flex-Senior Loans  
ING Investment CLO II Ltd.  
ING Investment Management  
ING Investment Management CLO I Ltd.  
ING Investment Management CLO III Ltd.  
ING Investment Management CLO IV Ltd.  
ING Investment Management CLO V Ltd.  
ING Investment Trust Co. Plan Employee  
Benefit Investment Funds - Senior Loan  
Fund  
Intermarket Management Corp.  
Invesco Floating Rate Fund  
Invesco Management & Research  
Iowa Public Employees' Retirement System  
Jersey Street CLO Ltd.  
JP Morgan Chase  
JP Morgan Chase Bank NA  
JP Morgan Whitefriars Inc.  
JPMBI Re Blackrock Bank Loan Fund  
Katonah V Ltd.  
KKR  
KKR Financial CLO 2007-1 Ltd.  
KKR Financial CLO 2007-A Ltd.  
Landmark IX CDO Ltd.  
Landmark VIII CLO Ltd.  
LCM II LP  
Lehman Brothers Inc.  
Lehman Commercial Paper Inc.  
Levine Leichtman Capital  
Limerock CLO I  
Lincoln National Life Insurance Co.  
LJR Capital LP  
Longhorn CDO III Ltd.  
Lord Abbett  
Lord Abbett Invest Trust-Lord Abbett  
Floating Rate Fund  
Lyon Capital Management

Lyon Capital Management LLC  
MAC Capital Ltd.  
Mackay HYAC  
Mackay Shields  
Mackay Shields Defensive Bond Arbitrage Fund Ltd.  
Mackay Short Duration Alpha Fund  
Madison Park Funding I Ltd.  
Madison Park Funding II Ltd.  
Madison Park Funding V Ltd.  
Magnetite V CLO Ltd.  
Mainstay 130/30 High Yield Fund  
Mainstay Diversified Income Fund  
Mainstay Income Builder Fund  
Mainstay VP Income Builder Portfolio, A Series  
Marlborough Street CLO Ltd.  
McDonnell Bank Loan Select Master Fund  
McDonnell Investment Management LLC  
Met Investors Series Trust - Met/Eaton  
Vance Floating Rate Portfolio  
MFS - Massachusetts Financial Services  
MFS Charter Income Trust  
MFS Diversified Income Fund  
MFS High Income Fund  
MFS High Yield Opportunities Fund  
MFS High Yield Portfolio  
MFS Intermediate High Income Fund  
MFS Multimarket Income Trust  
MFS Special Value Trust  
MFS Variable Insurance Trust  
MJX Asset Management  
Moselle CLO SA  
Mountain Capital CLO III Ltd.  
Mountain View CLO III Ltd.  
Nautique Funding Ltd.  
NCRAM Loan Trust  
New Fleet  
New York Life Insurance (Guaranteed Products)  
New York Life Insurance Co., GP-Portable Alpha  
Nomura Bond & Loan Fund  
Nomura Holdings America  
Noonday Offshore Inc.  
Northrop Grumman Pension Master

Ocean Trails CLO I  
Ocean Trails CLO II  
Ocean Trails CLO III  
Oppenheimer & Co. (New York)  
Oppenheimer Master Loan Fund LLC  
Oppenheimer Senior Floating Rate Fund  
Pacific Select Fund-Floating Rate Loan Portfolio  
Palmetto Investors Master Fund LLC  
Patriarch  
Petrusse European CLO SA  
Post Advisory  
Powershares Senior Loan Portfolio  
Princeton Advisory Group  
Prospect Harbor Credit Partners LP  
Prudential Insurance Co. of America  
Prudential Investment Management Inc.  
Putnam Management Co. Inc.  
Pyxis Credit Strategies Fund  
Q Investments  
R2 Investments LDC  
Race Point IV CLO Ltd.  
Regatta Funding Ltd.  
Regiment Capital  
Ridgeworth Funds High Income Fund  
Royal Bank of Scotland  
Royal Bank of Scotland Plc, The  
Sanford C. Bernstein Fund Inc. II - Intermediate Duration Institutional Portfolio  
Sankaty Advisors Inc.  
Sankaty Advisors LLC  
Sankaty Credit Opportunities III LP  
Sankaty Credit Opportunities IV LP  
Sankaty Credit Opportunities Offshore Master IV LP  
Sapphire Valley CDO I Ltd.  
Saturn CLO Ltd.  
SC Pro Loan II Ltd.  
ScotiaBanc Inc.  
SEIX  
Silver Oak Capital LLC  
Special Value Continuation Partners LP  
Special Value Expansion Fund LLC  
State Bank of India  
State of Alaska Permanent Fund  
Sumitomo Mitsui

Sumitomo Mitsui Banking Corp.  
Swiss Capital Pro Loan III Plc-2  
TCW Asset Management Co.  
TCW Capital Trust  
TCW Senior Secured Floating Rate Loan  
Fund LP  
TCW Senior Secured Loan Fund LP  
Tennenbaum LLC  
Tennenbaum Opportunities Fund VI LLC  
Tennenbaum Opportunities Partners V LP  
UBS AG  
UBS Loan Finance LLC  
UBS Pace High Yield Investments  
UBS Pace Select Advisors Trust  
US Bank  
Valcour Floating Rate Fund  
Velocity CLO Ltd.  
Venture IX CDO Ltd.  
Venture V CDO Ltd.  
Venture VI CDO Ltd.  
Venture VII CDO Ltd.  
Vinacasa CLO Ltd.  
Virtus Multi-Sector Fixed Income Fund  
Vitesse CLO Ltd.  
VP Funds Trust  
VVIT Virtus Multi-Sector Fixed Income  
Series  
Wasatch CLO Ltd.  
Washington National Insurance Co.  
Wayzata Investment Partners LLC  
Wayzata Opportunities Fund II LP  
Wellpoint Inc.-2  
West Bend Mutual Insurance Co.  
West LB  
West LB AG, NY Branch  
Westgate Horizons  
Westwood CDO II Ltd.  
WG Horizons CLO I  
Whippoorwill Associates Inc. (D)  
Whippoorwill Associates Inc., Profit  
Sharing Plan  
Whippoorwill Distressed Opportunity Fund  
LP  
Whippoorwill Offshore Distressed  
Opportunity Fund Ltd.  
Woodlands Commercial Bank

Xelo VII Ltd.  
Yorkville CBNA Loan Funding LLC  
Zohar III Ltd.

### **Litigants**

Airtec Inc.  
Anderson, Robert  
Arnold, Bob  
CB Aviation LLC  
CMC Travel LLC  
Cole, Teresa D.  
D'Ambrosio, Peter R., Administrator  
Dale, Kim  
Finley, Hercules  
Firestone, Justin  
Gulf Wide Aviation LLC  
Hood, Vivian A.  
Huisman, Sonya  
IOTC Air LLC  
Jones, Clifford  
Lunn, William D.  
Maize, Martin O.  
Minge, Donald  
Moore, Lisabet  
Old Republic Insurance  
Raytheon Aircraft Co.  
Rohera, Bhavna.  
Rosenberg, Patricia A.  
Sargeant, Harry, III  
Sivils, Stephen  
TECT Aerospace Inc.  
Tillman, Davis  
Twigg, Denice  
United States of America  
US Air Force  
Vigil, Easton

### **Officers & Directors**

Allen, Barbara L.  
Allen, Jay  
Alonso, Alejandro  
Anastas, Jeff  
Anderson, Sidney E.  
Bailey, Pamela E.  
Barents, Brian

Bartlett, Russ  
Berger, Ed  
Bitcon, Michaeline Rose  
Blad, Randy  
Boisture, W.W. "Bill", Jr.  
Brown, William E.  
Cook, Donald G.  
Crawford, Lance  
Daly, Jack  
Eilts, Fred  
Ellis, Mike  
Emery, Richard W., II  
Farid, Ted  
Fat, Karin-Joyce Tjon Sien  
Fernandes, Ruben  
Garcia, David  
Gibson, John H. "Jay"  
Graber, Greg  
Haffner, Lisa A.  
Herbst, Cheryl M.  
Hill, Wayne Calvert  
Hirsch, David  
Howell, Brian  
Howitt, Guy Richard  
Jiwanlal, Rich  
Jiwanlal, Sharad B. "Rich"  
Keady, Daniel J.  
Knight, James D.  
Lambertz, Dave  
Laymon, Kevin  
Lescheziner, Mauro Cesar  
Mann, Farooq Ahmad  
Martin, Matt  
Maslowski, James I.  
McGeough, Sean  
McNary, Heidi  
Meares, Malone Arthur Jonathan  
Mehra, Sanjeev  
Merskey, Seth  
Miller, Robert S.  
Mullin, Leo  
Murphy, Halet A.  
Olivares, Alejandro Alonso  
Olive, Arturo Ortega  
Oliver, William L., Jr.  
Parkhomcuk, Anatoly

Peniche, Sandra Ortega  
Petkus, Ed  
Prentice, Clive  
Recchio, Robert  
Rodrigues, Ivy  
Ronquillo, Rafael Felipe Cereceres  
Rossiter, Stephen J.  
Sellew, George M.  
Severson, Byron Richard  
Shepherd, Scott  
Sill, Robert  
Smith, Roger E.  
Snyder, Alexander L.W.  
Tannahill, Christi R.  
Tannahill, Christi Renee  
Tjon, K.J.  
Vargas, Ricardo  
Vascinec, Gina E.  
Vick, Shawn W.  
Wilson, Richard Bruce

#### **Professionals**

Accenture LLP  
ADP Inc.  
AeroSafeInc.  
Agren Blando Court Reporting  
Alvarez & Marsal  
Andrews & Kurth LLP  
Anthem Services LLC  
Arn Mullins Unruh Kuhn & Wilson LLP  
Aviation Legal Group PA  
Banker Lopez Gassler PA  
Barber & Associates  
BCX Consulting LLC  
CEK Legal Services  
Codan Services Ltd.  
Curtis Mallet-Prevost Colt & Mosle LLP  
Daugherty Fowler & Peregrin  
Davis & Jack LLC  
Deloitte  
Depew & Gillen Rathbun  
Drinker Biddle & Reath LLP  
Duff & Phelps LLC  
Duff & Phelps LLC  
Environ International Corp.  
Epiq Systems Inc.

Fleeson Gooing Coulson Kitch LLC  
Foulston Siefkin LLP  
Fried Frank Harris Shriver & Jacobson LLP  
Gates & Partners Solicitors  
Grant Thornton LLP  
Harper Meyer Perez Hagen  
Harris & Collins  
Heidrick & Struggles Inc.  
Hill Dickinson LLP  
Hinkle Elkouri Law Firm LLC  
Hurt & Berry LLP  
Husch Blackwell LLP  
Hutchison Group Inc.  
Jablonski & Associates LLC  
Kaye Scholer LLP  
Konak Inc.  
KPMG LLP  
Latham & Watkins  
Lavin O'Neil Ricci Cedrone & DiSipio  
Law Office of Christopher C. Bouquet  
Lerner David Littenberg  
Luthra & Luthra  
Martin Pringle Oliver Wallace  
Maslowski, James  
Mercer Human Resource Consulting  
Miller Matthias & Hull LLP  
Mitchell Williams Selig Gates & Woo  
Ogletree Deakins  
Plunkett Cooney PC  
PricewaterhouseCoopers  
Richards Layton & Finger  
Samuels & Hiebert LLC  
Santamarina y Steta  
Sedgwick LLP  
Sheppard Mullin Richter & Hampton LLP  
Sidley Austin LLP  
Spencer Fane Britt & Browne LLP  
Strassburg & Co. Inc.  
Stratos Legal Services LP  
Vavra Aviation Consulting  
Vedder Price PC  
Wachtell Lipton Rosen & Katz  
Walder Wyss Ltd.  
Weil Gotshall & Manges LLP  
White & Case LLP  
Wolfram Law Firm PC

Wright Lindsey & Jennings LLP  
Young Bogle McCausland

#### **Secured Creditors**

Air Liquide Industrial US LP  
Credit Suisse AG, Cayman Islands Branch  
Crown Credit Co.  
GE Government Finance Inc.  
Hi-Tech Mold & Engineering Inc.  
Kansas-Oklahoma Machine Tools Inc.  
KKOS Leasing Inc.  
Pomeroy Select Integration Solutions Inc.  
Pomery IT Solution Sales Co. Inc.  
Pomery IT Solution Sales Co. Inc.  
Suntrust Leasing Corp.  
Williams International Co. LLC

#### **Secured Lenders**

Angelo Gordon & Co. LP  
Babson Capital Management LLC  
Bain Capital Sankaty  
Barclays Bank Plc  
Capital Research & Management Co.  
Centerbridge  
Credit Suisse  
Crescent Capital Group  
CS Alternative Capital Management  
DE Shaw & Co.  
Export Development Corp.  
Foothill Capital Corp.  
Goldman Sachs Asset Management  
Intermarket Management Corp.  
Invesco Management & Research  
KKR  
Lehman Brothers Inc.  
Mackay Shields  
MFS - Massachusetts Financial Services  
Oppenheimer & Co. (New York)  
Royal Bank of Scotland  
Tennenbaum LLC  
Tudor Investments  
Wayzata Investment Partners LLC  
Whippoorwill Associates Inc. (D)

**Shareholders**

Anderson, Sidney E.  
Barents, Brian  
Boisture, Worth W., Jr.  
Brown, William E.  
Cook, Donald G.  
GS Capital Partners  
Maslowski, James I.  
Mullin, Leo F.  
Onex Investment Corp.  
Vick, Shawn W.

**Significant Customers**

AFMC Aeronautical Systems Center (ASC)  
US Air Force (USAF)

**Taxing Authorities**

Arizona Corporation Commission  
Arizona Department of Commerce  
Arizona Department of Revenue  
Arkansas Department of Finance &  
Administration  
Arkansas Secretary of State  
Bexar Appraisal District (TX)  
Bexar County Tax Assessor (TX)  
California Franchise Tax Board  
California Secretary of State  
California State Board of Equalization  
Colorado Department of Revenue  
Colorado Department of State  
Companies House  
Connecticut Department of Revenue  
Services  
Connecticut Secretary of State  
Dallas City Tax Collector (TX)  
Dallas County Appraisal District  
Delaware Division of Revenue  
Delaware Secretary of State - Franchise Tax  
Denton Central Appraisal District (TX)  
Denton County Tax Assessor Collector (TX)  
Florida Department of Revenue  
Florida Department of State  
Fulton County Board of Tax Assessors (GA)

Fulton County Georgia Department of  
Finance  
Fulton County Tax Commissioner (GA)  
Georgia Department of Natural Resources  
Georgia Department of Revenue  
Georgia Secretary of State  
Georgia Taxpayer Services Division  
Grapevine/Colleyville Area Tax Office (TX)  
Harris County Appraisal District (TX)  
Harris County Tax Assessor Collector (TX)  
Hillsborough County Property Appraiser  
(FL)  
Hillsborough County Tax Collector (FL)  
Hillsborough County Treasurer (FL)  
HM Revenue & Customs  
Illinois Department of Revenue  
Illinois Secretary of State  
Indiana Department of Revenue  
Indiana Secretary of State  
Iowa Corporation Tax Return Processing  
Iowa Secretary of State  
Kansas Corporate Tax  
Kansas Department of Revenue  
Kansas Franchise Tax  
Kansas Secretary of State  
Kentucky Department of Revenue  
Kentucky Office of the Secretary of State  
Leesburg, Town of (VA)  
Little Rock, City of (AR)  
Los Angeles, City of (CA)  
Maricopa County Assessor (AZ)  
Marion County Assessor (IN)  
Marion County Treasurer (IN)  
Massachusetts Department of Revenue  
Massachusetts Secretary of the  
Commonwealth  
Mecklenburg County Tax Assessor (NC)  
Mecklenburg County Tax Collector (NC)  
Mesa, City of (AZ)  
Michigan Department of Treasury  
Minnesota Revenue  
Minnesota Secretary of State - Renewals  
Mississippi Office of Revenue  
Mississippi Secretary of State  
Missouri Department of Revenue  
Missouri Secretary of State



Nebraska Department of Revenue  
Nebraska Secretary of State  
Nevada Department of Taxation  
Nevada Legal Press  
Nevada Secretary of State  
Nevada, State of - Sales/Use  
New Jersey Department of State  
New Jersey Division of Taxation  
New Jersey, State of  
New York Department of State  
New York State Corporation Tax  
North Carolina Department of Revenue  
North Carolina Department of The Secretary  
of State  
NYS Sales Tax Processing  
Ohio Department of Taxation  
Oklahoma Tax Commission  
Orange County (CA)  
Oregon Department of Revenue  
Oregon Secretary of State  
Pennsylvania Bureau of Corporation Taxes  
Portland, City of (OR)  
Pulaski County Assessor's Office (AR)  
Pulaski County Treasurer (AR)  
Saline County Treasurer (KS)  
SARS (South African Revenue Services)  
Sedgwick County Appraisal Office (KS)  
Sedgwick County Courthouse (KS)  
Sedgwick County Treasurer (KS)  
South African Revenue Service  
Tampa Business Tax Division  
Tarrant Appraisal District (TX)  
Tarrant County Tax Assessor - Collector  
(TX)  
Tennessee Department of Revenue  
Tennessee Division of Business Services  
Texas Comptroller of Public Accounts  
US Department of the Treasury, Internal  
Revenue Service  
Utah Corporate Tax Payment  
Virginia Department of Taxation  
Virginia State Corporation Commission  
Walnut Creek, City of (CA)  
Washington Secretary of State  
Washington State Department of Revenue  
Wisconsin Department of Revenue

**Top 50 Creditor Matrix**

Aernnova Aerospace Mexico SA de CV  
Air Routing Card Services LP  
Airbus Operations Ltd.  
Aircell Inc.  
Airviaggi San Raffaele Srl  
AM Castle & Co.  
Aviaservice International NV  
Avion Pacific Ltd.  
BE Aerospace Consumables Management  
CE Machine Co. Inc.  
CMC Electronics Inc.  
Colentra Leasing Enterprises Ltd.  
Computer Sciences Corp.  
Corporate Aircraft SA  
Dassault Systemes Americas Corp.  
Deutsche Bank National Trust Co.  
Export Development Canada  
Flightsafety Services Corp.  
Fokker Elmo BV  
Fuji Heavy Industries Ltd.  
Genuine Parts Co.  
Global Parts Inc.  
Hamilton Sundstrand Corp.  
Hawker Pacific Pty. Ltd.  
Highland Consulting Group Inc., The  
Himalyaputra Aviation Ltd.  
Honeywell International Inc.  
IBM Corp.  
Inter Aviation  
IQ Navigator Inc.  
Itochu Aviation Inc.  
L3 Communications  
Labinal de Mexico  
Lider Taxi Aereo SA Air Brazil  
Madis Management  
Martin Baker Aircraft Co. Ltd.  
Messier Dowty Inc.  
Netjets Middle East/Nasjets  
Nigerian Presidential Air Wing  
North Slope Borough (AK)  
Pension Benefit Guarantee Corp.  
Pilatus Aircraft Ltd.  
Prefectura Naval Argentina  
Pt Lion Mentari  
Rockwell Collins Inc.

Satyam Computer Services Ltd.  
Spirit Aerosystems Europe Ltd.  
Topstone Investment Corp.

**Unions**

International Association of Machinists &  
Aerospace Workers, District Lodge 70  
International Association of Machinists &  
Aerospace Workers, Local Lodge 733

**US Trustee & Court**

Bernstein, Stuart M.  
Chapman, Shelley C.  
Davis, Tracy Hope  
Drain, Robert  
Gasparini, Elisabetta  
Gerber, Robert E.  
Glenn, Martin  
Golden, Susan  
Gropper, Allan L.  
Khodorovsky, Nazar  
Lane, Sean H.  
Lifland, Burton R.  
Martin, Marylou  
Masumoto, Brian S.  
Morris, Cecelia G.  
Morrisey, Richard C.  
Nakano, Serene  
Peck, James M.  
Riffkin, Linda A.  
Schwartz, Andrea  
Schwartzberg, Paul K.  
Velez-Rivera, Andy  
Zipes, Greg M.

**Vendors**

Aernnova Aerospace  
Airbus UK Ltd.  
BE Aerospace Inc.  
Eaton Aerospace LLC  
Fokker Elmo BV  
Fuji Heavy Industries Ltd.  
Garmin International Inc.  
Hamilton Sundstrand Corp.

Hexcel Corp.  
Honeywell  
Labinal de Mexico SA de CV  
Messier-Dowty  
Moog Inc.  
Nordam Group Inc.  
PPG Industries Inc.  
Pratt & Whitney Canada Inc.  
Precision Pattern Inc.  
Product Manufacturing Co.  
Rockwell Collins Inc.  
Williams International Corp.

**SCHEDULE 2**

**Potential Connections to Parties in Interest**

Accenture LLP	Credit Suisse Loan Funding LLC
ADP Inc.	Dassault Systemes Americas Corp.
Aernnova Aerospace	Delaware Investment
Aernnova Aerospace Mexico SA de CV	Deloitte
AIG/Sun America Asset Management	Deutsche Asset Management / Scudder
Air Liquide Industrial US LP	Deutsche Bank
Airbus Operations Ltd.	Deutsche Bank AG
Airbus UK Ltd.	Deutsche Bank National Trust Co.
AllianceBernstein LP	Duff & Phelps LLC
Allstate Life Insurance Co.	Duff & Phelps LLC
AM Castle & Co.	DWS Balanced Fund
Angelo Gordon & Co. LP	DWS Balanced VIP
Anthem Services LLC	DWS High Income Fund
Atlantic Aviation	DWS High Income Plus Fund
Avalon Capital Ltd. 3	DWS High Income Trust
Bain Capital Sankat	DWS High Income VIP
Bain Capital Sankaty	DWS Multi Market Income Trust
Bank Austria	DWS Strategic Income Fund
Bank of America	DWS Strategic Income Trust
Bank of America	DWS Strategic Income VIP
Bank of America NA	Eaton Aerospace LLC
Bank of China	Eaton Vance Management Inc.
Bank of Nova Scotia, The	Epiq Systems Inc.
Bankinter SA	Export Development Canada
Barclays Bank Plc	Export Development Canada
Barclays Bank Plc	Export Development Corp.
BBVA Bancomer	Flightsafety Services Corp.
Bill & Melinda Gates Foundation	Fokker Elmo BV
Black Diamond Offshore Ltd.	Fokker Elmo BV
Blackrock Credit Investors Master Fund LP	Fried Frank Harris Shriver & Jacobson LLP
Blackrock Financial Management	Garmin International Inc.
Blackrock Financial Management Inc.	General Electric Capital Corp.
Blackrock Floating Rate Income Trust	General Electric Inv. Corp.
Blackrock Senior Income Series	Genuine Parts Co.
Blackrock Senior Income Series II	Goldman Sachs Asset Management
Blackrock Senior Income Series IV	Goldman Sachs Asset Management
Blackrock Senior Income Series V Ltd.	Goldman Sachs Lending Partners LLC
Carlyle	Grant Thornton LLP
Centerbridge	Hamilton Sundstrand Corp.
Centerbridge	Hamilton Sundstrand Corp.
Centerbridge Special Credit Partners LP	Hawker Beechcraft Corporation
Chartis	Hawker Pacific Pty. Ltd.
Chartis Insurance Co.	Heidrick & Struggles Inc.
China Merchants Bank	Hexcel Corp.
CIT Group	Honeywell
CIT Group/Equipment Financing Inc.	Honeywell International Inc.
Citibank Global Asset Management	Husch Blackwell LLP
Citibank International	IBM Corp.
Citibank NA	ING (L) Flex-Senior Loans
CMC Electronics Inc.	ING Investment CLO II Ltd.
Computer Sciences Corp.	ING Investment Management
Credit Suisse	ING Investment Management CLO I Ltd.
Credit Suisse	ING Investment Management CLO III Ltd.
Credit Suisse Ag	ING Investment Management CLO IV Ltd.
Credit Suisse AG, Cayman Islands Branch	ING Investment Management CLO V Ltd.
Credit Suisse Loan Funding	

ING Investment Trust Co. Plan Employee Benefit  
Investment Funds - Senior Loan Fund  
Invesco Floating Rate Fund  
Invesco Management & Research  
Invesco Management & Research  
Itochu Aviation Inc.  
Jet Aviation of America  
JP Morgan Chase  
JP Morgan Chase Bank NA  
JP Morgan Whitefriars Inc.  
JPMBI Re Blackrock Bank Loan Fund  
KKR  
KKR  
KKR Financial CLO 2007-1 Ltd.  
KKR Financial CLO 2007-A Ltd.  
KPMG LLP  
Lehman Brothers Inc.  
Lehman Brothers Inc.  
Lehman Commercial Paper Inc.  
Lloyds TSB Bank plc  
Los Angeles, City of (CA)  
Mackay HYAC  
Mackay Shields  
Mackay Shields  
Mackay Shields Defensive Bond Arbitrage Fund Ltd.  
Mackay Short Duration Alpha Fund  
Messier Dowty Inc.  
Messier-Dowty  
MFS - Massachusetts Financial Services  
MFS - Massachusetts Financial Services  
MFS Charter Income Trust  
MFS Diversified Income Fund  
MFS High Income Fund  
MFS High Yield Opportunities Fund  
MFS High Yield Portfolio  
MFS Intermediate High Income Fund  
MFS Multimarket Income Trust  
MFS Special Value Trust  
MFS Variable Insurance Trust  
Moog Inc.  
New York Life Insurance (Guaranteed Products)  
New York Life Insurance Co., GP-Portable Alpha  
Nomura Bond & Loan Fund  
Nomura Holdings America  
Noonday Offshore Inc.  
Nordam Group Inc.  
North Slope Borough (AK)  
Ogletree Deakins  
Old Republic Insurance  
Onex Investment Corp.  
Oppenheimer & Co. (New York)  
Oppenheimer & Co. (New York)  
Oppenheimer Master Loan Fund LLC  
Oppenheimer Senior Floating Rate Fund  
Perella Weinberg Partners  
Plunkett Cooney PC

PPG Industries Inc.  
Pratt & Whitney Canada Inc.  
PricewaterhouseCoopers  
Prudential Insurance Co. of America  
Prudential Investment Management Inc.  
Putnam Management Co. Inc.  
Raytheon Aircraft Co.  
Regus  
Rockwell Collins Inc.  
Rockwell Collins Inc.  
Royal Bank of Scotland  
Royal Bank of Scotland  
Royal Bank of Scotland Plc, The  
Sanford C. Bernstein Fund Inc. II - Intermediate  
Duration Institutional Portfolio  
Satyam Computer Services Ltd.  
ScotiaBanc Inc.  
Sidley Austin LLP  
Silver Oak Capital LLC  
Spencer Fane Britt & Browne LLP  
Spirit Aerosystems Europe Ltd.  
State Bank of India  
TECT Aerospace Inc.  
Travelers  
Tudor Investments  
UBS AG  
UBS Loan Finance LLC  
UBS Pace High Yield Investments  
UBS Pace Select Advisors Trust  
US Air Force  
US Air Force (USAF)  
US Bank  
US Bank NA  
Virtus Multi-Sector Fixed Income Fund  
Wachtell Lipton Rosen & Katz  
Weil Gotshall & Manges LLP  
Wellpoint Inc.-2  
Wells Fargo Bank NA  
West Bend Mutual Insurance Co.  
West LB  
West LB AG, NY Branch  
White & Case LLP  
Williams International Co. LLC  
Williams International Corp.  
Zurich American Insurance Co.

**EXHIBIT C**

**Engagement Letter**

**Alan Loretta**  
Principal

**MERCER**

 MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

701 Market Street, Suite 1100  
St. Louis, MO 63101-1867  
314 588 2515 Fax 314 588 2525  
alan.loretta@mercer.com  
[www.mercer.com](http://www.mercer.com)

June 15, 2009

Mr. Rich Jiwanlal  
Vice President Human Resources  
Hawker Beechcraft Corporation  
10511 E. Central  
Wichita, KS 67206

**Subject:** Engagement Letter Agreement

We are delighted to have the opportunity to work with Hawker Beechcraft Corporation ("you" or "Client"). The purpose of this letter of engagement ("Agreement") is to set forth the terms under which Mercer's operating companies, Mercer (US) Inc., Mercer Investment Consulting, Inc. and/or Mercer Health & Benefits LLC (in each case, solely with respect to the services it provides to you, ("Mercer" or "we")), provide services to you as we mutually agree from time to time ("Services").

### **Statement of Work**

Each statement of work ("SOW") attached hereto must specify at a minimum: (1) our respective responsibilities with respect to the Services; (2) the information and data we will need in order to perform the Services; (3) any time constraints on the performance of the Services; and (4) the compensation we will receive for performing the Services. To the extent a SOW has been delivered to and accepted by you prior to the execution of this Agreement, such SOW shall be subject to the terms of this Agreement. For purposes of this Agreement, the term "Agreement" shall include any SOWs.

# MERCER

 MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

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Mr. Rich Jiwanlal  
Hawker Beechcraft Corporation

## **Terms and Conditions Governing Engagement**

***Our performance of the Services (whether provided pursuant to a written SOW or not) are subject to the following terms:***

### **1. Payment Terms:**

- A. We will perform the Services in consideration of your payment of our compensation. Our compensation for the Services, such as professional fees, commissions or other amounts payable to us ("Compensation") will be set forth in the applicable SOW or as otherwise agreed. In addition to our Compensation, we will also bill monthly for our reasonable expenses. You will be responsible for any sales, value added taxes or similar taxes related to the performance or receipt of the Services, including those taxes assessed by authorities subsequent to payment for the Services.
- B. Invoices are due and payable within thirty (30) days of the date of the invoice. If any invoice is not timely paid, we may exercise our right to claim interest for late payment as permitted by applicable law. If any invoice remains unpaid for longer than ninety (90) days from the date of the invoice, we may either suspend the provision of the Services until payment is received, or terminate this Agreement and/or any SOW with immediate effect.
- C. If we become involved (whether or not as a party) in a dispute (including audits or investigations) between you and a third party (including a governmental entity), or if we are asked to preserve records relating to the Services or this Agreement, including where Mercer is requested to preserve documents, electronically stored information, back-up tapes or other media beyond its standard recycling or retention protocol, beyond the scope of Services described in the applicable SOW, these additional services will be documented in a SOW. If no SOW or other agreement is reached on these additional services, you agree to pay us at our then current standard rates for all our time spent, and will reimburse us for all reasonable expenses incurred by us, in connection with such dispute or such documentation preservation request. We will reimburse such payments in the event and to the extent such dispute is finally determined by a court to have resulted primarily from our negligence, conduct in bad faith or fraud.

### **2. Instructions; Provision of Information and Assistance:**

You will provide all necessary and reasonably requested information, direction and cooperation to enable us to provide the Services, and any direction (whether verbal or written) shall be effective if contained expressly in the applicable SOW or if received (whether verbally or in writing) from a person known to us or reasonably believed by us to be authorized to act on your behalf. You agree that we shall use all information and



# MERCER

 MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

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Hawker Beechcraft Corporation

data supplied by you or on your behalf without independently verifying the accuracy, completeness or timeliness of it. We will not be responsible for any delays or liability arising from missing, delayed, incomplete, inaccurate or outdated information and data, or if you do not provide adequate access to your employees, agents or other representatives necessary for us to perform the Services. We will be entitled to charge you in respect of any additional work carried out as a result.

### 3. Confidential Information; Data:

- A. Each of us is likely to disclose information ("Disclosing Party") to the other ("Receiving Party") from time to time in the course of the provision of the Services, which is marked or designated as confidential or proprietary at or prior to disclosure or which would appear to a reasonably prudent person to be confidential and/or proprietary in nature ("Confidential Information"). The Receiving Party will not disclose such Confidential Information to any person other than in connection with the provision of the Services or as otherwise provided for in this Agreement. This restriction does not apply to information that (i) the Receiving Party must disclose by law or legal process, (ii) is either already in the public domain or enters the public domain through no fault of the Receiving Party, (iii) is available to the Receiving Party from a third party who, to the Receiving Party's knowledge, is not under any non-disclosure obligation to the Disclosing Party, or (iv) is independently developed by or for the Receiving Party without reference to any Confidential Information of the Disclosing Party.
- B. Notwithstanding Section 3(A), you agree that we will be entitled to disclose information, including Confidential Information, relating to the Services or you to regulators having jurisdiction over our business. You also agree that, notwithstanding any other provision in this Agreement, we may include the identities of those persons who are identified by you as contact persons for you and information about the terms of this Agreement, the Services and the Compensation in our internal client management, financial and conflict checking databases.
- C. You hereby grant us a perpetual, non-exclusive, royalty-free license to copy, modify and use any information and data supplied by you or on your behalf so that we may create analytical trend data (in anonymous form) and in order to improve the quality of our advice to our clients. We will not disclose any information in a manner that allows particular clients or individuals to be identified. With prior written approval of the report, you agree that your name may appear in a list of participating organizations for reports containing such analytical trend data.

# MERCER

 MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

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Mr. Rich Jiwanlal  
Hawker Beechcraft Corporation

- D. Our respective obligations under Section 3(A) shall survive for a period of five (5) years from the date of termination of this Agreement or for such longer period as is required by law, except that any trade secrets disclosed to the Receiving Party shall be maintained in confidence in perpetuity or until such time as they are no longer reasonably considered to be trade secrets by the Disclosing Party.
- E. Notwithstanding anything to the contrary in this Agreement, but subject to the terms and conditions of Section 3, we may (i) retain copies of Confidential Information that is required to be retained by law or regulation, (ii) retain copies of our work product that contain Confidential Information for archival purposes or to defend our work product and (iii) in accordance with legal, disaster recovery and records retention requirements, store such copies and derivative works in an archival format (e.g. tape backups), which may not be returned or destroyed. We may retain your information in paper or imaged format and we may destroy paper copies if we retain digital images thereof.

#### 4. Personal Information:

Each of us and our respective Affiliates (as defined below) will comply with our respective obligations arising from data protection and privacy laws in effect from time to time to the extent applicable to this Agreement and the Services. This includes, without limitation, (i) the obligation, if any, of you or your Affiliates, to obtain any required consent(s) in respect of the transfer of information to us by you or any third party relating to an identified or identifiable individual that is subject to applicable data protection, privacy or other similar laws ("Personal Information"), (ii) any obligation with respect to the creation or collection of additional Personal Information by us, and (iii) any obligation with respect to the use, disclosure and transfer by us of Personal Information as necessary to perform the Services or as expressly permitted under this Agreement. Subject to Section 3(C), any use or processing by us of Personal Information supplied by or on your behalf in connection with the Services shall be done solely on your behalf. We shall handle such Personal Information in accordance with your reasonable instructions as may be provided from time to time in the applicable SOW or as reasonably necessary for the purpose of providing the Services and shall not handle such Personal Information in a manner inconsistent with the terms of this Agreement. We also confirm that we have taken appropriate technical and organizational measures intended to prevent the unauthorized or unlawful processing of Personal Information and the accidental loss or destruction of, or damage to, Personal Information. For purposes of this Agreement, "Affiliates" means, with respect to either party, any entity directly or indirectly controlling, controlled by or under common control with such party.

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## **5. Ownership and Use of Work; Intellectual Property:**

- A. All materials prepared by us specifically and exclusively for you pursuant to this Agreement (the "Work") shall be owned exclusively by you. Notwithstanding anything to the contrary set forth in this Agreement, we will retain all copyright, patent and other intellectual property rights in the methodologies, methods of analysis, ideas, concepts, know-how, models, tools, techniques, skills, knowledge and experience owned or possessed by us before the commencement of, or developed or acquired by us during or after, the performance of the Services, including without limitation, all systems, software, specifications, documentation and other materials created, owned or licensed and used by us or our Affiliates or subcontractors in the course of providing the Services (the "Intellectual Property"), and we shall not be restricted in any way with respect thereto. To the extent any Work incorporates any Intellectual Property; we hereby grant you a non-exclusive, non-transferable right to use such Intellectual Property solely for purposes of utilizing the Work internally in accordance with the terms of this Agreement.
- B. Unless we provide our prior written consent, you will not use, in a manner other than as mutually contemplated when we were first retained by you to perform the applicable Services, or disclose to any third party, other than your attorneys, accountants or financial advisors with a need to know, any Work or Intellectual Property or other material supplied by us under this Agreement, and you shall be responsible for, and we shall have no liability with respect to, modifications made by any person other than us to the Work, Intellectual Property or other work product provided to you by us. You will indemnify, defend and hold us and our Affiliates harmless in respect of any Loss (as defined in Section 7) incurred by us as a result of your breach of this obligation or any modifications made by any person other than us to the Work, Intellectual Property or other work product provided to you by us.

## **6. Dispute Resolution:**

- A. Before commencing any action or proceeding with respect to any dispute between us arising out of or relating to this Agreement, the parties shall first attempt to settle the dispute through consultation and negotiation in good faith and in a spirit of mutual cooperation. If the dispute is not resolved within five (5) business days, either of us may elect to escalate the resolution of such dispute by submitting the dispute in writing to senior executives from each of us who will promptly meet and confer in an effort to resolve the dispute. Each party will identify such senior executive by notice to the other party, and each party may change its senior executive at any time thereafter by notice. Any mutually agreed decisions of the senior executives will be final and binding on both parties. In the event the senior executives are unable to resolve any dispute within thirty (30) days after submission to them, either party may

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then refer such dispute to mediation by a mutually acceptable mediator to be chosen by both parties within forty-five (45) days after written notice by either party demanding mediation. Neither party may unreasonably withhold, delay or condition consent to the selection of a mediator. All communications and discussions in furtherance of this paragraph shall be treated as confidential settlement negotiations that are not subject to disclosure to any third party. The costs of the mediator shall be shared equally, but each party shall pay its own attorney's fees.

- B. Any dispute that is not resolved within six (6) months of the date of the initial demand for mediation by one of the parties may then be submitted to a court of competent jurisdiction. Nothing in this Section 6 will prevent either of us from resorting to judicial proceedings at any time if interim relief from a court is necessary to prevent serious and irreparable injury or damage to that party or to others. Except to the extent prohibited under applicable law, any claim, action or proceeding against a party or any of its Affiliates will be barred unless the other party initiates the dispute resolution procedures set forth in this Section 6 within one year of first discovering the act, error or omission that is the basis for such claim.
- C. Each party, on behalf of itself and its Affiliates, to the fullest extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any action or other legal proceeding arising out of or relating to this Agreement or any Services provided by Mercer or its Affiliates. The waiver applies to any action or legal proceeding, whether sounding in contract, tort or otherwise. Each party agrees not to include any employee, officer, director or trustee of the other as a party in any action, proceeding or counterclaim relating to such dispute.

## 7. Limitation of Liability:

- A. Mercer shall not be liable for Losses (defined below) sustained by you in connection with the Services, this Agreement or the acts or omissions of any third party (other than our subcontractors) unless such Losses have been finally determined by a court to have directly resulted from the negligence or fraud by us or our Affiliates or any officer, director, or employee of ours or our Affiliates ("Mercer Party") in connection with our performance of the Services.
- B. The aggregate liability of the Mercer Parties to you, your Affiliates, your officers, directors or employees or those of your Affiliates and any third party (including any benefit plan, its fiduciaries or any plan sponsor) for any and all Losses arising out of or relating to the provision of Services by any of the Mercer Parties shall not exceed the greater of one times the Compensation for the Services giving rise to such Loss and \$100,000.

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Hawker Beechcraft Corporation

- C. In no event shall either party or its Affiliates be liable in connection with this Agreement or the Services for any loss of profit or incidental, consequential, special, indirect, punitive or similar damages. The provisions of this Section 7 shall apply to the fullest extent permitted by law. Nothing in this Section 7 limiting the liability of a party shall apply to any liability that has been finally determined by a court to have arisen from the fraud on the part of such party.
- D. For purposes of this Agreement "Loss" means damages, claims, liabilities, losses, awards, judgments, penalties, interest, costs and expenses, including reasonable attorneys' fees, whether arising in tort, contract or otherwise. For the avoidance of doubt, multiple claims arising out of or based upon the same act, error or omission, or series of continuous, interrelated or repeated acts, errors or omissions shall be considered a single Loss.
- E. Each of the parties acknowledges that the Compensation for the Services to be provided under this Agreement and the applicable SOW reflects the allocation of risk set forth in this Section 7.

## 8. Unforeseen Events:

Neither party shall be liable for delays or failures in performance of obligations under this Agreement, other than failure to make payments hereunder when due, resulting from events beyond its reasonable control, including without limitation "acts of God," fire, flood, riots, new laws which prevent the carrying out of the Services, the results of terrorist activity, failures of third party suppliers, and electronic and other power failures.

## 9. Duration and Termination of this Agreement:

This Agreement will continue until terminated as provided in this Section, except as provided otherwise in a SOW. This Agreement and any SOW may be terminated (i) by either party upon ninety (90) days' prior written notice to the other party, (ii) by either party upon material breach by the other party, which breach is not cured within thirty (30) days after receipt of written notice thereof, or (iii) immediately by us for non-payment of invoices by you as provided under Section 1. After the termination of this Agreement, Sections 3, 4, 5, 6, 7, 9 and 10 will survive in full force and effect. Any termination of this Agreement shall not relieve you or your Affiliates of their obligations to pay for Services rendered and expenses incurred by us or our Affiliates up to and including the effective date of such termination, and such termination may require you to pay termination fees to the extent provided in a SOW. Notwithstanding the foregoing, to the extent that the parties agree that Mercer shall continue to provide Services after the effective date of termination of this Agreement or any SOW, the terms and conditions of this Agreement and the applicable SOW shall survive until such Services are completed or the parties agree that the Services shall no longer be provided.

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## 10. Additional Terms:

- A. **Terms Incorporated by Reference** - The terms set forth in a SOW shall be deemed incorporated by reference into this Agreement for purposes of that SOW.
- B. **Notices** - Any notice that is to be given by one party to the other under this Agreement will be given in writing and delivered to, Alan Loretta at Mercer Human Resource Consulting, with a copy to the Legal Department, Mercer, 1166 Avenue of the Americas, New York, New York 10036 if to Mercer or Mr. Rich Jiwanlal at Hawker Beechcraft Corporation if to Client, or any other address specified by notice subsequently by one party to the other. A notice will be effective upon receipt.
- C. **No Third Party Beneficiaries** - Neither this Agreement nor the provision of the Services is intended to confer any right or benefit on any third party, other than the Affiliates of each party that execute a SOW, and, in such event, solely as set forth in such SOW and this Agreement.
- D. **No Publicity** - You agree not to refer to us or attribute any information to us in the press, for advertising or promotional purposes, or for the purpose of informing or influencing any other party, including the investment community, without our prior written consent. We agree not to refer to you in the press or for promotional purposes without your prior written consent, provided that we may include your name in our representative client listing and as provided in Section 3(C).
- E. **Waiver** - The failure by either party to insist upon strict performance of any provision of this Agreement shall in no way constitute a waiver of rights under this Agreement, at law or in equity.
- F. **Warranties of Mercer** - Except as expressly set forth in this Agreement, we expressly disclaim any warranty, express or implied, including but not limited to any implied warranty of merchantability and fitness for a particular purpose.
- G. **Entire Agreement, Amendment, Assignment, Subcontracting** - This Agreement (including any SOW and any schedules or exhibits attached hereunder) merges and supersedes all prior or contemporaneous understandings, agreements, negotiations and discussions, whether oral or written, between the parties concerning the Services and constitutes the entire agreement between the parties with regard to the Services. The parties have not relied upon any promises, representations, warranties, agreements, covenants or undertakings, other than those expressly set forth in this Agreement. Except with respect to a change in address for notices, this Agreement shall not be amended except by a written document executed by both of us. In the event of any inconsistency between the terms of a SOW and those in the Agreement, the provisions contained in this Agreement shall prevail unless the SOW specifically amends a term contained herein. Neither of us may assign this Agreement without the prior written consent of the other, except that we may assign

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this Agreement to an Affiliate with reasonable prior written notice to you. We may subcontract with any of our Affiliates upon reasonable prior written notice to you, and we may subcontract with third parties with your prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

- H. **Governing Law and Jurisdiction** - Unless otherwise provided in a SOW, this Agreement and all SOWs issued hereunder will be governed by, and interpreted in accordance with, the law of the State of New York and will be subject to the exclusive jurisdiction of the courts located in the State of New York.
- I. **Severability** - It is the intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permitted by applicable law. To the extent that the terms set forth in this Agreement or any word, phrase, clause or sentence is found to be illegal or unenforceable for any reason, such word, phrase, clause or sentence shall be modified or deleted in such a manner so as to afford the party for whose benefit it was intended the fullest benefit commensurate with making this Agreement as modified, enforceable and the balance of this Agreement shall not be affected thereby, the balance being construed as severable and independent.
- J. **Advice on Legal Matters** - We are not engaged in the practice of law and the Services provided hereunder, which may include commenting on legal issues or drafting documents, do not constitute and are not a substitute for legal advice. Accordingly, we recommend that you secure the advice of competent legal counsel with respect to any legal matters related to the Services or otherwise.
- K. **Counterparts** - This Agreement may be executed and delivered (including by facsimile or a scanned PDF version) in one or more counterparts, each of which when executed shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

# MERCER



MARSH MERCER KROLL  
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Mr. Rich Jiwanlal  
Hawker Beechcraft Corporation

If you have any questions about these terms and conditions, please do not hesitate to call me. If not, please indicate your agreement to the terms of this Agreement by signing the enclosed copy of this Agreement and SOW, if applicable, and returning it to us.

**Mercer (US) Inc.**

**Mercer Investment Consulting, Inc.**

**Mercer Health & Benefits LLC,**

in each case, solely in connection with the Services it provides pursuant to a SOW

## **Mercer Health & Benefits**

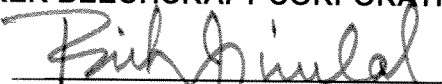
By: 

Name: Alan Loretta  
(Please Print)

Date: 7-17-09

Title: Principal

ACCEPTED AND AGREED  
**HAWKER BEECHCRAFT CORPORATION**

By: 

Name: Rich Jiwanlal  
(Please Print)

Date: 7-19-09

Title: VP-Human Resources



**EXHIBIT D**

**Pension Statement of Work**

# MERCER

## Statement of Work ("SOW")

The objective of this Statement of Work (SOW) is to confirm the scope of our work and the compensation for this project. This SOW is subject to the terms and conditions contained in our existing engagement letter dated July 19, 2009. All capitalized terms not defined in this SOW shall have the meanings ascribed to them in our existing engagement letter.

### Project details

**1. Project name:** Annual Recurring Administration and Actuarial Services ("Recurring Services") for the following plans:

- Qualified Pension Plans
  - Hawker Beechcraft Corporation Retirement Income Plan for Salaried Employees
  - Hawker Beechcraft Corporation Retirement Income Plan for Hourly Paid Employees
  - Hawker Beechcraft Corporation Base Retirement Income Plan
- Hawker Beechcraft Corporation Excess Plan
- Postretirement Medical Plans
  - Hawker Beechcraft Corporation Retiree Medical Plan for Salaried and Non-Union Employees
  - Hawker Beechcraft Corporation Retiree Medical Plan for Union Employees

**2. Description of Mercer responsibilities:** Mercer will support Hawker Beechcraft Corporation by providing the following administrative and actuarial Recurring Services annually.

Administration Services for the qualified pension plans		
Services	Fee	Timing
▪ Nondiscrimination test (coverage and benefits) – Salaried Plan only, generally performed every 3 years	\$20,000 per test	As required
▪ Annual funding notice (preparation)	Included in fixed fee	Two weeks prior to due date
Funding valuation (not-at-risk valuation only)	Included in fixed fee	As mutually agreed
▪ IRS minimum required and maximum tax deductible contributions, plan sponsor funding policy contribution		
▪ Determination of Funding Target Attainment Percentage (FTAP)		
▪ Quarterly contribution requirement determination		
▪ Assumption review and updates as necessary (detailed experience analysis performed approximately every five years but not covered by this SOW)		
▪ Participant data review for internal and year-over-year consistency – data will not be audited for accuracy		
▪ Determination of at-risk status		
▪ Determination of whether the results would require a 4010 Information filing with the PBGC		
▪ Credit balance waiver and use letters		
▪ PPA method election letters		
▪ Report documenting results, data, assumptions, methods and plan provisions used		

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<b>Administration Services for the qualified pension plans</b>		
<b>Services</b>	<b>Fee</b>	<b>Timing</b>
AFTAP certification (required for determining the application of benefit restrictions) – 1 per plan	Included in fixed fee	See 4. below for timing
Accounting valuation	Included in fixed fee	As mutually agreed
<ul style="list-style-type: none"> <li>ASC 715 expense calculation (formerly FAS 87)</li> <li>ASC 715 disclosure information (formerly FAS 158)</li> <li>Support for discount rate selection including the Mercer yield curve</li> <li>Maintenance of assumption governance document</li> <li>Report documenting results, data, assumptions, methods and plan provisions used</li> </ul>		
CAS accounting valuation	Included in fixed fee	As mutually agreed
<ul style="list-style-type: none"> <li>Government reimbursable expense under CAS 412 and CAS 413</li> <li>Report documenting results, data, assumptions, methods and plan provisions used</li> </ul>		
Information requested for plan audit	Included in fixed fee	As requested
<ul style="list-style-type: none"> <li>ASC 960 certification information (formerly FAS 35)</li> <li>Response to auditor's questions</li> </ul>		
Five-year projections of expense and contributions for the long-range financial plan (baseline scenario only)	Included in fixed fee	Typically 3rd quarter
Government Forms Preparation	\$3,500 per plan	Two weeks prior to each due date
<ul style="list-style-type: none"> <li>Schedule SB and attachments for Form 5500 filing</li> <li>PBGC Comprehensive Premium Filing</li> </ul>		
Quarterly meetings to review results and discuss current topics	\$7,500 per meeting	
Mercer Select subscriptions (Cindy Henley and Marzella Ervin)	Included in fixed fee	
Other requested projects individually up to \$10,000	Time & expense as guide	
<b>Actuarial Services for the Hawker Beechcraft Corporation Excess Plan</b>		
<b>Services</b>	<b>Fee</b>	<b>Timing</b>
Accounting valuation	Included in fixed fee	As mutually agreed
<ul style="list-style-type: none"> <li>ASC 715 expense calculation (formerly FAS 87)</li> <li>ASC 715 disclosure information (formerly FAS 158)</li> <li>Support for discount rate selection including the Mercer yield curve</li> <li>Maintenance of assumption governance document</li> <li>Report documenting results, data, assumptions, methods and plan provisions used</li> </ul>		
CAS accounting valuation	Included in fixed fee	As mutually agreed
<ul style="list-style-type: none"> <li>Government reimbursable expenses under CAS 412 and CAS 413</li> <li>Report documenting results, data, assumptions, methods and plan provisions used</li> </ul>		
Five-year projections of expense and contributions for the long-range financial plan (baseline scenario only)	Included in fixed fee	Typically 3rd quarter
Other requested projects individually up to \$10,000	Time & expense as guide	

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<b>Actuarial Services for the Hawker Beechcraft Postretirement Medical Plan</b>		
<b>Services</b>	<b>Fee</b>	<b>Timing</b>
Accounting valuation <ul style="list-style-type: none"> <li>ASC 715 expense calculation (formerly FAS 106)</li> <li>ASC 715 disclosure information (formerly FAS 158)</li> <li>Support for discount rate selection including the Mercer yield curve</li> <li>Maintenance of assumption governance document</li> <li>Report documenting results, data, assumptions, methods and plan provisions used</li> </ul>	Included in fixed fee	As mutually agreed
CAS accounting valuation <ul style="list-style-type: none"> <li>Government reimbursable expenses under CAS 412 and CAS 413</li> <li>Report documenting results, data, assumptions, methods and plan provisions used</li> </ul>	Included in fixed fee	As mutually agreed
Five-year projections of expense and contributions for the long-range financial plan (baseline scenario only)	Included in fixed fee	Typically 3rd quarter
Other requested projects individually up to \$10,000	Time & expense as guide	

Actuarial services under this SOW do not include:

- Unexpected data clean-up due to missing or otherwise erroneous data
- Audit or review of asset information provided by the plan trustee to Hawker Beechcraft Corporation
- Any changes to plan administration or actuarial services due to plan amendment
- Any necessary special accounting pursuant to ASC 715 (curtailment, settlement, special termination benefits, etc.)
- At-risk calculations/valuation
- Calculations associated with late quarterly or late final contributions
- Preliminary AFTAP certification at March 31 if necessary to avoid benefit restrictions at April 1 or any revised AFTAP certifications to reflect changes during the year
- Detailed experience analysis – approximately every 5 years
- 4010 informational filing with the PBGC
- Form 10 reportable event filing with the PBGC
- Plan design analysis
- Special PPA consulting such as strategic method elections or contribution timing
- Rework of any Recurring Services associated with a change in plan sponsor elections or legislative rules (other than outlined above)
- Plan termination services
- Any other services not specifically included in this SOW
- Other requested projects individually over \$10,000

Instructions related to preparation of actuarial/financial results for the plans will be given to us by Gina Vascinec or his/her respective designee. Instructions related to all other administration services contained in this SOW will be given to us by Marzella Ervin or his/her respective designees.

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**3. Description of client responsibilities:** In order to complete work on the Recurring Services, Mercer will need certain information and documentation provided annually (unless noted otherwise).

- Participant data required to complete all actuarial valuations and responses to data questions. Census information will be provided by Morneau Sobeco
- PPA method elections as needed
- Credit balance waiver and use elections as needed
- Information needed for five-year projections such as budgets for FTEs and wage increases
- Asset allocation (for long-term rate of return assumption development, disclosure, Annual Funding Notice, Form 5500)
- Assumptions used in the ASC 715 disclosure (these are the responsibility of Hawker Beechcraft Corporation)
- Asset and investment manager information required to complete all actuarial valuations and Form 5500 filing
- Plan audit report (required attachment for the Form 5500 filing and used for actuarial valuation)
- Form 5500 Schedule A information/attachment for the insurance contract(s)
- Attachment to Schedule R to the Form 5500 (asset allocation and bond duration information)
- Current plan documents and amendments for all plans
- Funding and investment policies
- Information on any significant events which may impact valuation or administration of the plan

Mercer will assume that the documents and information supplied are accurate and complete. Mercer's responsibilities (and the associated fees) do not include independent verification of required information. Problems with obtaining documents and information may result in a delay in the project delivery date. Should delays occur, we will contact you to determine next steps.

From time to time, we may find that additional information may need to be provided by Hawker Beechcraft Corporation in order to complete the Recurring Services. We will discuss these needs as they may arise with you including any impact to timing and fees.

**4. Period of time over which work will be performed:** We expect to complete the Recurring Services according to the timeframes outlined above.

- This assumes that we have received the necessary data and other information to commence work, and we timely receive such additional data and other information that we may request from time to time. If such information is not timely received, the projected timeframe may change.

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- If we have received all the necessary information by the mutually-agreed deadline, Mercer will provide the AFTAP certification to the plan administrator during the ninth month of the plan year, unless we receive guidance in writing from the plan sponsor requesting Mercer to provide the AFTAP certification in a different time frame or on a specific date. If Hawker Beechcraft Corporation makes a written request to receive the final AFTAP certification at an alternative date, we will accommodate that request to the extent that we have received all the necessary information by the mutually agreed deadline and it is administratively feasible. Mercer is not responsible for the consequences of any use, misuse or non-use of any AFTAP certification provided.

**5. Compensation/fees:** Mercer's fixed fee compensation for the Recurring Services outlined above is as follows for each calendar year of this SOW:

<b>Year</b>	<b>Fixed fee compensation</b>
2011	\$ 170,000
2012	\$ 165,000
2013	\$ 160,000
2014	\$ 155,000

The annual fee will be billed in level monthly amounts each year.

With respect to any Services that we agree to provide but which are not covered by the fixed or budgeted fees, we will use our hourly rates to determine our Compensation. Our hourly rate structure may change from time to time but the currently applicable hourly rate structure is outlined below:

<b>Level</b>	<b>Illustrative hourly billing rate range</b>
Senior Consultant / Actuary	\$410 – \$680
Consultant / Actuary	\$340 – \$440
Senior Analyst	\$260 – \$340
Analyst	\$135 – \$260
Administrative Assistant	\$0

In addition to such compensation, where our Compensation is based on our hourly rate structure, Mercer also bills for our expenses. Billable expenses are charged as follows:

- (a) Reasonable travel and other expenses related to the services requested that originate with outside vendors are passed on at cost.
- (b) General expenses, which include those that are difficult to track on an individual client assignment basis, such as secretarial, document production, telephone, supplies, postage, and photocopying, are invoiced at a standard 6% of our professional fees.
- (c) Expenses related to the development, support and maintenance of Mercer's intellectual capital and technology, which include computer systems and databases, are invoiced at a standard 10% of our professional fees.

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Where our Compensation is based on our hourly rate structure, we will make every effort to delegate work in a manner that is cost efficient. In addition, if our compensation is based on our hourly rate structure, and it is possible to deliver assignments in a more efficient manner by leveraging work done on a shared basis across a number of clients or by use of previously developed Mercer intellectual capital, our fees may include an element to reflect this shared development cost.

We appreciate your business and look forward to continuing to work with you on this engagement. Please acknowledge your agreement to the terms contained herein by signing below.

**Mercer (US) Inc.**

By: Mark A. Hendricks

Name: Mark A. Hendricks, FSA, EA, MAAA  
(Please Print)

Date: January 20, 2011

Title: Principal

**Mercer Health & Benefits LLC**

By: Theodore J. Hoffman

Name: Theodore J. Hoffman, FSA  
(Please Print)

Date: January 20, 2011

Title: Principal

ACCEPTED AND AGREED

**Hawker Beechcraft Corporation**

By: Rich J. Wanlal

Name: RICH J. WANLAL  
(Please Print)

Date: 1-27-11

Title: VP - HR

**EXHIBIT E**

**Benefits Statement of Work**



Alan Loretta  
Partner



701 Market Street, Suite 1100  
St. Louis, MO 63101-1867  
314 588 2515  
alan.loretta@mercer.com  
www.mercer.com

Mr. Rich Jiwanlal  
Hawker Beechcraft Company  
10511 E. Central  
Wichita, KS 67206

December 16, 2011

**Subject:** Statement of Work ("SOW") - Retainer Health & Benefits Consulting Services

Dear Rich,

The objective of this Statement of Work ("SOW") is to confirm the scope of our work and the compensation for this engagement. This SOW is subject to the terms and conditions contained in our existing engagement letter dated **June 15, 2009**. All capitalized terms not defined in this SOW shall have the meanings ascribed to them in our existing engagement letter.

## **Service Details**

1. Service name: **Retainer Health & Benefits Consulting Services**
2. Description of Mercer responsibilities:
  - General consulting and advice related to the following health and welfare benefits programs: Medical, Vision, Disease Management and Section 125 plans
  - Annual Stewardship Report to include plan benchmarking, market conditions overview health and welfare plan cost projections, plan change valuations and legislative updates
  - Negotiation of renewals, implementation of plan design changes, calculation of premium equivalent and COBRA rates and assistance with employee contribution rate development
  - Periodic budget vs. actual claim plan cost reporting
  - Technical review for clarity and accuracy of benefit booklets and certificates
  - Monitoring of financial status of current carriers
  - Assistance with health and welfare related regulatory questions and issues and developments
3. Description of client responsibilities:
  - Provide necessary information on a timely basis
4. Period of time over which work will be performed: January 1, 2012 – December 31, 2012



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December 16, 2011  
Mr. Rich Jiwanlal  
Hawker Beechcraft Company

5. Compensation/fees: We will receive the following base commissions from third parties for Services performed under this SOW:

Carrier	Line(s) of Coverage	Rate of Compensation
PHS	Medical	\$2.00 PEPM
Blue Cross of Kansas	Medical	1% - AR Only
Blue Cross of Kansas	Medical	.25% - All except AR

### **Subcontractors**

We may need to utilize various subcontractors ("Subcontractors") in the course of our provision of the Services to assist us in such tasks as printing and mailing, development of interactive tools, graphic design, etc. You consent to our use of the Subcontractors and further acknowledge and agree that we may provide such Subcontractors with your Confidential Information, including Work, on a confidential and a need to know basis for the purposes contemplated by this SOW.

### **Additional Terms**

1. We do not act on behalf of any insurer or other service provider, are not bound to utilize any particular insurer or service provider, and do not have the authority to make binding commitments on behalf of any insurer or service provider. In addition, we do not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to you. We are not responsible for the solvency or ability to pay claims of any insurance carrier or for the solvency or ability of any service provider to provide service. Insurance carriers or service providers with which your other risk or insurance coverage or other business is placed will be deemed acceptable to you, in the absence of contrary instructions from you.
2. You understand that the failure to provide, or cause to provide, complete, accurate, up-to-date, and timely documentation and information to us, an insurer, or other service provider, whether intentional or by error, could result in impairment or voiding of coverage or service. You agree to review all policies, endorsements and program agreements delivered to you by us and will advise us of anything which you believe is not in accordance with the negotiated coverage and terms within thirty (30) days following receipt.
3. You expressly acknowledge that, with respect to the provision of the Services, we are not, nor are any of our Affiliates or subcontractors, an "administrator" within the meaning under



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Hawker Beechcraft Company

applicable law, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), nor, with respect to the provision of the Services, are we or any of our Affiliates or subcontractors a "fiduciary" within the meaning under applicable law or ERISA, unless provided otherwise herein or required by applicable law.

4. Title V of the Gramm-Leach-Bliley Act and related state laws and regulations establish limitations on the use and distribution of non-public information collected by financial institutions from their customers and consumers. Our insurance-related work qualifies us as a financial institution under this Act. Our Privacy Policy Notice and additional information regarding other compliance policies at Mercer, including our conflicts of interest policy, are available at [www.mercer.com/transparency](http://www.mercer.com/transparency). At this web address you will also find information regarding Marsh & McLennan Companies, Inc. and its subsidiaries' equity interests in certain insurers and contractual arrangements with certain insurers and wholesale brokers.
5. Without limiting the generality of Section 2 of our engagement letter, you will inform us at the commencement of our work under each SOW (and thereafter in the event of any change) as to whether or not you or any of your Affiliates are subject to any restrictions or obligations directly relevant to the Services as a result of or in connection with having received any federal financial assistance in connection with any federal law or program, including, but not limited to, the American Recovery and Reinvestment Act of 2009 and the Emergency Economic Stabilization Act of 2008, including the Troubled Assets Relief Program. In the event that you or your Affiliates are subject to such restrictions or obligations, you will also promptly describe such restrictions and obligations to us in writing in reasonable detail and make an expert (including internal or external counsel) available to us for additional clarification that we reasonably request regarding the analysis or interpretation of any such restrictions or obligations. You agree that we will be entitled to rely on, and have no liability for, the accuracy and completeness of the information, analysis or interpretation that is provided to us in connection with the foregoing.

We appreciate your business and look forward to working with you on this engagement. Please acknowledge your agreement to the terms contained herein by signing below.



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**Mercer Health & Benefits LLC**

By: Alan J. Loretta

Name: Alan Loretta  
(Please Print)

Date: December 16, 2011

Title: Partner

ACCEPTED AND AGREED

**Hawker Beechcraft Company**

By: Rich Jiwanlal

Name: RICH JIWANLAL  
(Please Print)

Date: 1-10-12

Title: VP-HR