

During the MAC Q3.2008 Earnings webcast with equity analysts on 12 November 2008 a question was asked regarding the C\$10.4m price adjustment and what customer or program was this associated with (see page 2 of this document) and at the end of the webcast another analyst asked what was the breakout of the C\$10.4m retroactive price adjustment for specific years (see page 4 of this document).

The following day <13 November 2008> MAC posted the information below.

A340 / A380

Magellan Aerospace Corporation
Summary of One-Time Retroactive Price Adjustment
 For the three and nine month periods ended September 30, 2008
 (in thousands of dollars)

Period	Amount
Retroactive price adjustment in respect of 2006 and 2007	\$ 4,900
Retroactive price adjustment in respect of Q1 and Q2 of 2008	5,500
Total retroactive price adjustment included in Q3 2008 revenue	\$ 10,400

A340 126 units

A340 25 units

A340
 81 units delivered in FY 2006.
 40 units schedule in FY 2007 → } FY 2007 Actual = 45 units

FY 2008 → Q1 + Q2 deliveries = 25
 → Q3 delivery = 10
 → Q4 delivery = 13 } Total = 48

FY 2009 = Expect 16 - 18 Units
 FY 2010 = Expect 8 - 10 Units
 FY 2011 = Single Number (Max)

EXTRACT FROM MAGELLAN AEROSPACE WEBSITE -

"ONE TIME PRICE ADJUSTMENT"

30 Oct 2009

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Extract of transcript from start of Q&A for Q3.2008 MAC Earnings webcast /call

Nov. 12. 2008 / 8:30AM, MAL.TO - Q3 2008 Magellan Aerospace Earnings Presentation

Jim Butyniec - *Magellan Aerospace - President, CEO*


Now we are open for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Cameron Doerksen, Versant Partners.

Cameron Doerksen - *Versant Partners - Analyst*

I have a few questions here. First, the price adjustment that you've announced here, are you able to tell us what customer that was or what program that was predominantly associated with? 

Jim Butyniec - *Magellan Aerospace - President, CEO*

We haven't disclosed that information. 

Cameron Doerksen - *Versant Partners - Analyst*

And I guess the same answer on the write-down that you took, what program was that related to that you have a lower expectation for production?


John Dekker - *Magellan Aerospace - VP, Finance*

It related to several programs. We took a review of the various programs and based on our sense as to where the market was leading us and we took write-downs related to several programs.

Cameron Doerksen - *Versant Partners - Analyst*

On the depreciation line, it looks like depreciation jumped fairly significantly from Q3 from previous quarters. Is there an explanation for that?

John Dekker - *Magellan Aerospace - VP, Finance*

It relates in part to the amortization of deferred costs, of the deferred development costs that were moved down to long-term assets as a result of the 3031 inventory section adoption at January 1, 2008. 

Cameron Doerksen - *Versant Partners - Analyst*

Okay, so is that sort of CDN9 million number what you would anticipate quarterly depreciation to be going forward?

John Dekker - *Magellan Aerospace - VP, Finance*

That is correct. 

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and in Q3.2008 webcast call Mr Butyniec does NOT answer the question on A340 revenue projections

Nov. 12. 2008 / 8:30AM, MAL.TO - Q3 2008 Magellan Aerospace Earnings Presentation

Richard Stoneman - Dundee Securities - Analyst

But are you comfortable with it?

John Dekker - Magellan Aerospace - VP, Finance

Yes.

Richard Stoneman - Dundee Securities - Analyst

And you talked with Cameron in terms of three specific programs and where they would be going next year. In terms of other major programs that you have, such as the 737, A320 and I guess the A330, A340, would you expect the revenues next year to be in line with what you have anticipated -- you have experienced this year to date?

Jim Butyniec - Magellan Aerospace - President, CEO

Richard, I will go on the A320, and the original target for Airbus was to try and get to 40 and they have calmed that down to about 36; and we are currently doing 32, 33, so we expect a small growth but we will see what the market does. So what we are basically seeing on the narrow aisle legacy work, we are expecting to do things that are especially on the 320, about the same as 2008. They are suggesting a small growth. I'm not suggesting they are wrong, but we need to pay attention to that.

On the 737, they still have a strong order book, but I do believe that the strike will impact and that number will hold. I don't think they will have the ability to grow it even though they might want to.

Richard Stoneman - Dundee Securities - Analyst

And on the military side --

Jim Butyniec - Magellan Aerospace - President, CEO

On the military side what we are looking at really most of the stuff for 2009 is pretty strong. Now of course there is a new President going in to power. We don't know the ramification of that but I think that any major changes in the military will get pushed out a little bit. It won't be like an immediate impact.

Richard Stoneman - Dundee Securities - Analyst

Is there anything that you feel might go up in the military side and is there anything you feel could be vulnerable on that military side under a new administration?

Jim Butyniec - Magellan Aerospace - President, CEO

Well, we've talked and looked at the JSF maybe just getting pushed out a little bit or slowed down. But I really don't see anything that materially is going to cause us a major concern in 2009 or 2010.

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and in Q3.2008 webcast on the breakdown of the Q3.2008 C\$10.4m retroactive price adjustment

FINAL TRANSCRIPT

Nov. 12. 2008 / 8:30AM, MAL.TO - Q3 2008 Magellan Aerospace Earnings Presentation

Claude Proulx - BMO Capital Markets - Analyst

It's Claude Proulx, from BMO. Just some clarification on the CDN10.4 million pricing adjustment. If we were to just for the sake of having better understanding of your past results to analyze current results, where would that money -- when should -- sorry -- when should you have booked revenues in terms of quarter -- on a quarterly basis? Is there any way for you to give some indication?

John Dekker - Magellan Aerospace - VP, Finance

Let me take an action on that and look to see what sort of detail we can provide and we will post that.

Claude Proulx - BMO Capital Markets - Analyst

Okay. That's all, thanks.

Operator

(Operator Instructions) As we have no further questions, I will turn the call back over to you for any additional or closing remarks. Thank you.

Jim Butyniec - Magellan Aerospace - President, CEO

We don't have any additional remarks, just thank you for calling in. Hope we gave you the information that you can use. If there's anything else that pops up of course you know you can get a hold of John Dekker. And on that, I think we can close off the call.

Operator

This will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect the lines.

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