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1. Introduction

This booklet is a summary description of the Hawker Beechcraft Corporation Retirement Income Plan for Hourly Paid Employees (the “Plan”). The companies that have adopted the Plan are called Employers or Participating Employers. You may get a complete list of the Employers that have adopted the Plan by writing to the plan administrator, or you may examine the list where you work.

This summary explains some of the features of the Plan to you. We have tried to make our explanation easier to understand than the legal documents that make up the Plan. In translating from legal language to everyday language, we have done our best to explain the Plan correctly. **However, if this summary says anything that disagrees with the legal documents, the terms of the legal documents will control.** If, after reading the summary, you have any questions or wish to see the Plan document, please contact the plan administrator.

You can read the legal documents that make up the Plan at:

Hawker Beechcraft Corporation
10511 East Central
Wichita, Kansas 67206

You can also read them where you work by giving written notice to the plan administrator. You can get a personal copy of these documents by writing the plan administrator at the above address and by paying a fee to cover copying costs.

The plan administrator has full power to administer this Plan, including without limitation, the power to make discretionary interpretations and to make factual findings with respect to any issue arising under the Plan. The plan administrator’s interpretation will be final and conclusive on all persons.

This summary reflects the terms of the Plan on the revision date shown on the cover.

_The fact that the Employer has established this Plan or that you are a participant in the Plan does not confer any right to future employment with the Employer. No Plan maintained by the Employer is intended to create any contractual right of employment, and nothing contained therein or in this summary plan description will be construed as a guarantee of employment for any specific period of time or for any specific type of work. Rights granted to retired or terminated employees are specifically limited, and no additional rights are hereby conveyed or granted._

_The plan sponsor may, at any time, make changes to the provisions of the Plan. Those changes could include the complete elimination of benefits for all individuals or certain groups of individuals. The plan sponsor may also otherwise terminate, modify, or amend all or any portion of the Plan at any time._
2. Did You Know?

- This Plan was initiated on October 1, 1955.
- In general, to be eligible for a retirement payment under this Plan, you must have completed five years of service.
- The earliest a person can draw pension benefits from this Plan is age 55 (with the exception of disability retirement).
- Hawker Beechcraft Corporation (the “Company”) is the plan sponsor for the Plan. Hawker Beechcraft Corporation appoints a committee to serve as the plan administrator for the Plan.
- The Hawker Beechcraft Corporation Pension and 401(k) Committee (the “Committee”) is the plan administrator for the Plan. The Committee has responsibility for the daily administration of the Plan and has the right to construe and interpret the provisions of the Plan.

3. Definition of Terms

**Break in Employment** – A termination of employment with Hawker Beechcraft Corporation and its affiliates, if you do not return to employment for at least one year.

**Committee** – Hawker Beechcraft Corporation Pension and 401(k) Committee.

**Company** – Hawker Beechcraft Corporation.

**Credited Service** – Service that counts toward the calculation of your benefit under the Plan.

**Employer or Participating Employer** – Each employer that has adopted this Plan for the benefit of its eligible employees.

**Normal Retirement Age** – The later of (i) the date you reach age 65, or (ii) the fifth anniversary of the date you first performed an hour of service for an Employer or an affiliated company.

**Plan** – Hawker Beechcraft Corporation Retirement Income Plan for Hourly Paid Employees.

**Vesting Service** – Service that counts toward vesting in your benefit under the Plan.
4. Eligibility

Eligibility and Commencement of Participation

You are eligible to participate in the Plan if you are employed by the Company or a Participating Employer, you are on the Employer’s hourly payroll, and you are not in a class of employees excluded from participation under the terms of the Plan.

Hawker Beechcraft Corporation is currently the only Participating Employer.

If you are eligible to participate in the Plan, you will become a participant in the Plan on the first day after you have completed one year of Vesting Service and have reached age 21, so long as you are still eligible to participate in the Plan at that time. You may not join or otherwise participate in the Plan if you are covered by a collective-bargaining agreement that does not provide for participation in this Plan or if you are classified as an independent contractor or leased employee by the Employer. Currently, the only collectively bargained employees eligible to participate in this Plan are those employees covered by the collective-bargaining agreement between Hawker Beechcraft Corporation and the International Association of Machinists and Aerospace Workers.

Termination of Active Participation

Your active participation in the Plan generally will end on the earliest to occur of the following: (i) the date your employer ceases to be a Participating Employer, (ii) the date your employment on a covered payroll of a Participating Employer ceases, or (iii) the date the Plan terminates.

Rehire

If you separate from service and are rehired as an eligible employee before incurring a Break in Employment, you will begin participating in the Plan again immediately. If you separate from service and are rehired as an eligible employee after incurring a Break in Employment, you will begin participating in the Plan only after again satisfying the eligibility requirements described above.

5. Benefit Calculation

Your retirement benefits under this Plan at Normal Retirement Age are determined according to a formula that takes into account (i) your Credited Service, and (ii) the benefit “dollar credit” in effect on the date you cease active employment with the Employer and all affiliated companies. The following formula is used to calculate your monthly pension if you terminate active employment on or after August 6, 2007:

$44 x Years of Credited Service = Monthly Retirement Benefit at Age 65
If you terminated active employment before August 6, 2007, a smaller dollar credit will apply. If you terminate active employment on or after January 1, 2009, the dollar credit is $51.

Example: Assume a participant is age 65 with 25 years of Credited Service and terminates active employment on August 6, 2007. The participant’s benefit at Normal Retirement Age is calculated as follows:

\[ 44 \times 25 = 1,100 \text{ per month} \]

Example: Assume a participant is age 65 with 25 years of Credited Services and terminates active employment on or after January 1, 2009. The participant’s benefit at Normal Retirement Age is calculated as follows:

\[ 51 \times 25 = 1,275 \text{ per month} \]

6. Credited Service

Credited Service is the time that counts toward the calculation of your retirement benefit. It is generally the total of the following periods computed in years and parts of years:

1. All periods of active employment while you are eligible to participate in this Plan that are not interrupted by a one-year Break in Employment. A period of active employment includes paid vacations, holidays, and sick leave, as well as unpaid authorized leaves of absence that do not last longer than 30 days (so long as you return to work at the end of the absence).

2. Any period of active employment before a one-year Break in Employment that is reinstated when you are reemployed. Pre-break service generally is reinstated if you complete a one-year period of service after you are rehired. However, if you did not have any vested benefit under the Plan when you incurred the one-year Break in Employment, your pre-break service will never be reinstated if the number of your consecutive one-year Breaks in Employment equals or exceeds the greater of (i) five, or (ii) the number of years of service you had at the time of the first one-year Break in Employment.

3. Any time you spend in the Armed Forces of the United States into which you entered from active employment with a Participating Employer. You must return directly to active employment with your employer after first being entitled to discharge from the Armed Forces without any intervening employment within the period prescribed by law for the retention of reemployment rights.

After adding all your Credited Service together, any time less than one year is converted into twelfths of a year. You receive 1/12 of a year for each month (30 days) or portion thereof.

Example: \[ 49 \text{ days} = 2/12 \]
Thus, for example, if you work for 10 years and 6 months, your Credited Service is 10 and 6/12 years.

Cash-Out or Deemed Cash-Out. If you receive a lump-sum distribution of the present value of your vested benefit under the Plan, you will lose your Credited Service that is used in determining that benefit (e.g., that service will not be available to you if you are later rehired). If you terminate employment and have no vested benefit under the Plan, you will be deemed to have received a lump-sum distribution of the present value of your vested benefit ($0) upon incurring a one-year Break in Employment.

7. Vesting and Vesting Service

Vesting means you have earned the right to receive a retirement benefit under the Plan. Vesting Service includes all of your periods of service as an employee of the Employer or an affiliated company. Vesting Service also includes up to 12 months of a period of absence that does not result in a Break in Employment.

If you have a one-year Break in Employment, your Vesting Service before that break may be disregarded (i.e., not counted) if you return to active employment. Pre-break service generally is reinstated if you complete a one-year period of service after you are rehired. However, if you did not have any vested benefit under the Plan when you incurred the one-year Break in Employment, your pre-break service will never be reinstated if the number of your consecutive one-year Breaks in Employment equals or exceeds the greater of (i) five, or (ii) the number of years of service you had at the time of the first one-year Break in Employment.

You earn a vested right to benefits under the Plan if you meet one of the following criteria:

1. You have five or more years of Vesting Service.

2. You become totally and permanently disabled while actively employed by the company, and you remain continuously disabled until Normal Retirement Age. In addition, you must have less than 10 years of vesting service and your disability must not result from a work-related illness or an on-the-job injury.

If you do not satisfy either of these conditions when your employment ends, you generally will not be entitled to receive any benefits under the Plan.

8. Break in Employment

If you terminate employment with the Employer and all of its affiliates and you do not return to
employment for at least one year, you will have a Break in Employment. If you have a Break in Employment, the Plan has provisions for determining whether your service before the Break in Employment will be counted in determining your Credited Service and Vesting Service under the Plan. Two factors in this determination are whether you were vested when the Break in Employment occurred and the length of the Break in Employment.

**If you are vested when you terminate,** both the Vesting Service and Credited Service you had before leaving generally will be restored after reemployment and completion of a one-year period of service. However, for purposes of determining your Credited Service, your pre-break service will never be restored if you received a lump-sum payment of your vested benefit.

**If you are not vested when you terminate,** the Vesting Service and Credited Service you had before leaving generally will be restored after reemployment and completion of a one-year period of service, if you also satisfy one of the following conditions:

1. The period you were absent is less than your pre-break period of service, or
2. You return to work after 1984 and the period you were absent is less than five years.

**Example.** You work for three years and then terminate. You are gone for four years. You are then reemployed (after 1984) and work one full year. Your three years of Vesting Service before your termination are added to your Vesting Service after rehire, so that after one year following rehire you have a total of four years of Vesting Service. Your pre-break Vesting Service is not permanently disregarded because the period you were absent was less than five years.

**Multiple Breaks in Employment**

If you have more than one Break in Employment, the years of pre-break service that are recognized under the above rules after your most recent Break in Employment will not include any service preceding a prior Break in Employment that was not required to be recognized following that Break in Employment.

**Break-In-Employment Exceptions**

For purposes of your service, you will not incur a Break in Employment during any of the following:

- An approved leave of absence or approved sick leave, if you return to work following the leave.

- Service in the Armed Forces of the United States, if you are working for a Participating Employer when you go in and if you return without intervening employment to the Participating Employer when you are discharged within a period prescribed by law.

- A period of continuous layoff that does not result in a loss of seniority, if you return to work within your recall period.
A period of absence that is directly related to the birth or adoption of a child of yours, if such absence does not exceed 24 months.

A period of absence for any other reason, if you return to work before the first anniversary of the date you were first absent.

9. Benefit Payment Options

At the time you become eligible to commence benefit payments, there are several payment options from which to choose. If no election is made within the 180-day period before the date payments are to begin, a single-life annuity is paid for single employees and a qualified-joint-and-survivor annuity is paid for married employees. If you are married and do not want this form of payment, your spouse must agree in writing to your election of another option and to any beneficiary who is designated under the optional form of payment. That agreement must be witnessed by a notary public.

All of the payment options described below are available for active employees who retire after attainment of age 55. The choice of payment options for participants having a deferred-vested benefit (i.e., participants who terminate employment with a vested benefit before age 55) is limited to the single-life annuity and the qualified-joint-and-survivor annuity (subject to the lump-sum payment exceptions, if applicable).

Following is a description of the features of each form of benefit.

**Single-Life Annuity**

With a single-life annuity, you receive monthly payments for as long as you live. Payments cease upon your death, and there are no further payments to any survivors.

**Qualified-Joint-and-Survivor Annuity**

With a qualified-joint-and-survivor annuity, you receive monthly payments for as long as you live. If you predecease your spouse, your spouse will receive 50% of the monthly payment you were receiving at the time of your death. These monthly payments will continue for your spouse’s lifetime. If your spouse does not survive you, there are no further payments to any other survivors after your death.

**NOTE:** The spousal payment under a qualified-joint-and-survivor annuity applies only to a spouse you were married to upon commencement of benefits. It does not apply to a person you may have married after your benefits began.

Monthly payments under this option are reduced by approximately 11% of the amount available with a single-life annuity, if you and your spouse are both age 65 at the time benefits commence. If your spouse is younger than age 65 at the time benefits commence, your payment would be
reduced by approximately an additional 0.5% for each year your spouse is younger than age 65.

**Example:** You and your spouse are age 65 at the time benefits commence. If you were to receive a single-life annuity, you would receive $1,120 per month, and no payments would be made to anyone after your death. Receiving the qualified-joint-and-survivor annuity would reduce your monthly payment to approximately $996 per month. But if you predecease your spouse, your spouse will continue to receive approximately $498 per month after your death.

**NOTE:** If you begin receiving benefits in the form of a qualified-joint-and-survivor annuity and your spouse predeceases you, your payments do not change after your spouse’s death but continue for as long as you live.

**Life-and-Five-Years-Certain Annuity**

With a life-and-five-years-certain annuity, you receive a monthly payment for as long as you live. If you die before receiving 60 monthly payments, your named beneficiary receives the remainder of the 60 monthly payments. The remaining payments continue to be made monthly, unless the monthly pension benefit is $125 or less and the beneficiary elects to have the remaining payments made in a single lump-sum payment.

**Example:** You begin receiving payments under a life-and-five-years-certain annuity and die after 48 months of payments. Your beneficiary would receive the remaining 12 monthly payments.

To guarantee five years of payments, your monthly benefit under this option is less than it would be if you received a single-life annuity with no payment guarantee. The amount of the reduction depends on your age at the time you begin receiving benefits.

**Example:** You are age 65 at the time benefits commence. If you were to receive a single-life annuity, you would receive $1,120 per month, and no payments would be made to anyone after your death. Choosing the life-and-five-years-certain annuity would reduce your monthly benefit to approximately $1,094 per month. But if you die before receiving 60 monthly payments, the $1,094 monthly benefit will continue to be paid to your beneficiary for the remainder of the 60-month period.

If you do not name a beneficiary or none of your named beneficiaries are alive or in existence at the time of your death, any monthly payments remaining due under this option would be paid to your estate.

**Life-and-Ten-Years-Certain Annuity**

With a life-and-ten-years-certain annuity, you receive a monthly payment for as long as you live. If you die before receiving 120 monthly payments, your named beneficiary receives the remainder of the 120 monthly payments. The remaining payments continue to be made monthly, unless the monthly pension benefit is $125 or less and the beneficiary elects to have the remaining payments made in a single lump-sum payment.
**Example:** You begin receiving payments under a life-and-ten-years-certain annuity and die after 90 months of payments. Your beneficiary would receive the remaining 30 monthly payments.

To guarantee ten years of payments, your monthly benefit under this option is less than it would be if you received a single-life annuity with no payment guarantee. The amount of the reduction depends on your age at the time you begin receiving benefits.

**Example:** You are age 65 at the time benefits commence. If you were to receive a single-life annuity, you would receive $1,120 per month, and no payments would be made to anyone after your death. Choosing the life-and-ten-years-certain annuity would reduce your monthly benefit to approximately $1,032 per month. But if you die before receiving 120 monthly payments, the $1,032 monthly benefit will continue to be paid to your beneficiary for the remainder of the 60-month period.

If you do not name a beneficiary or none of your named beneficiaries are alive or in existence at the time of your death, any monthly payments remaining due under this option would be paid to your estate.

**Joint-and-Two-Thirds-to-Last-Survivor Annuity**

With a joint-and-two-thirds-to-last-survivor annuity, you receive monthly payments. You must name a joint annuitant at the time benefits commence. The joint annuitant may be either your spouse or a disabled dependent (child or parent). When either you or the joint annuitant dies, the survivor will receive two-thirds of the monthly payment you were receiving at the time of that death. These monthly payments will continue for the survivor’s lifetime. If the joint annuitant does not survive you, there are no further payments to any other survivors after your death.

**NOTE:** If you name your spouse as the joint annuitant, the spousal payments apply only to a spouse you were married to upon commencement of benefits. It does not apply to a person you may have married after your benefits began.

Monthly payments under this option are reduced by approximately 10% of the amount available with a single-life annuity, if you and your joint annuity are both age 65 at the time benefits commence. If your joint annuitant is younger than age 65 at the time benefits commence, your payment would be reduced by approximately an additional 0.9% for each year your joint annuitant is younger than age 65.

**Example:** You and your joint annuitant are age 65 at the time benefits commence. If you were to receive a single-life annuity, you would receive $1,120 per month, and no payments would be made to anyone after your death. Choosing the joint-and-two-thirds-to-last-survivor annuity would reduce your monthly payment to approximately $1,002 per month. When either you or the joint annuitant dies, the survivor would receive approximately $668 per month for life.
Joint-and-Seventy-Five-Percent-to-Contingent-Survivor Annuity

With a joint-and-seventy-five-percent-to-contingent-survivor annuity, you receive monthly payments for as long as you live. You must name a contingent annuitant at the time benefits commence. If you predecease your contingent annuitant, your contingent annuitant will receive 75% of the monthly payment you were receiving at the time of your death. These monthly payments will continue for your contingent annuitant’s lifetime. If your contingent annuitant does not survive you, there are no further payments to any other survivors after your death.

Both married and single employees may choose this option. Your contingent annuitant under this option may be your spouse or any other individual who is not more than 19 years younger than you. If you are married, your spouse must consent to election of this option and to naming a beneficiary other than your spouse.

Monthly payments under this option are reduced by approximately 16% of the amount available with a single-life annuity, if you and your contingent annuitant are both age 65 at the time benefits commence. If your contingent annuitant is younger than age 65 at the time benefits commence, your payment would be reduced by approximately an additional 0.01% for each year your contingent annuitant is younger than age 65.

Example: You and your contingent annuitant are age 65 at the time benefits commence. If you were to receive a single-life annuity, you would receive $1,120 per month, and no payments would be made to anyone after your death. Choosing the joint-and-seventy-five-percent-to-continent-survivor annuity would reduce your monthly payment to approximately $943 per month. But if you predecease your contingent annuitant, your contingent annuitant will continue to receive approximately $707 per month after your death.

NOTE: If you begin receiving benefits in the form of a joint-and-seventy-five-percent-to-continent-survivor annuity and your contingent annuitant predeceases you, your payments do not change after your contingent annuitant’s death but continue for as long as you live.

Joint-and-Two-Thirds-to-Contingent-Survivor Annuity

With a joint-and-two-thirds-to-contingent-survivor annuity, you receive monthly payments for as long as you live. You must name a contingent annuitant at the time benefits commence. If you predecease your contingent annuitant, your contingent annuitant will receive two-thirds of the monthly payment you were receiving at the time of your death. These monthly payments will continue for your contingent annuitant’s lifetime. If your contingent annuitant does not survive you, there are no further payments to any other survivors after your death.

Both married and single employees may choose this option. Your contingent annuitant under this option may be your spouse or any other individual who is not more than 24 years younger than you. If you are married, your spouse must consent to election of this option and to naming a beneficiary other than your spouse.

Monthly payments under this option are reduced by approximately 15% of the amount available
with a single-life annuity, if you and your contingent annuitant are both age 65 at the time benefits commence. If your contingent annuitant is younger than age 65 at the time benefits commence, your payment would be reduced by approximately an additional 0.005% for each year your contingent annuitant is younger than age 65.

Example: You and your contingent annuitant are age 65 at the time benefits commence. If you were to receive a single-life annuity, you would receive $1,120 per month, and no payments would be made to anyone after your death. Choosing the joint-and-two-thirds-to-continent-survivor annuity would reduce your monthly payment to approximately $960 per month. But if you predecease your contingent annuitant, your contingent annuitant will continue to receive approximately $640 per month after your death.

NOTE: If you begin receiving benefits in the form of a joint-and-two-thirds-to-continent-survivor annuity and your contingent annuitant predeceases you, your payments do not change after your contingent annuitant’s death but continue for as long as you live.

Lump-Sum Settlements

Optional Lump-Sum Settlements. If, as of the date benefit payments are to commence, you have a monthly pension benefit of $125 or less (determined in the form of a single-life annuity), you may elect to have your pension paid in a single lump-sum payment.

Lump-Sum Cash-Out Settlements. If you terminate employment with five or more years of Vesting Service and the actuarial equivalent present value of your monthly benefit at age 65 is less than $3,500, you must provide written consent to receive a lump-sum cash-out payment of your benefit.

Eligible Rollover Distributions. If you or your surviving spouse receives a distribution from the plan that is paid in a lump-sum payment, the payment generally may be rolled over into another qualified employer plan or individual retirement arrangement (IRA). Effective January 1, 2009, if you have a nonspouse beneficiary that receives a lump-sum payment, that payment also may be directly transferred to an IRA, but only an IRA that is treated as an inherited IRA of the nonspouse beneficiary. An election to directly rollover a lump-sum payment may avoid or delay certain taxes and/or penalties that would otherwise apply to the payment. Detailed information regarding rollover rights will be provided before payment of an eligible rollover distribution from the plan. The tax rules associated with qualified-plan distributions are complex, and you may want to consult with a tax or financial advisor before receiving a distribution from the Plan.

Options for Domestic Partners

Some of the payment options described above are available only if you are married at the time benefits commence. However, if you have a qualifying domestic partner at the time benefits commence, you may elect to receive benefits in the form of the qualified-joint-and-survivor annuity, naming your domestic partner as the joint annuitant. You also may elect to receive
benefits in the form of the joint-and-two-thirds-to-last-survivor annuity, naming your domestic partner as the joint annuitant.

A qualifying domestic partner is a person of the same sex who is considered your domestic partner for purposes of the plan.

10. Benefit Payment Choice

You must contact the Hawker Beechcraft Benefit Center within 180 days prior to your retirement date to begin the retirement process and to complete the necessary paperwork. A minimum of 30 days advance notice is required before benefits can begin. Also, all required paperwork must be fully completed and accepted before benefits can begin.

Your retirement check can be deposited directly into your account at the bank of your choice or mailed to you at your home each month. We recommend direct deposit because of the obvious convenience and security, but the choice is yours. YOU MUST KEEP THE HAWKER BEECHCRAFT BENEFIT CENTER ADVISED OF YOUR CORRECT ADDRESS. Notice must also be given to the Hawker Beechcraft Benefit Center at the time of the death of a retiree or the retiree’s spouse.

11. Early-Retirement Benefits

You may receive an early-retirement benefit if you retire from active employment at any time after you reach age 55 and have 5 years of Credited Service. If you qualify for an early-retirement benefit and retire before age 62, your monthly benefit will be less than it would be if you commenced payments at Normal Retirement Age. However, if you qualify for an early-retirement benefit and retire at or after age 62, there is no reduction for early retirement. The early-retirement adjustments to your normal monthly retirement benefit are summarized in the following table:
### Table for Early-Retirement Benefits

<table>
<thead>
<tr>
<th>Your Age When Pension Payments Begin</th>
<th>Percentage of Full Pension You Will Receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>62 and later</td>
<td>100%</td>
</tr>
<tr>
<td>61</td>
<td>90%</td>
</tr>
<tr>
<td>60</td>
<td>80%</td>
</tr>
<tr>
<td>59</td>
<td>70%</td>
</tr>
<tr>
<td>58</td>
<td>65%</td>
</tr>
<tr>
<td>57</td>
<td>60%</td>
</tr>
<tr>
<td>56</td>
<td>55%</td>
</tr>
<tr>
<td>55</td>
<td>50%</td>
</tr>
</tbody>
</table>

The percentage factor is adjusted if your age at retirement falls between two ages in the table. The factors are interpolated between ages using whole years and completed months of age.

**NOTE:** If you leave active employment after age 55 but before age 62, the benefit is 100% if payment is deferred to age 62.

### 12. Deferred-Vested Benefits

If you terminate your employment before age 55 and are vested at the time of termination, you may elect to begin payments of your deferred-vested-retirement benefits at any age between age 55 and 65. If you elect to commence benefits before age 65, your monthly benefit will be less than it would be if you commenced payments at Normal Retirement Age. The deferred-vested adjustments to your normal monthly retirement benefit are summarized in the following table:
Table for Deferred-Vested Benefits

<table>
<thead>
<tr>
<th>Your Age When Pension Payments Begin</th>
<th>Percentage of Full Pension You Will Receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100.0%</td>
</tr>
<tr>
<td>64</td>
<td>92.8%</td>
</tr>
<tr>
<td>63</td>
<td>85.6%</td>
</tr>
<tr>
<td>62</td>
<td>78.4%</td>
</tr>
<tr>
<td>61</td>
<td>71.2%</td>
</tr>
<tr>
<td>60</td>
<td>64.0%</td>
</tr>
<tr>
<td>59</td>
<td>59.2%</td>
</tr>
<tr>
<td>58</td>
<td>54.4%</td>
</tr>
<tr>
<td>57</td>
<td>49.6%</td>
</tr>
<tr>
<td>56</td>
<td>44.8%</td>
</tr>
<tr>
<td>55</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

The percentage factor is adjusted if your age at retirement falls between two ages in the table. The factors are interpolated between ages using whole years and completed months of age.

13. Working Beyond Age 65

If you work beyond age 65, you generally will continue to earn Credited Service and Vesting Service during your period of active employment. At the time you retire, your pension will be based on your total period of service. You will not be eligible to commence or receive pension benefits for any month that you remain an active employee after age 65, unless you are credited with fewer than 40 hours of service during such month.

If you continue to work beyond age 70½, you are required to begin receiving benefits on April 1 of the year after the calendar year in which you reach age 70½. Each year thereafter, your benefits will be recalculated using your actual years of Credited Service and the benefit level in effect at the time of the recalculation and actuarially reduced for any payments previously received. (Recalculation also will occur when you terminate active employment and are eligible to commence a postponed retirement benefit.) The new benefit will not be less than the amount you were receiving immediately before recalculation.
14. Death Benefits

Death After Commencement of Benefits

If you die after your retirement benefits have commenced, the only death benefit available under the Plan is the death benefit (if any) available as part of the form of payment you have elected. For example, if you are receiving benefits in the form of a qualified-joint-and-survivor annuity and you die, your surviving spouse (if any) will continue to receive 50% of the monthly benefit you were receiving before your death. But if you are receiving benefits in the form of a single-life annuity, no further payments will be made after your death.

Death Before Commencement of Benefits

The following survivor benefits are available in the event of your death before retirement, subject to satisfying the requirements of each form of benefit.

Automatic Preretirement Spousal Death Benefit. If you are vested in your accrued benefit under the Plan, you have been married for at least one year before your death, and you die before the date your benefits commence under the Plan, your spouse will receive an automatic death benefit equal to 50% of the benefit you would have received under a qualified-joint-and-survivor annuity.

- If you were eligible to retire and receive an immediate benefit under the Plan at the time of your death, the benefit to your spouse will be determined as if you had retired and begun receiving benefits in the form of a qualified-joint-and-survivor annuity on the day before your death.

- If you were not eligible to retire and receive an immediate benefit under the Plan at the time of your death, the benefit to your spouse will be determined (taking into account your service through the date of death) as if you survived to the earliest date you could have retired, began receiving benefits on that date in the form of a qualified-joint-and-survivor annuity, and then died the next day. Benefits will be payable to your surviving spouse beginning on the first day of the month after the month you would have first been eligible to retire, unless your spouse elects to delay commencement of payment. Your spouse may delay commencement of payment only until the date that would have been your normal retirement date had you lived.

Example: You and your spouse are both age 58, and you die with an accrued benefit of $1,200 per month. After accounting for your spouse’s age and other actuarial adjustments, you would have been eligible to retire immediately before your death and receive a benefit of $880 per month in the form of a qualified-joint-and-survivor annuity. The automatic preretirement spousal benefit for your spouse will be $440 per month.

This automatic preretirement spousal death benefit is provided regardless of whether you are still employed when you die, so long as you have not started receiving payment of your retirement benefits under this Plan. The benefit is payable to your spouse for life.
This death benefit is available only to your spouse. If you die without leaving a spouse (or you have not been married to your spouse for at least one year at the time of your death), no death benefit will be paid under this option. You cannot name an alternate beneficiary to receive this benefit.

**Death After Normal Retirement Age.** If you die after Normal Retirement Age but before commencement of benefits, the automatic preretirement spousal death benefit remains available to your surviving spouse. But if you do not leave a surviving spouse, a death benefit still will be paid as if you had elected to receive retirement benefits under a life-and-ten-years-certain annuity. (This benefit generally would be paid to your estate, unless you designate a beneficiary.)

**Additional Optional Death Benefit.** For additional protection after early retirement eligibility, you may elect an additional optional death benefit. This will provide your spouse with additional monthly lifetime income in the event of your death while you are working and while this optional-death-benefit coverage is in place.

Coverage for this optional death benefit cannot begin until you have reached age 55 and have 5 years of Credited Service. In addition, you generally must elect this coverage two years before the coverage is to begin. Thus, for example, if you have 5 years of Credited Service and you want this optional coverage to be in effect at age 55, you need to file an election by your 53rd birthday. This coverage terminates when you terminate employment or commence benefit payments or if you elect to cancel the coverage (with your spouse’s consent). Coverage also will terminate if your spouse dies or you are divorced.

If you elect this coverage, your monthly retirement benefit will be reduced to reflect the cost of this additional benefit during the period for which the coverage was in effect. The total amount of this benefit, when added to the amount of the automatic preretirement spousal death benefit, may not exceed 100% of your anticipated normal retirement benefit, and the amount of this benefit will be reduced, if necessary, to comply with this limitation.

Further information on this option may be obtained from the Hawker Beechcraft Benefit Center.

**15. Reemployment After Retirement**

If you commence retirement benefits and then are reemployed with a Participating Employer (or an affiliated company), your monthly retirement benefit will not be paid while you are working, unless you are performing less than 40 hours of service a month after reaching Normal Retirement Age. Payment of your monthly retirement benefit will resume on the first of the month following your subsequent termination or when you are no longer performing at least 40 hours of service per month after reaching Normal Retirement Age.
16. Effect of Long-Term Disability Benefits

If you receive long-term disability (LTD) payments from a long-term-disability plan maintained by the employer under which you made voluntary contributions, the following benefits will be available under this Plan in lieu of the disability-retirement benefits otherwise provided under the Plan (see “Disability-Retirement Benefits” below).

➢ If your LTD benefits continue to age 65, your retirement benefit under this Plan will begin when LTD ends and will be calculated as though you had remained in active employment while receiving LTD benefits. Your final average monthly earnings are determined as though you continued to receive compensation during the period of disability based on your level compensation as in effect on the last day of active employment before LTD benefits began. The estimated primary Social Security Benefit is determined assuming continued monthly salary during the period you are receiving LTD benefits until your retirement benefits begin.

➢ If you recover from your disability and then return to active employment with your employer, Credited Service for that period of absence will be calculated as though you had remained as an active employee for the entire period of disability.

➢ If you die while receiving LTD benefits, the automatic preretirement spousal death benefit will be calculated as though you remained an active employment with Credited Service to the date of your death.

These benefits and options are not available to you if you claim or accept and disability-retirement, early-retirement, or deferred-vested-retirement benefits under the Plan.

17. Disability-Retirement Benefits

If you become totally and permanently disabled while actively employed by a Participating Employer and you apply for disability-retirement benefits and provide all required proof of your disability (including documentation that you are eligible to receive Social Security disability benefits), you may receive monthly disability-retirement benefits under the Plan as follows:

Work-Related Disability

If you become disabled as a result of a work-related illness or on-the-job injury (i.e., a disability that occurs in the course of your employment during hours for which you are compensated), you will become eligible for disability-retirement benefits on the later of (i) the date you meet the requirements of a work-related total-and-permanent disability, or (ii) the date you file a proper application for disability-retirement benefits. In connection with a disability-retirement application, you must provide proof of your eligibility to receive Social Security disability benefits under the Social Security Act in effect at the date of disability. You will be considered totally and permanently disabled due to a work-related disability only if the disability has
continued for at least two consecutive months.

**Non-Work-Related Disability**

If you become disabled as a result of a non-work-related illness or injury and you have at least 10 years of Vesting Service, you will become eligible for disability-retirement benefits on the later of (i) the date you meet the requirements of a non-work-related total-and-permanent disability, or (ii) the date you file a proper application for disability-retirement benefits. In connection with a disability-retirement application, you must provide proof of your eligibility to receive Social Security disability benefits under the Social Security Act in effect at the date of disability. You will be considered totally and permanently disabled due to a non-work-related disability only if the disability has continued for at least six consecutive months.

**Disability-Retirement-Benefit Payments**

If you are eligible for disability-retirement benefits, you will receive a monthly payment based on your Credited Service as of the date of your disability. Disability benefit payments generally will begin on the first day of the month after you become eligible, but benefits will not commence (or be treated as commencing) earlier than 12 months before the date the SSA determines you are totally and permanently disabled. Payments are made until you reach Normal Retirement Age, subject to early termination if you die or recover from your disability. Payments generally will begin on the first day of the month after the month in which you become eligible for disability-retirement benefits. At Normal Retirement Age, payments will be made under the normal-retirement provisions of the Plan, based on the service that was credited to you as of the date you became disabled.

If you die while receiving disability-retirement benefits and are married (and have been married at least one year), your disability-retirement payments will end, but your spouse will receive an automatic preretirement spousal death benefit.

To continue drawing a monthly disability benefit, you must remain totally and permanently disabled. To prove continued disability, you must submit evidence that you remain eligible for Social Security disability benefits if the Hawker Beechcraft Benefit Center requests it. (Requests will not be made more than twice a year.) If you refuse to submit evidence of disability, or if it is determined that you are no longer totally and permanently disabled, the disability-retirement benefits will terminate.

You may apply for disability-retirement benefits by contacting the Hawker Beechcraft Benefit Center. However, remember that benefits will not be paid unless you are approved to receive Social Security disability benefits. Therefore, you will need to contact the Social Security Administration and apply for Social Security disability benefits. You should provide the Hawker Beechcraft Benefit Center a copy of the Social Security Administration decision, whether it is approved or denied.
18. Miscellaneous

**Employment**

The existence of this plan and your participation in it do not give you any right to continued employment, nor does it affect your employer’s right to deal with you regarding employment.

**Transfers**

If you transfer from one payroll to another, that may affect your eligibility to participate in this Plan (or in another retirement plan). If a transfer causes you to lose eligibility under this Plan, your benefit under this Plan generally will be retained in this Plan until your retirement.

**Starting Your Benefit**

The Hawker Beechcraft Benefit Center should be contacted if you plan to retire. They will calculate your benefit and answer any questions you may have. It is a good idea to contact them 90 to 180 days before your planned retirement date. Employees also should notify supervisors of their intent to retire to allow adequate time for manpower planning.

**When Benefits Are Not Paid**

This booklet explains when and how the Plan provides you and your survivors with benefits. It is important, however, that you understand some of the conditions under which benefits may be reduced or not paid at all. Those situations may include the following:

- If you terminate your employment and are rehired later, your earlier service may not count for pension purposes.
- If you leave before you earn five years of Vesting Service, no payments will be made from the Plan.
- If you elected to receive payments in the form of a single-life annuity, no further benefit payments will be made after your death.
- If you die before retirement, benefits are payable only under specific circumstances described in this summary.
- If you continue employment beyond age 65, no benefits payments will be paid until you terminate, unless you perform fewer than 40 hours per month.

**Benefit-Claim Denials**

If your claim for benefits under the Plan is denied, you will be provided with notice of the denial in writing, generally within 90 days after the claim was first made (45 days, in the case of a claim involving disability benefits). The notification will state the reason for the denial, the plan
provisions on which the denial is based, a description of any additional material or information needed for the claim, an explanation of why it is needed, and the procedure you should follow to request a review of the denial.

You have 60 days to request a review (180 days in the case of a claim involving disability benefits). You may request a review of the denied claim by a written application to the Committee. In connection with review of your claim, you may review pertinent documents, and you may submit issues and comments in writing.

The Committee will provide written notice of its decision on review, generally within 60 days of the request (45 days, in the case of a claim involving disability benefits). The written notice will include specific reasons and the plan provisions upon which the decision is based. Any adverse decision will inform you about the right to bring a civil action under ERISA. As a prerequisite to your right to bring any civil action under ERISA, however, you must exhaust your administrative remedies under the Plan.

**Plan Document Controls**

This summary does not constitute the Plan. It is intended only as a general overview and does not contain all of the specific Plan information. That information is contained in the Plan document. If there is a discrepancy between information contained in this summary and the Plan document, the Plan document will govern in all cases.

**Committee**

The Committee has the authority, in its sole discretion, to construe the terms of the Plan and to make determinations as to all matters arising within the scope of its administrative responsibilities under the Plan. All such determinations of the Committee shall be conclusive and binding on all persons.

**Amendment or Termination of the Plan**

Although the plan sponsor intends to continue the Plan, the Plan may be amended, modified, suspended, or terminated by the plan sponsor at any time. The procedure to amend, modify, suspend, or terminate the plan is generally by approval of the plan sponsor’s board of directors. Action by the board of directors to amend or terminate the Plan is a “settlor function” of the plan sponsor and not a fiduciary function of the board of directors.

It is possible that the Plan could be amended in a way that changes the years of Vesting Service needed to become vested in your benefits. Any such amendment will either allow you to become vested in the benefit you earned before the amendment more quickly or, if you have at least 3 years of Vesting Service at the time of the amendment, you will be allowed to elect to have the vesting in the accrued benefit you earned before the amendment determined under the conditions in effect before the amendment. Furthermore, no amendment, modification, or termination will reduce your vested benefits as of the time of such an event.
If the plan is terminated or partially terminated (and the partial termination affects you), your accrued benefit, to the extent then funded, will become fully vested.

**Pension Benefit Guaranty Corporation (PBGC)**

Your pension benefits under this plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (i) normal and early retirement benefits; (ii) disability benefits if you become disabled before the plan terminates; and (iii) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (i) benefits greater than the maximum guaranteed amount set by law for the year in which the plan terminates; (ii) some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than 5 years at the time the plan terminates; (iii) benefits that are not vested because you have not worked long enough for the company; (iv) benefits for which you have not met all of the requirements at the time the plan terminates; (v) certain early-retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan’s normal retirement age; and (vi) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your plan administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGC’s website on the Internet at http://www.pbgc.gov.

**Contributions to Plan**

Contributions to the Plan are made by the Employer. Contributions are actuarially determined. No employee contributions are permitted under this Plan.

**Top-Heavy Requirements**

Under the tax laws, the Plan is required to contain provisions that become operative if the Plan becomes “top-heavy.” A plan is considered top-heavy if the present value of the accumulated
benefits for certain “key employees” exceeds 60% of all accumulated benefits for all employees. Because many employees participate in this plan, it is very unlikely that this plan will ever become top-heavy. If it does, vesting may accelerate and minimum additional benefits may be paid.

**Assignment of Benefits**

Plan benefits cannot be assigned except in the case where the Plan has been instructed to comply with certain Qualified Domestic Relations Orders (QDROs) filed by a court. These QDROs may assign benefits to a former spouse or to support certain of a participant’s dependents. You will be notified if the administrator receives a court order regarding your benefits. You may obtain a copy of the QDRO procedures from the plan administrator without charge.

**Benefit Limitations**

The Plan is subject to certain provisions of the Internal Revenue Code and applicable regulations issued by the Internal Revenue Service. Among these provisions is a limitation on annual benefits that can be paid by the Plan. The limitation is unlikely to affect your retirement benefits, but if you would like to have specific information about the amount of the maximum annual benefit limitation, you should contact the plan administrator.

**19. Your Rights Under ERISA**

As a participant in this Plan, you are entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all participants shall be entitled to:

**Receive Information About Your Plan And Benefits**

Examine, without charge, at the plan administrator’s office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

Obtain, upon written request to the plan administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the Plan’s annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so, what your benefits would be at Normal Retirement Age if you stop
working under the Plan now. If you do not have a right to a pension, the statement will tell you how many years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

**Prudent Actions By Plan Fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer, union, or any other person, may fire you or otherwise discriminate against you in any way in order to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

**Enforce Your Rights**

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court after you have exhausted your administrative remedies under the Plan. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court after you have exhausted your administrative remedies under the Plan. If it should happen that plan fiduciaries misuse the plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in court after you have exhausted your administrative remedies under the Plan. In all cases, however, you may not file suit in court unless and until you have exhausted any and all administrative remedies and review procedures available to you by law or under the terms of the Plan. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

**Assistance With Your Questions**

If you have any questions about the Plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in
obtaining documents from the plan administrator, you should contact the office of the Employee Benefits Security Administration, Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C., 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

20. Facts About the Plan

**Plan Name:** Hawker Beechcraft Corporation Retirement Income Plan for Hourly Paid Employees

**Employer/Plan Sponsor:** Hawker Beechcraft Corporation 10511 East Central P. O. Box 85 Wichita, Kansas 67201-0085

**Type of Plan:** Defined Benefit

**Plan Year:** January 1 through December 31

**Plan Sponsor’s EIN:** 48-0135770

**Plan Number:** 001

**Plan Administrator:** Hawker Beechcraft Corporation Pension and 401(k) Committee Attn: Secretary 10511 East Central P. O. Box 85 Wichita, Kansas 67201-0085 (316) 676-8407

**Agent for Legal Service:** Rich Jiwanlal Vice President – Human Resources Hawker Beechcraft Corporation 10511 East Central P. O. Box 85 Wichita, Kansas 67201-0085

Service of legal process also may be made on the Plan Administrator or the Trustee.

**Trustee:** Mellon Bank, N.A. One Mellon Center Pittsburgh, Pennsylvania 15258