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**27 November 2009**

**FOR THE RECORD**

Mr Murray Edwards (and Larry Moeller)

EDCO Financial Holdings

3220-225 5<sup>th</sup> Avenue SW

Calgary, Alberta, Canada T2P 3G6

Dear Mr Edwards,

**My disclosures /PwC report and the MAC financial statements**

It is now some three years since I wrote to you and each of the other Directors on the MAC Board, **on 7 November 2006** (Green tab) **and 4 December 2006** (Yellow tab), setting out my perspective formally to each MAC Board Director and in particular highlighting my anxiety that my accounting concerns /protected disclosures had not been properly investigated by Mr Dimma. As you will recall I then wrote that *"I am forced to conclude that my disclosures have not been taken seriously and Mr Dimma's 14 November 2006 letter is an attempt to close off and cover up these issues."*

Arising from those inactions by Mr Dimma, I spoke directly to E&Y on 7 December 2006 and 14 December 2006. As Mr Dimma told the UK court in his evidence on 4 June 2008 (Red Tab – Attachment E) he then commissioned an "independent forensic investigation" which *"was only necessary after Mr Little engaged the extremely risk-adverse audit community"*.

As you will see at the Orange Tab, and the MAC Audit Committee minutes within it, Mr Tracey of PwC, on the basis of a recommendation from the legal team instructed to deal with the dispute in the UK employment process, was then appointed. Mr Tracey then met me only once, in Belfast at the end of January 2007 with my accountant Mr McCreery, whilst leading that C\$3m + seven month long "independent forensic investigation". I never met any of the PwC Canada people involved in the A340-500/600 (Section 8) and Boeing 737 (Section 9) "forensic" investigation.

To follow up my January 2007 meeting, I met with Mr Dimma in his offices on 9 February 2007, during which I restated some of the constructive suggestions my advisors and I had made, in these quite unique circumstances, regarding the investigatory process. In particular we were concerned to ensure PwC's "independence" given that Mr Dimma was continuing to insist that he chaired the PwC review, despite his prior involvement and findings. He also "controlled" the PwC scope (with Mr Dekker) and their remuneration. Mr Dimma wrote to me on 2 March 2007 stating that TORYS were drafting a letter to advise me on the "communications" matter (Orange Tab). No such letter was ever sent.

In the Orange Tab you will see the MAC Board minutes on 16 March 2007 (307M), where you will recall *“Board members expressed concern at the cost of the PwC effort and were anxious to have the process completed in an efficient and effective manner as possible”*. Despite this “pressure” PwC continued their investigation and their Final Report was produced at the end of August 2007.

During this period, and following the release of the Q1.2007 financial results on 11 May 2007 (Red Tab/page8), the UK court determined that if the status of the PwC investigation and report were sufficient for the MAC Board (after its own consideration of it and had now formed its own conclusion) to rely on it publicly, then it should be disclosed. A Court order to disclose it on 20 June 2007 was immediately issued and the “Final Draft” PwC Report was disclosed on that date.

After the Final Draft Report was disclosed to us, I wrote to Mr Dimma asking whether we would be invited to comment on its factual accuracy, whilst observing to PwC that the CD2 extract of relevant documents had not a single document/input referenced in it. This CD2 had been sent to Mr Edwards and Mr Dimma for onwards transmission to PwC, due to the strict Undertaking demanded by PinsentMasons on my personal computer forensic file disclosures in mid April 2007.

Most of the exchange of correspondence is included in the ORANGE tab during June/August 2007. PwC completed their seven month investigation and the PwC FINAL Report was made available to PinsentMasons and then, we and the court understand, immediately to us. During the course of the first UK court hearing, PinsentMasons provided documentary disclosure of the MAC Audit Committee meeting minutes in 2007 which confirmed that MAC management and the MAC Board members all had the opportunity to comment on the factual accuracy of the Final Draft PwC Report – in the Orange Tab (324A-324C). As you perhaps knew then, and certainly do now, that opportunity to comment on factual accuracy and omissions was denied to me.

The evidence stage in the UK proceedings has now been completed. Although the Respondents solicitors initially told us that I had “reasonable belief”, in what I was stating, they then adopted a stance, following the PwC final report, that I could no longer have “reasonably believed” what I was stating *“as PwC concluded that the view adopted by the Respondents as to the treatment of those costs and likely sales of the A340 formed no basis for criticism”*. The Respondents legal team have consistently sought to rely on PwC and E&Y, but have singularly failed to present them as witnesses in the UK court proceedings. Having worked with E&Y (UK) for some four years from 1997 -2001, on a part-time consulting basis, I have witnessed firsthand and experienced how these “global professional” firms actually operate. You should find the forensic evidence/deceit on this particularly interesting after you read my A340. On the record Section 2 evidence at the Red tab.

Mr Edwards partially dealt with this in his testimony to the UK court on 5 June 2008

*Mr Little*            *Why were the points, especially on the A340, not included in the PwC report?*

*Mr Edwards*        *A large amount of money was spent on the external auditors E&Y and the third party PwC. They were of high repute. They reported to the Board and the Audit Committee, it was acceptable to rely on them.*

*Chairman*           *How much money was spent on the PwC report?*

*Mr Edwards*        *Too much!! The shareholders struggle with the fact that the amount spent on that report could have been used for creating jobs etc.... it cost in excess of C\$3m. It is a substantial amount, but it was at the instruction of the Audit Committee, which is made up of fully engaged independent directors. It was a standard and detailed report.*

As I stated at the 12 May 2009 MAC AGM - which unfortunately you were unable to attend – (see Red Tab Attachment F) I would provide the relevant information on our own analysis of the A340-500/600. I also offered to assist MAC in the recovery of at least the £1m (approx C\$2m) in professional indemnity for the PwC work. When you read my A340 report you will understand why I repeated, in all the public shareholder interests, that offer in my recent email to Murray Edwards in October / November 2009 at Attachment J.1. Clearly Mr Edwards and I both share that C\$3m PwC cost concern on behalf of the shareholders – though I believe it should be used in maximising shareholder value – as per the MAC Board Appendix “i” General objective (Attachment J.2)

On advice, I did not publish the information to allow other shareholders and stakeholders to decide for themselves in June 2009. Appropriately this was delayed for three reasons/events to pass. These now have, so I provide a copy of my A340.On the Record.Final Report position (200 pages in Red tab split into five sections) for your information and personal action. As I stated at the AGM, and as you probably read in the Canada National Post on the morning of the AGM, I will be providing these and other records to the RCMP and other regulatory and appropriate authorities, no later than Wednesday 31 March 2010.

Whilst I provided a file to you personally with my 4 December 2006 letter, which included the UK Times article at DIR44 “**Ends looms for Airbus A340 as Emirates cancels \$4bn orders**”, shortly after my protected disclosures in August /September 2006, the MAC representations by senior management and officers through the provision of documents for the largest NRC asset on MAC Balance Sheet at >C\$40 m, were completely ignored. On 1 March 2007, both PwC and E&Y for the FY2006 audit and the PwC “forensic” investigation, were sent documents showing a total of almost 300 A340 -500/600 aircraft (or 200 more deliveries) would be built. The Q4.2006 EAC also submitted to E&Y for year-end audit testing purposes (PwC para 8.61) projected some 200 aircraft or 833 engine exhaust unit deliveries by the end of the contract period of FY2012 with Aircelle.

The Board Resolution, which you approved on 30 March 2007, then stated within the MD&A and the FY2006 Annual report that “*The Corporation relies on customer delivery projections as well as external market forecasts to determine the number of units over which to amortise non-recurring costs*”. That EAC for Q4.2006, adjusted from Q2.2006, to show a marginal breakeven position of C\$137K at gross profit level, and these crucial documentary representations were quite simply untrue, misleading and misrepresented the position – as I said in the UK court to Mr Edwards and have recorded in the A340.On the Record report -RED Tab. The forensic evidence speaks for itself.

Please read the detailed evidence at Section 2 and then form your own view, as others independently have at Attachment K when provided with Sections 2 and 3. Can I also formally record that I provided an invitation on two occasions, over several weeks, to Mr Dimma, Mr Jewett at TORYS, PwC and E&Y, to make any submissions on factual accuracy errors and omissions on my A340 report. They have chosen not to respond. A third and final opportunity has now been extended for seven days to them all again to read and provide any similar comment on this 200 page document or demonstrate meaningfully where I was and continue to be wrong.

Part of my team role, as both a MAC Senior Officer and with functional responsibility for coordinating the MAC strategy, was to identify these major matters and have them addressed by us all within management. Mr Dekker’s comment to the Judge that I had simply a different point of view about the A340 -500.600 in August 2006/September 2006 is very far removed from the truth. This week you will be approving the MAC budgets for 2010. Look specifically at what those MAC budgets include for the A340 production units and spares.

As you know from my MAC Board May 2006 presentation, there is a typical three year lead time from aircraft wide body sales campaign to delivery. MAC represented in March 2007 to PwC and

E&Y that in 2010 some 116 units/28 production aircraft (1 March 2007: doc 3605B/D to E&Y and 3605E/G to PwC) would be built and projected a Spares build of 81 units (14 March 2007: doc 3605H/red Tab page 68) – a total manufacturing requirement in Aeronca of some 200 x A340 units in FY2010. My view, by February 2007, was that we would be more likely to be facing the production case shown by MAC at Page 68 (135 aircraft) whilst back in Aug /September 2006 MAC would be lucky to still be building at a rate of 10 aircraft per year by 2010 with the termination of meaningful series production of the A340-500/600 very probably imminent. Even now Mr Neill would, it would appear, based on his July 2009 evidence to the court ( Att.D), does not admit that.

I believe instead you will read in those submitted MAC budgets for 2010 A340 production 0 and Spares (rotables and replacements) of 8 – 10 units. This was predictable and indeed predicted by six external market forecasters, and almost everyone else with experience in the industry from mid 2006/early 2007, except those MAC Senior Officers on this the largest cash recovery/asset in the MAC Balance Sheet/Strategic Plan. I understand that the Program EAC is not just about volumes, prices and costs matter too, and those were and have been carefully considered then and now by me. See my A340.On the Record.Final.Report.

My summary dismissal at Toronto Airport was substantively about silencing me about “interfering” in financial matters despite being functionally responsible for the coordination of the MAC strategy plus my legal duties as a Senior Officer of the Corporation and a Director in MALUK.

For completeness I have included the public statements from the sixteen “Claimant” witnesses

Green tab - Airbus MD and 3 Airbus and 2 supplier witnesses. Mark Bobbi – engines/nacelles

Blue tab - MALUK employees – non finance: Mr Nokes, Mr Underwood and Ms Clorley

Purple tab - MALUK employees – finance Ms Pettifer, Mrs Prinsloo, Mr Precious and Mr Baigent

Pink tab - My Witness statement - pages 61 – page 79 address the A340-500/600

Grey tab - My Supplementary witness statement – dealing with the “swarm” of allegations

As Mr Davis is aware a local Northern Irish author is writing a book entitled “Who can we Trust” and is including two case studies from my life – Mayflower Aerospace and the UK banks and Magellan Aerospace and the A340 -500/600 etc out of a total of five. **After you read my A340.On the Record.Final Report and the various other information available to you, over the next few days, I believe you should indeed ask yourself “Who can I trust” (as at pages 1 and 2) in your role as a MAC Board Director from all the evidence available on A340 -500/600 and the MAC Group financial reporting for FY2006, FY2007, FY2008 and shortly FY2009.** As a MAC Board member you have of course recently experienced the MAC “solvency/going concern” and the public reporting of an accounting error and mis-statement in accounting irregularities from 2003 – 2007 (although not disclosed, I believe, was in a business unit I was instructed to ignore by Mr Neill), since my no warning firing on arrival at Toronto Airport, in breach of “known” UK law and advice from MALUK.

As in my letters to you in 2006 should you wish to discuss or seek any further clarification please do not hesitate to contact me.

Yours sincerely

Brian Little

Enclosure: File containing all the information

PS I suggest that in the FY2009 audit, E&Y should, perhaps, have a closer look at the GE414 investment and returns in the last six years and of course the remaining MAC Balance Sheet value, of circa C\$30m, as at 31 December 2009.