

Brian Little

From: John Dekker [john.dekker@magellan.aero]
Sent: 11 August 2006 19:16
To: Jim Butyniec; Rich Neill; m.edwards@edcofin.com
Cc: Larry Winegarden; John Furbay; Brian Little; Backup Exec Service Account - do not delete
Subject: RE: Dear Vincent2.doc
Attachments: Dear Vincent3.doc

Jim:
A few clean-up changes.
Rest looks OK.
John

From: Jim Butyniec
Sent: Friday, August 11, 2006 11:02 AM
To: Rich Neill; 'm.edwards@edcofin.com'
Cc: Larry Winegarden; 'John Furbay, Aeronca Inc.'; John Dekker; brian.little@magellanuk.aero; Backup Exec Service Account - do not delete
Subject: FW: Dear Vincent2.doc

Draft letter. Comments please.

From: boitson, donald [<mailto:dboitson@bristol.ca>]
Sent: Friday, August 11, 2006 10:57 AM
To: Jim Butyniec
Subject: Dear Vincent2.doc

2179D

From: Murray Edwards [medwards@rogers.blackberry.net]
Sent: 12 August 2006 21:41
To: Jim Butyniec; Rich Neill; N. Murray Edwards
Cc: Larry Winegarden; John Furbay; John Dekker; Brian Little; Backup Exec Service Account - do not delete
Subject: Re: Dear Vincent2.doc

Letter looks fine to me. Let's hope this puts this issue to bed.
Sent via Blackberry

-----Original Message-----

From: "Jim Butyniec" <jim.butyniec@magellan.aero>
Date: Fri, 11 Aug 2006 11:01:50
To: "Rich Neill" <rich.neill@magellan.aero>, <m.edwards@edcofin.com>
Cc: "Larry Winegarden" <Larry.Winegarden@magellan.aero>, "John Furbay, Aeronca Inc." <furbay@aeroncainc.com>, "John Dekker" <john.dekker@magellan.aero>, <brian.little@magellanuk.aero>, "Backup Exec Service Account - do not delete" <#backup_svc@magellan.aero>
Subject: FW: Dear Vincent2.doc

Draft letter. Comments please.

From: boitson, donald [<mailto:dboitson@bristol.ca>]
Sent: Friday, August 11, 2006 10:57 AM
To: Jim Butyniec
Subject: Dear Vincent2.doc

2179G

J BUTYWIEC LETTER (BAFO) FOLLOWING F/BORO 2006 MEETING WITH HIM - MAC BAFO COUNTER-OFFER.

Dear Vincent,

Thank you for the meeting at Farnborough and discussing a way forward on our Exhaust component programs. We have reviewed the offer you presented, and in the interest of finalizing the agreement we provide the following:

1. For the A380 Program, we accept the prices tabled, with Beta only escalation in 2007, and full escalation to be applied 2008 and beyond;
2. For the A340 Program, we have updated the 2006 price to reflect a one-one-time adjustment on a non-formula basis to accommodate Aircelle budgets. Beta only escalation in 2007, and full escalation for 2008 and beyond. In order for Magellan to accept this reduced 2006 and subsequent base value, all weight and concession penalties will be capped at \$5,000 per engine set and all past penalties for lateness will be waived by Aircelle, and concession penalties agreed to; and
3. For the A318 Program, we are prepared to accept your offer of \$159,000.00 per unit for 30 more units. Please amend the P.O. to read same, with Beta escalation for deliveries in 2007, and full escalation for any units delivered in 2008 and beyond.

The table below has been updated to reflect these prices:

A340 Q2/2006 E used \$181,270
FY2006 deliveries (doc 1830)

	2006	2007	2008
A380			
A380			
Trent	124,370	127,750 *	*
GP	98,265	101,750 *	*
A340 Current price plus 8.7% Plus Amortization of \$3,151 (162,348 x 8.7%) + 3,151	179,623	*	*
A318	First 12 \$130,000 - no escalation 30 more \$159,000 -	Beta only escalation in 2007.	Full Escalation for deliveries 2008 and beyond
All in \$ US			
* Escalation Formula per Settlement Agreement dated		Beta only escalation in 2007 based on A340 type formula	Full escalation for deliveries 2008 and beyond. Beta, labour,

@ 12% A340 \approx $\frac{185,000}{2179E}$ (MAC TRUE IMPACT = 9%)
Feb 2006 / FURBAY email (RAN)
+ FURBAY - @ 9.7% - (doc 1790)
12%

March 11, 2005.		commodity and transport indices to be agreed to.
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I look forward to your positive response. This needs to be resolved by **30** September **30, 2006** or we **are-will be** obligated to pursue recourse through the arbitration process on the application of the agreed escalation clause.

Best Regards,
Jim James S. Butyniec
Executive Vice President and
Chief Operating Officer

2199F