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Sent: 23 June 2006 17:49
To: Richard Neill; Jim Butyniec; jdekker@magellanaerospace.com; Brian Little; Don Boitson
Cc: m.edwards@edcofin.com
Subject: Aircelle Negotiations Update

JBB has 8.7%

To All,

After some lengthy discussions with Nicky I have some progress to report as follows :

A340 - Was able to move her to 9.7%, up from 6%. I then moved from "low teens" to 12%. While we are not finished yet, additional progress is going to be very tough.

A380 - We can agree upon pricing for 2006 and 2008. We discussed several options on 2007. Although she did not accept \$127,750. I think I can get her there plus escalation on Beta if we accept the 9.7%, otherwise it will be tough. This solution would be a reasonable compromise and transition between 2007 fixed pricing, and full escalation for 2008.

A318 - We will be discussing long lead material procurement this afternoon. She is pressing me hard for our partially optimized quote, needs it no later than next week. She also questioned whether we could sell an additional 12 rather than the 30 at the \$159K price. I told her we would take a look. As mentioned earlier this week, and based upon my continuing conversations with her I'm becoming more convinced that we will see this program go to Astech based on pricing. Separately, I understand there is to be an announcement at Farnborough about them getting an order for approximately 100 aircraft from Lufthansa. ??

Based upon these improvements she asked to delay the Rich/ Pascal call for a few more days as we have plans to talk again.

Thank You,
John

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8185K

See Butyniec's letter 11 Aug 2006

8.7%