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

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

**NOTICE OF HEARING AND PROPOSED SETTLEMENT  
REGARDING MOTION FOR ENTRY OF AN ORDER APPROVING  
THE GLOBAL SETTLEMENT WITH THE PENSION BENEFIT GUARANTY  
CORPORATION AND THE INTERNATIONAL ASSOCIATION OF MACHINIST  
AND AEROSPACE WORKERS AND GRANTING CERTAIN RELATED RELIEF**

**PLEASE TAKE NOTICE** that on December 21, 2012, the Debtors filed the *Motion for Entry of an Order Approving the Global Settlement with the Pension Benefit Guaranty Corporation and the International Association of Machinist and Aerospace Workers and Granting Certain Related Relief* [Docket No. 978] (the "Motion").<sup>1</sup>

<sup>1</sup> All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion. The Debtors previously provided notice of the Motion to the following parties: (a) the U.S. Trustee; (b) counsel for the Committee; (c) counsel to the administrative agent under the Credit Agreement; (d) counsel to the ad hoc committee of lenders under the Credit Agreement; (e) counsel to Deutsche Bank National Trust

(Continued...)

**PLEASE TAKE FURTHER NOTICE** that on January 10, 2013, an ad hoc group of participants in the Debtors' Salaried Plan (the "Ad Hoc Retiree Committee") filed the *Objection of HBC Ad Hoc Retiree Committee to Debtors' Motion for Entry of an Order Approving the Global Settlement with the Pension Benefit Guaranty Corporation and the International Association of Machinist and Aerospace Workers and Granting Certain Related Relief* [Docket No. 1027] (the "Ad Hoc Retiree Objection").<sup>2</sup>

**PLEASE TAKE FURTHER NOTICE** that at a hearing held on January 17, 2013 before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York (the "Court"), the Debtors announced the terms of an agreement in principle between the Debtors and the Ad Hoc Retiree Committee that fully resolves the Ad Hoc Retiree Committee Objection, which will be documented in a settlement agreement (the "Settlement Agreement") and contemplates the following:

- The Reorganized Debtors will fund \$250,000 in the aggregate each year for the ten years after the effective date of the Debtors' plan of reorganization (the "Effective Date") with the proceeds of such funding to be allocated to those Salaried Plan participants who are retired and receiving pension benefits at the time each applicable annual payment is funded, and which benefits from the PBGC are less than their accrued benefits under the Salaried Plan at the time of that Plan's termination because of the annual maximum guarantees established by ERISA (the "Salaried Plan Participant Shortfall Funding"); provided, however that such Salaried Plan participants who retire after January 31, 2013 shall not receive any portion of such funds unless and until they reach age 65;
- The Debtors will pay \$80,000 for the fees and expenses of counsel to the Ad Hoc

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Company in its capacity as the indenture trustee for the Debtors' Senior Notes; (f) counsel to Wilmington Trust, N.A. in its capacity as the indenture trustee for the Debtors' 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; (k) counsel to the PBGC; (l) counsel to the IAM; (m) each of the participants in the Pension Plans, and (n) all entities that have filed a request for service of filings in the above captioned chapter 11 cases pursuant to Bankruptcy Rule 2002. The Motion is filed with the Court and also is available for free online at <http://dm.epiq11.com/HBC>. A copy of the Motion can also be obtained upon written request to Epiq Bankruptcy Solutions, LLC, the Debtors' noticing and claims agent at the following addresses: (a) by first-class mail - Hawker Beechcraft, Inc., c/o Epiq Bankruptcy Solutions, LLC, FDR Station, P.O. Box 5285, New York, New York 10150-5285; or (b) by hand delivery or overnight mail - Hawker Beechcraft, Inc., c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, 3rd Floor, New York, New York 10017. You may also obtain copies of any pleadings filed in the chapter 11 cases for a fee via PACER at: <http://www.nysb.uscourts.gov>.

<sup>2</sup> In addition to the Ad Hoc Retiree Objection, letters objecting to the Motion were submitted by Michael McCracken [Docket Nos. 588, 831, 882, and 1047], James Holstein [Docket No. 883], James Groff [Docket Nos. 587 and 1069], Harold Grunnell [Docket No. 937], Richard Born [Docket No. 938], Manuel H. Fasce [Docket No. 939], Frederick J. Clarey [Docket No. 1068], William Fusco [Docket No. 1070], and Charles LeGrow [Docket No. 1071].

Retiree Committee;

- The Reorganized Debtors will use commercially reasonable efforts to ensure that any buyer of all or substantially all of the Reorganized Debtors' assets assumes the Salaried Plan Participant Shortfall Funding;
- The Debtors and the Ad Hoc Retiree Committee members will agree to mutually agreeable release provisions; and
- The Ad Hoc Retiree Committee will support the Debtors' plan of reorganization in the chapter 11 cases.

**PLEASE TAKE FURTHER NOTICE** that the Debtors will send customized notices to those participants in the Salaried Plan they believe will receive lower benefits than such participants would have received if the Debtors did not terminate the Salaried Plan due to the annual benefit caps established by ERISA. The Debtors do not anticipate that any Salaried Plan participants that do not receive a customized notice will receive a reduction in accrued benefits if they start collecting benefits at age 65.

**PLEASE TAKE FURTHER NOTICE** that the hearing to consider the Motion has been continued by the Court and rescheduled for **January 24, 2013 at 10:00 a.m. (prevailing Eastern Time)**.

**PLEASE TAKE FURTHER NOTICE** that the deadline for parties in interest to file or submit objections to the Motion is extended through the hearing scheduled for **January 24, 2013 at 10:00 am (prevailing Eastern Time)** where parties in interest may make oral objections, if any.

**PLEASE TAKE FURTHER NOTICE** that, to the extent necessary to address any objection to the Motion, an evidentiary hearing will be held on **January 31, 2013 at 10:00 a.m. (prevailing Eastern Time)** at which the Debtors' declarants in support of the Motion, Robert S. Miller, Michael A. Kramer, and Mark Hendricks, will be available for cross-examination.

Dated: January 18, 2013  
New York, New York

*/s/ Ross M. Kwasteniet*

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