

2012 HAWKER BEECHCRAFT
UNIFORM LCDS SETTLEMENT AGREEMENT

This 2012 Hawker Beechcraft LCDS Settlement Agreement (this "**Agreement**") is entered into on April 20, 2012 between the entities specified in Schedule 1 hereto (each, a "**Party**").

WHEREAS the Parties hereto wish to facilitate the orderly settlement of any Covered Transaction (as defined below) referencing one or more of the Reference Entities (as defined below) to which they are respectively a party by agreeing that Credit Event Notices and Notices of Publicly Available Information in respect of such Covered Transactions will be deemed to have been effectively delivered on the Notice Date (as defined below) without requiring the actual delivery of such notices.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Interpretation

As used in this Agreement, "**Confirmation**" and "**Credit Support Document**" each has the meaning given to that term in the related Governing Master Agreement and "**Credit Derivative Transaction**" has the meaning given to that term in the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, each as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (the "**2003 Definitions**"). Each other capitalized term used in this Agreement but not defined herein has the meaning given to that term in the 2003 Definitions, the LCDS Standard Terms, the LCDX Untranchored Terms or the LCDX Tranche Terms, as applicable.

1.2 Definitions

"**Covered Transaction**" means any LCDS Covered Transaction, any LCDX Covered Untranchored Transaction and any LCDS Covered Tranche Transaction. For the avoidance of doubt, any Credit Derivative Transaction that specifies "Loan" as the Obligation Category is not a Covered Transaction.

"**Designated Priority**" means "First Lien".

"**Default Date**" means April 5, 2012.

"**Governing Master Agreement**" means, in respect of a Covered Transaction, the master agreement governing such Covered Transaction, whether executed by the parties thereto or incorporated by reference in the Confirmation relating to such Covered Transaction.

"**LCDS Auction Settlement Terms**" means LCDS Auction Settlement Terms in respect of the relevant Reference Entity and Designated Priority based on the standard form version of the LCDS Auction Settlement Terms published by ISDA and CDS IndexCo LLC pursuant to the LCDS Auction Rules published by ISDA and CDS IndexCo LLC on May 22, 2007.

"**LCDS Covered Tranche Transaction**" means any LCDS Transaction (a) the documentation for which is based on the LCDX Tranche Terms or any predecessor to such LCDX Tranche Terms (including, for

the avoidance of doubt, any tranching LCDS Transaction that references a bespoke portfolio of entities) and that requires that such LCDS Transaction be settled by reference to any Final Price determined pursuant to any LCDS Auction Settlement Terms, (b) referencing (with respect to part of such LCDS Transaction) one or more of the Reference Entities and, in respect of each Reference Entity, the Designated Priority, (c) the Scheduled Termination Date for which is on or after, and the Effective Date for which is on or prior to, the Default Date and (d) the portion of which attributable to one or more of the Reference Entities and for which the Designated Priority is specified is still outstanding as of the Notice Date.

"LCDS Covered Transaction" means any LCDS Transaction (a) the documentation for which is based on the LCDS Standard Terms or any predecessor to such LCDS Standard Terms and that requires that such LCDS Transaction be settled by reference to any Final Price determined pursuant to any LCDS Auction Settlement Terms, (b) referencing (with respect to at least part of such LCDS Transaction) a Reference Entity and, in respect of such Reference Entity, the Designated Priority, (c) the Scheduled Termination Date for which is on or after, and the Effective Date for which is on or prior to, the Default Date and (d) the portion of which attributable to such Reference Entity and for which the Designated Priority is specified is still outstanding as of the Notice Date.

"LCDS Standard Terms" means the version of the Syndicated Secured Loan Credit Default Swap Standard Terms Supplement published by ISDA on May 22, 2007.

"LCDS Transaction" means a Credit Derivative Transaction in respect of which "Loan" is specified as the only Deliverable Obligation Category.

"LCDX Covered Untranching Transaction" means any LCDX Transaction (a) the documentation for which is based on the LCDX Untranching Terms or any predecessor to such LCDX Untranching Terms and that requires that such LCDX Transaction be settled by reference to any Final Price determined pursuant to any LCDX Auction Settlement Terms, (b) referencing (with respect to part of such LCDX Transaction) one or more of the Reference Entities and, in respect of each Reference Entity, the Designated Priority, (c) the Scheduled Termination Date for which is on or after, and the Effective Date for which is on or prior to, the Default Date and (d) the portion of which attributable to one or more of the Reference Entities and for which the Designated Priority is specified is still outstanding as of the Notice Date.

"LCDX Tranche Terms" means the LCDX Tranche Transactions Standard Terms Supplement published by ISDA on September 25, 2007.

"LCDX Untranching Terms" means the LCDX Untranching Transactions Standard Terms Supplement published by ISDA on May 22, 2007.

"Notice Date" means April 5, 2012.

"Reference Entity" means each of Hawker Beechcraft Inc. and Hawker Beechcraft Acquisition Company, LLC.

2. SETTLEMENT AGREEMENT EFFECTIVE DATE

The Parties hereby agree that the agreements set forth in Section 3 of this Agreement will be deemed to take effect from the Notice Date.

3. AGREEMENT

- 3.1 With respect to each Covered Transaction, a Credit Event Notice specifying Failure to Pay as the Credit Event and a Notice of Publicly Available Information shall be deemed to be effective on the Notice Date and the Notice Date shall be deemed to be the Event Determination Date for purposes of each portion of a Covered Transaction attributable to a Reference Entity (and for the avoidance of doubt, such date shall be the Event Determination Date for all Covered Transactions even if any city other than New York is specified as the Calculation Agent City for any such Covered Transaction).
- 3.2 Any Credit Event Notice or Notice of Publicly Available Information (other than a notice deemed to be given pursuant to this Agreement) delivered in respect of each portion of a Covered Transaction attributable to a Reference Entity shall be deemed revoked, and neither Party shall have any obligations with respect to such revoked notice.
- 3.3 Each Party agrees not to deliver any other Credit Event Notice or Notice of Publicly Available Information (other than a notice deemed to be given pursuant to this Agreement) in respect of any portion of a Covered Transaction attributable to a Reference Entity, and any such notice delivered shall be void and have no effect.

4. REPRESENTATIONS

Each Party represents (which representations will each be deemed to be a representation for purposes of Section 5(a)(iv) of the Governing Master Agreement) to each other Party with which it had any Covered Transaction outstanding on the Notice Date, in respect of each Covered Transaction between them, that:

- 4.1 **Status.** It (a) is, if relevant, duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing or (b) if it otherwise represents its status in or pursuant to the Governing Master Agreement, has such status.
- 4.2 **Powers.** It has the power to execute and deliver this Agreement and to perform its obligations under this Agreement and each Covered Transaction, in each case as amended by this Agreement, and has taken all necessary action to authorize such execution, delivery and performance.
- 4.3 **No Violation or Conflict.** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.
- 4.4 **Consents.** All governmental and other consents that are required to have been obtained by it with respect to this Agreement and each Covered Transaction, in each case as amended by this Agreement, have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- 4.5 **Obligations Binding.** Its obligations under this Agreement and each Covered Transaction, in each case as amended by this Agreement, constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

4.6 **Credit Support.** This Agreement will not, in and of itself, adversely affect any obligations owed, whether by a Party or by any third party, under any Credit Support Document relating to a Covered Transaction.

5. MISCELLANEOUS

5.1 **Entire Agreement.** Notwithstanding Section 9(a) of the Governing Master Agreement, this Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter.

5.2 **Non-reliance.** Each Party acknowledges that in agreeing to this Agreement it has not relied on any oral or written representation, warranty or other assurance, except as otherwise set forth in this Agreement, and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a Party for fraud.

5.3 **No Waiver.** Except as explicitly stated in this Agreement, nothing herein shall constitute a waiver or release of any rights of any Party under the relevant documentation for the relevant Covered Transaction.

5.4 **Amendments.** An amendment, modification or waiver in respect of the matters contemplated by this Agreement will only be effective if made in accordance with the terms of the Governing Master Agreement and then only with effect between the parties to that Governing Master Agreement (and will only be effective to amend or override the provisions contained in Section 3 hereof if it expressly refers in writing to this Section 5.4 of this Agreement and would otherwise be effective in accordance with Section 9(b) of the Governing Master Agreement).

5.5 **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

5.6 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine) and, as between two Parties and in respect of each Covered Transaction between them, the giving of notices deemed to occur under that Covered Transaction pursuant to this Agreement shall be governed by and construed in accordance with the law specified to govern that Covered Transaction and otherwise in accordance with applicable choice of law doctrine.

5.7 **Counterparts.** This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in any number of counterparts (including by facsimile transmission) and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS whereof the Parties have executed this Agreement on April 20, 2012.

SCHEDULE 1

The following entities are Parties to this Agreement:

Legal Name of Party

DTCC Account
(if any)