

**Brian Little**

RAW

**From:** Rich Neill [rneill@magellanaerospace.com]  
**Sent:** 22 February 2006 18:53  
**To:** Brian Little  
**Subject:** RE: A340 Price Escalation

BA281-UP

A340  
PRICEING

Re A340 yes can you provide input .....Furbay's 10 % seems reasonable but if they are pushing for 4% Pascal stretch . Letter is being done right now We have had confusion on prices with free issue material lardy has called twice and has now let Airbus know we will be late on 318 nozzle I have yet to talk with him and its me that's holding off S

>>> "Brian Little" <Brian.Little@magellanuk.aero> 2/22/2006 12:06 PM  
>>>  
Rich - do you want our input - jim and I can discuss within the hour  
-  
or for info only . Did you send draft letter for input ?? Regards brian

-----Original Message-----  
From: Rich Neill [mailto:rneill@magellanaerospace.com]  
Sent: 22 February 2006 14:54  
To: Jim Butyniec; Brian Little  
Subject: Fwd: A340 Price Escalation

For Info and comment  
>>> "John Furbay, Aeronca Inc." <furbay@aeroncainc.com> 2/21/2006 2:48 PM >>>  
John,

I have a proposal for settling subject issue with Aircelle. Because the formula is not clear there are several ways you can evaluate the situation :

A.) 2005 quote to 2006 quote is the position we have taken because it is clear that a quote for 2005 is the baseline for the formula so the consistent annual measurement would be to a 2006 quote.  
RESULT 32%

\$218,148 used in Q4/2005 FAC. (doc 1829)

B.) 2005 quote to 2006 actual on P.O.  
RESULT 11%



C.) 2005 actual to 2006 actual on P.O.  
RESULT 9%

9%

D.) 2005 quote to "Aircelle 2005 actual" this is Nicky's position  
RESULT 4%

Our true impact is " C ".

9%

All of the above include the calculation of labor at 2% and commodities at 4% in the formula, neither of which is in dispute.

I have had several discussions with Nicky over the last few days, and would like permission to negotiate with her, without regard to formula,

FAC = See doc 1787/1788 - 19 June 2006

and settle at no less than 18% with the stipulation that the escalation formula stands as is, and that our agreement will not set a precedent for future escalation calculations. Obviously with free issue material the subject would go away for 2007, and we would be in a good position to discuss price reductions based upon the elimination of beta.

Please call to discuss or advise as soon as possible because as you know this is holding up cash.

Thank You,  
John

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[Kearns@Aeroncainc.com](mailto:Kearns@Aeroncainc.com)

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**Brian Little**

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**From:** Rich Neill [rneill@magellanaerospace.com]  
**Sent:** 23 February 2006 21:32  
**To:** John Furbay  
**Cc:** m.edwards@edcofin.com; Jim Butyniec; John Dekker; Brian Little  
**Subject:** A340 Beta escalation

To confirm The actual price increase from 05 to 06 is approx 9 % based on P.O, to P.O. If you can settle with Aircelle at 18% this is OK ;  
Walkaway has to be around 15% I believe the quote to quote figure is neither defensible or fair and going forward order to order sets up a process that is transparent and easily understood by both sides If this understanding is correct then you should proceed

