

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed)	
Acquisition of Control of)	
TRAVEL AIR INSURANCE COMPANY, LTD.)	
and)	
TRAVEL AIR INSURANCE COMPANY)	
(KANSAS))	
)	
By)	Docket No. 3643-ACQ
)	Docket No. 3644-ACQ
HAWKER BEECHCRAFT, INC.,)	
ONEX CORPORATION,)	
and)	
THE GOLDMAN SACHS GROUP, INC.)	

ORDER

NOW on this 23rd day of March 2007, the above matter comes before the Commissioner of Insurance of the State of Kansas upon the filing of a pre-acquisition notice pursuant to K.S.A. § 40-3304 and K.A.R. § 40-1-28 in the form of a Form A Statement Regarding the Proposed Acquisition of Control ("Form A Statement") by Hawker Beechcraft, Inc., Onex Corporation, and The Goldman Sachs Group, Inc. ("Applicants"). The Form A Statement relates to the proposed acquisition of control of two Kansas domestic insurance companies, Travel Air Insurance Company, Ltd. ("Travel Air Insurance") and its wholly owned subsidiary, Travel Air Insurance Company (Kansas) ("Travel Air"), (collectively referred to as "Travel Air Companies"), by the Applicants.

The Applicants are represented by their attorney, William W. Sneed, Polsinelli Shalton Welte Suelthaus PC. The Kansas Insurance Department ("KID") is represented

by its General Counsel, John W. Campbell. Also appearing for KID are Deletria L. Nash, Assistant General Counsel; Kenneth G. Abitz, Director, Financial Surveillance Division; and Mark E. Owens, Financial Analyst, Financial Surveillance Division.

Pursuant to the authority granted to the Commissioner pursuant to K.S.A. § 40-3301 and § 40-3304(d)(1) and in accordance with the Kansas Administrative Procedures Act, K.S.A. § 77-501, *et seq.*, the Commissioner hereby asserts the following declarations of public interest and policy, findings of fact, conclusions of law, and orders, as follows:

DECLARATIONS OF PUBLIC INTEREST AND POLICY

The Commissioner finds and declares that it is consistent with the public interest and the interest of policyholders to permit insurers to:

- (a) Engage in activities which would enable insurers to make better use of management skills and facilities;
- (b) diversify into new lines of business through acquisition and/or organization of subsidiaries;
- (c) have free access to capital markets which could provide funds for insurers to use in diversification programs;
- (d) implement sound tax-planning conclusions; and
- (e) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

The Commissioner further finds and declares that the policies and purposes in K.S.A. § 40-3301, *et seq.*, promote the public interest by:

(a) facilitating the achievement of the objectives enumerated in K.S.A. 40-3301 and set out above;

(b) requiring disclosure of pertinent information relating to changes in control of an insurer;

(c) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and

(d) providing standards governing material transactions between an insurer and its affiliates.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The findings and conclusions stated herein are based upon the statements made by Applicants in the Form A Statement and accompanying documents made under oath and filed with KID by Applicants pursuant to K.S.A. § 40-3304(b) and K.A.R. § 40-1-28.

1. Significant documents have been reviewed by representatives of the Financial Surveillance and Legal Divisions of KID, and the Commissioner has had the benefit of their technical expertise and advice as provided in K.S.A. § 77-546(c).

2. The purpose of the filing of the Form A Statement is to seek authority from KID for the proposed acquisition of control of the Travel Air Companies by the Applicants. The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed with the Commissioner dated March 20, 2007, pursuant to the Kansas Insurance Holding Companies Act, K.S.A. § 40-3301, *et seq.*

3. Applicants submitted various Exhibits to the Form A Statement, including, but not limited to, the Stock Purchase Agreement By and Among Raytheon Company, Raytheon Aircraft Holdings, Inc., Hawker Beechcraft Corporation and Greenbulb

Limited, dated December 20, 2006, organization charts, financial statements, and the Marshall Insurance Group, Ltd and Travel Air Insurance Company Administrative Services Agreement.

4. The staff of KID have inspected and reviewed the contents of the Form A Statement and Exhibits attached thereto, to the extent necessary, and found that the filing of the Form A Statement and Exhibits are in accordance with K.S.A. § 40-3304 and K.A.R. § 40-1-28 and that the Form A Statement and Exhibits have provided the information required under Kansas statutes to enable the Commissioner to render a decision on the application.

5. Travel Air Insurance Company (Kansas), a Kansas stock property and casualty company, was organized under the laws of Kansas on December 17, 1981 and was admitted to Kansas on December 29, 1981.

7. Travel Air Insurance Company, Ltd., a Kansas captive insurance company, was organized under the laws of Kansas on November 28, 1990 and was admitted to Kansas on December 21, 1990.

8. Travel Air Insurance Company (Kansas) is a wholly owned subsidiary of Travel Air Insurance Company, Ltd.

9. Raytheon Aircraft Acquisition Company LLC (Raytheon), a Delaware holding company, indirectly owns 100% of the stock of the Travel Air Companies and is the ultimate controlling person of the Travel Air Companies.

10. Hawker Beechcraft, Inc. ("Hawker"), a Delaware corporation, was organized under the laws of Delaware on December 11, 2006.

11. Onex Corporation ("Onex") is a Canadian corporation.

12. The Goldman Sachs Group, Inc. (“Goldman Sachs”) is a New York corporation.

13. Onex Corporation’s ownership in the Travel Air Companies will be allocated and owned by six affiliated investment funds: Onex Partners II LP, a Delaware limited partnership; Onex American Holdings II LLC, a Delaware limited liability company; Hawker Beechcraft Executive Investco LLC, a Delaware limited liability company; Onex US Principals LP, a Delaware limited partnership; Onex Partners II GP LP, a Delaware limited partnership; and Onex Advisor III LLC, a Delaware limited liability company. A Disclaimer of Control dated March 9, 2007 was filed by these entities with the Kansas Insurance Department; therefore these entities are not herein listed as Applicants. Additionally, an individual named Gerald W. Schwartz appears to have majority ownership in the Onex Corporation. Mr. Schwartz has not been named herein as an Applicant since the Disclaimer of Control of the Travel Air Companies also named him.

14. Goldman Sachs’ ownership in the Travel Air Companies will be allocated and owned by affiliated investment funds: GS Capital Partners VI Fund, L.P., a Delaware limited partnership; GS Capital Partners VI Offshore Fund, L.P., a Cayman Islands exempted limited partnership; GS Capital Partners VI GmbH & Co. KG, a German limited partnership; and GS Capital Partners VI Parallel, L.P., a Delaware limited partnership. A Disclaimer of Control dated March 9, 2007 was filed by these entities with the Kansas Insurance Department, therefore these entities are not herein listed as Applicants.

15. At the closing of this acquisition, Onex and Goldman Sachs each will own 49% of Hawker. The remaining 2% of the ownership will be held by members of management.

16. Hawker will be the immediate controlling person, while Onex and Goldman Sachs will be the ultimate controlling persons of the Travel Air Companies.

17. Hawker will acquire control of the Travel Air Companies through the purchase of all of the outstanding membership interests in Raytheon, which owns all of the outstanding equity interests in the Travel Air Companies.

18. Control of the Travel Air Companies by Onex and Goldman Sachs will occur through the acquisition of 100,000 common shares of Travel Air Insurance Company, Ltd. acquired indirectly through the acquisition of Raytheon and the acquisition of 600,000 common shares of Travel Air Insurance Company (Kansas) acquired indirectly through the acquisition of Raytheon.

19. Applicants filed a draft copy of the Form A Statement with KID on or about February 1, 2007 and subsequently filed a duly certified copy of the Form A Statement with Exhibits on March 20, 2007.

20. Review of the evidence establishes that after the acquisition of control as proposed in the Form A Statement, Applicants will be able to satisfy the requirements necessary for maintaining the business of the Travel Air Companies to the satisfaction of any policyholders.

21. The evidence establishes that, after the acquisition of control as proposed in the Form A Statement, the Travel Air Companies will be able to satisfy the requirements for the issuance of a license to write the line or lines of business for which they are presently licensed.

22. No evidence has been introduced to establish that the financial condition of Applicants will jeopardize the financial stability of the Travel Air Companies or prejudice the interests of any policyholders.

23. Evidence has been introduced which shows that Applicants have no plans or proposals to liquidate the Travel Air Companies, sell their assets, or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management which would be unfair and unreasonable to the policyholders of the Travel Air Companies and not be in the public interest.

24. Evidence has been introduced to establish that the competence, experience and integrity of those persons who will control the operations of the Travel Air Companies after the acquisition are such that it will be in the interests of the policyholders of the Travel Air Companies and of the public interest to permit the acquisition.

25. Evidence has been introduced to establish that Applicants' acquisition of the Travel Air Companies will not be hazardous or prejudicial to the insurance-buying public.

26. The Form A Statement is in compliance with the provisions of the Kansas Insurance Holding Companies Act, K.S.A. § 40-3301, *et seq.* and K.A.R. § 40-1-28.

27. The evidence submitted supports approval of the proposed acquisition of control of the Insurers by the Applicants, subject to certain conditions and requirements.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The application by Hawker Beechcraft, Inc., Onex Corporation, and The Goldman Sachs Group, Inc. to acquire control of Travel Air Insurance Company, Ltd.

and its wholly owned subsidiary, Travel Air Insurance Company (Kansas), in the manner set forth in the Form A Statement and Exhibits attached thereto is hereby approved pursuant to K.S.A. § 40-3304, provided the acquisition is effected within sixty (60) days of the date of this Order.

2. The Commissioner of Insurance retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

3. Pursuant to K.S.A. § 40-3305(k) a Disclaimer of Control of the Travel Air Companies was filed with the KID on March 9, 2007 for certain Persons named in items 13 and 14 above. The KID will be notified by the Applicants before any changes occur in the ownership of the shares of Hawker, the immediate controlling person of the Travel Air Companies.

Notice of Rights

Hawker Beechcraft, Inc., Onex Corporation, and the Goldman Sachs Group, Inc. are entitled to a hearing pursuant to K.S.A. § 77-537, the Kansas Administrative Procedure Act. If any Applicant desires a hearing, they must file a written request for a hearing with:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612.

This request must be filed within fifteen (15) days from the date of service of this Order. If any Applicant requests a hearing, the Kansas Insurance Department will notify them of the time and place of the hearing and information on the procedures, right of

representation, and other rights of parties relating to the conduct of the hearing, before commencement of same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. § 77-613. In the event any Applicant files a petition for judicial review, pursuant to K.S.A. § 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John W. Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 23rd DAY OF MARCH 2007, IN THE CITY OF
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

/s/ John W. Campbell
John W. Campbell
General Counsel

Certificate of Service

I hereby certify that a true and correct copy of the foregoing Order was forwarded via first class mail, postage prepaid on the 27th day of March 2007 to:

William Sneed
Polsinelli Shalton Flanigan Suelthaus PC
555 Kansas Avenue, Suite 301
Topeka, KS 66603-3443

/s/ Deletria L. Nash
Deletria L. Nash
Assistant General Counsel