

Aeronca, Inc.  
 A340 Nacelle Program  
 Program Summary  
 Information at December 31, 2006  
 PESSIMISTIC CASE

(Includes price escalation and cost inflation)

*Butique's DIT -  
 \$1179,623 for FY 2006*

(B)

(A)

	PREPRODUCTION	PRODUCTION THROUGH YEAR 2007				REMAINING CONTRACT 2008 and out years		Program total
	total	Actual Production	Forecast per unit	Est. Total to Complete	total	Forecast per unit	total	
No. of units	20	414	40		454		793	1,247
Revenue per Unit		138,930	192,840		65,230,801	222,014	176,057,084	241,287,885
Revenue - Production Units		57,517,201		7,713,600	1,581,888			1,581,888
Revenue - Retroactive					3,617,467			6,755,887
Revenue - Spares	3,138,400	3,617,467			1,336,929			1,336,929
Revenue - Intercompany		1,336,929						
<b>Total Revenue</b>	<b>3,138,400</b>	<b>62,471,597</b>	<b>192,840</b>	<b>9,295,488</b>	<b>71,767,085</b>	<b>222,014</b>	<b>176,057,084</b>	<b>250,962,569</b>
<b>Cost of production</b>								
Tooling*	2,738,199	1,872,233		90,000	1,962,233		1,065,000	5,765,432
Program investment	1,600,000							1,600,000
Development costs	14,239,013	1,222,146		78,166	1,300,312		366,266	15,905,591
Material/outside processes								
Intercompany		3,865,430		18,270		14,121		
Freight out		622,718		1,774		2,374		
Basic		42,441,006		95,980		110,466		
Scrap (of COS)			1.5%	2,200		1,535		
<b>Total material/outside processes</b>		<b>46,929,154</b>		<b>118,204</b>	<b>3,525,317</b>	<b>101,897,404</b>	<b>101,897,404</b>	<b>152,351,875</b>
Labour hours (average)			475			406		
Labour rate			\$ 19.62	9,320		\$ 21.08		
Labour cost		6,997,085		372,780	7,370,465		6,783,926	14,154,391
Overhead rate (% of labour)			425%	39,608		375%		
Overhead cost		21,739,156		1,584,315	23,323,471		25,439,723	48,763,194
Weight penalty		3,532,437		\$5,709	455,160	\$6,928	5,494,043	9,481,640
Concession penalty**		637,000		\$2,000	80,000	\$1,000	793,000	1,410,000
Late penalty***		1,393,313			1,393,313			1,393,313
<b>Total cost of production</b>	<b>18,577,212</b>	<b>84,223,124</b>	<b>174,840</b>	<b>6,185,738</b>	<b>90,408,862</b>	<b>177,059</b>	<b>141,839,363</b>	<b>250,825,437</b>
<b>Gross profit/(loss)</b>			<b>18,000</b>			<b>44,955</b>		<b>137,132</b>

(C)

(D)

\* No tooling is included in production labor hours.  
 \*\* Concession penalties are estimated at \$1,000/unit going forward.  
 \*\*\* No late penalties other than those incurred through reporting month end have been included.

ASSUMPTIONS:

Revenue for 2007 based off a 9.7% increase/unit price of \$181,279 for 2006.  
 Revenue for "Remaining Contract" is the average using estimated factors of the escalation formula with 2012 being the final year of production delivery. Increases range from 5% to 8% annually.  
 Labor for "Remaining Contract" is the average of labor costs through 2007 with a 2% annual increase thereafter and assumes 2012 is the final year of delivery.  
 Material rate for "Remaining Contract" has the beta material escalated 10% annually and all other items escalated 2% annually and then averaged for the balance of the program life.  
 Weight penalty ETC on 2007 Production is \$250/lb escalated and averaged for the year at \$346/lb by average unit 16.5 lbs average.  
 Weight penalty for "Remaining Contract" is calculated the same as the "Remaining Contract" revenue.

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