

**ANDREW ARNOVITZ (Vice President, Investor Relations and Strategy, CAE Inc.):** Operator, before we open the lines, I'd like to ask that in the interest of fairness, that investors limit themselves to a single one-part question and please to re-enter the queue if you have a follow-up question.

**OPERATOR:** Thank you. The first question is from Claude Proulx, from BMO Capital Markets. Please go ahead.

**CLAUDE PROULX:** Thank you. Good afternoon. First question is just your margin in civil products. You indicated after Q2 that, you know, 23 per cent or so was not sustainable. You know, one quarter obviously is not a trend, but now you have a second quarter where the margin is even better. Any comment on the sustainability of these margins?

**ROBERT E. BROWN (President and Chief Executive Officer, CAE Inc.):** A lot of this depends, Claude, on the mix of the programs that you have. We still tend to be prudent in this area and we would stay with the same comments that we had as last time and, you know, I think these results have been done in spite of what's happened in terms of exchange. But you know, exchange plays a factor in this business as well. So, you know, I would tend to stay closer to the 20 per cent and that figure.

**CLAUDE PROULX:** And the fact that you've been ramping up production in order, among other things, to, you know, expand your training network, I mean is that also a big part of that improvement or it's not material?

**ROBERT E. BROWN:** There's a whole thing, a series of things that contribute to it. Obviously, volume has an impact in terms of overhead absorption and things of that kind. It obviously has an impact in terms of it being able to procure on larger volumes in terms of what we purchase. And, you know, you can build in some series of products in terms of as opposed to building them one at a time. So I think, you know, there's a whole series of things here that contribute but there's not any single one that really is overriding.

**CLAUDE PROULX:** Okay, thank you.

**ROBERT E. BROWN:** You're welcome.

**OPERATOR:** Thank you. Your next question is from Ben Cherniavski, from Raymond James. Please go ahead.

**BEN CHERNIAVSKY:** Hi, guys. My question is just around the pricing environment for the simulators. I know

in the past, I think you talked about a fairly benign pricing environment. Has that changed at all? Have you managed to at least get recovery from the increase in the Canadian dollar into your pricing or what generally is happening on that front?

**ROBERT E. BROWN:** I think, Ben, we'd say with the same situation we've had before, that basically we don't. Pricing has not been improving. We have some new products that are going in, like the 5000 Series that are helping us out. You know, we'll start to see them going into the marketplace. But I think, you know, we're on the continuous journey of innovation and continually cutting costs and finding ways to do more, do things more efficiently. We're trying to control the things we can control. And pricing is really not moving very much.

**BEN CHERNIAVSKY:** But is that to say, are you saying that in a context of the last four or five years, like since the market started to recover? Are you now talking about recognizing simulator sales at 40 per cent less than you did a few years ago when the dollar was much lower?

**ROBERT E. BROWN:** I would say that since we started this, our restructuring, basically the prices have gone lower as opposed to going higher.

**BEN CHERNIAVSKY:** So it's been a dramatic drop in prices then when you combine the pricing pressure and the currency?

**ROBERT E. BROWN:** I wouldn't necessarily describe it as dramatic, but there has been...

**BEN CHERNIAVSKY:** Well, the currency swing has been dramatic though, right?

**ROBERT E. BROWN:** Yes, there has been quite a drop I think in the prices. I think you could characterize it that way. And we've had to adjust in terms of, you know, our cost base. And there's the pricing but most of the stuff is priced in U.S. dollars.

**BEN CHERNIAVSKY:** Well, that's my point. So I mean, is the pricing pressure, the revenue pressure on you per simulator been roughly equivalent to the pressure on the Canadian dollar?

**ROBERT E. BROWN:** I don't know. I don't have an exact feeling for that. There's clearly pressure from both, on both aspects.

**BEN CHERNIAVSKY:** Okay, thanks very much.

**ROBERT E. BROWN:** You're welcome.

**OPERATOR:** Thank you. The next question is from Cameron Doerksen, from Versant Partners. Please go ahead.

**CAMERON DOERKSEN:** Just a question on the simulator network. I'm just maybe wondering if you can update us on where you expect the revenue simulator equivalents to end up at the end of this fiscal year and any sort of early outlook for where you think you're going to be at the end of fiscal 2009?

**ROBERT E. BROWN:** I think we'd stay with the same statement that we've made before, that we see ourselves adding approximately 10 per cent a year. So we've told you where we are right now, which is probably not a bad figure for the end of the year and then you'll probably see additions around the 10-per-cent level that we talked about previously on a year-to-year basis.

**CAMERON DOERKSEN:** Okay, and then just one quick one. What was the simulator utilization rate for the network in Q3?

**ROBERT E. BROWN:** It was just over 80 per cent, 83 per cent.

**CAMERON DOERKSEN:** Okay, thank you.

**ROBERT E. BROWN:** You're welcome.

**OPERATOR:** Thank you. The next question comes from Tim James, from TD Securities. Please go ahead.

**TIM JAMES:** Thank you. Continuing on with the training services in the civil side, can you talk about as you look forward and the amount of revenue that you can generate per RSEU, how much of any incremental value you generate there is due to sort of that 18-month period in getting revenue through new training facilities or through new simulators versus kind of simulators that have been in place for a number of years and you think you can actually increase the utilization of those?

**ROBERT E. BROWN:** Well, Tim, I think we said it takes 12 to 18 months to ramp up a simulator once you get it in place. So obviously, your revenue per simulator is going to be lower. But I think that you would find that you probably have more business aircraft simulators than civil simulators that are going into the system. And obviously that's going to help you in terms of the numbers that you have.

And as well, I would say the other part of it is we doubled (inaudible) facility, our U.K. facility. We have just started our northeast facility and we're doubling it as well and those, they will tend to have a little bit of drag on you,

you know, as you're getting them up and getting them going.

**TIM JAMES:** So the balance of improvement in revenue per RSEU going forward is going to come from new simulators put in place as opposed to ones that have been in place for years and there's an opportunity there to increase the utilization of those.

**ROBERT E. BROWN:** I think that we're obviously doing everything we can to improve our costs on the ones that exist, so there will potentially be some small gains there. We're also trying to look at how we can get wetter on the commercial stimulators. In the past it's been basically the business aircraft but we're having some opportunities where we can do that in the commercial area as well.

**TIM JAMES:** Great, thank you.

**ROBERT E. BROWN:** You're welcome.

**OPERATOR:** Thank you. The next question is from Nick Morton, from RBC Capital Markets. Please go ahead.

**NICK MORTON:** Good afternoon.

**ROBERT E. BROWN:** Good afternoon.

**NICK MORTON:** I wondered if you could talk, Bob, about what's happening in the industry, what your competitors are up to, what may have changed over the last little while, maybe the last year, just update us on how you stand against your competitors?

**ROBERT E. BROWN:** Well I think, you know, for all of us in the business, we've had a very active market. You look at... you have to look at sort of I think the demand side first, which are basically the airlines and the aircraft that they've been ordering. So, you know, Boeing and Airbus I think and certainly even Embraer and Bombardier are taking orders in at a very good pace and I think if you notice they really have not taken up their production rates. So, you know, that helps us a lot and we predicted, I think we have been predicting that that's what would happen.

So that gives us better visibility and it also gives us an opportunity to have a more stable run over a period of time. So, you know, I think everybody is seeing that. If you then look on the business aircraft side, you know, as I said before, unprecedented levels. I think the first year that 1,000 business aircraft have been delivered and that will be surpassed again I think in this calendar year as well.

If you look as well, I think if you talk to Airbus and you talk to Boeing, you would find that the slots that are available for people to order airplanes, you're out to 2012, 2013, 2014 on some models. And surely that can be improved on I guess if they were to increase production rates. But increased production rates will take a little while. So that gives us more certainty in terms I think of the extension of the cycle.

So then if you look at the various segments and our competition, first, you know, looking at business aircraft, essentially ourselves and FlightSafety, I think that we've had a market that we've been sharing and I think it's been going well for both parties. And it's basically the two of us that are there.

**NICK MORTON:** Um-hmm.

**ROBERT E. BROWN:** If you look at the commercial aircraft, it continues to be the same as it has in the past. Basically, ourselves competing against airlines that have some third-party capability. You have Alteon that's out there, you've had some new players like Star, but nothing really very dramatic that has been changing there.

If you look at the military market, I would say it's much more stable. You know, we're seeing increases in the military budgets. Going forward, we're seeing that a lot of the equipment that's being used particularly by the U.S. Forces is getting worn out. It's going to have to be renewed. I think that that is something that's going to have to occur in the next decade.

And investments that we've made in that technology and the partnerships that we've established and I think the leverage that we've been able to use through the Canadian purchase of aircraft to allow us, through industrial benefits, to be able to participate in some programs have really positioned us in such a way that we can be a very valuable to people in terms of bidding around the world and I think the base that we have around the world is very good for us. So I would say that we've probably improved our competitive position as it relates to the military area.

I hope that gives you a...

**NICK MORTON:** That's a great answer. Thank you very much.

**ROBERT E. BROWN:** Thank you.

**OPERATOR:** Thank you. The next question is from Marko Pencak, from GMP Securities. Please go ahead.

**MARKO PENCAK:** First, I just want to get a data point, and I do have a question. If you can just tell me how many sims you actually delivered during the quarter, how many civil sims?

**ROBERT E. BROWN:** Alain, do you have that?

**MARKO PENCAK:** While you're looking for that, a question to you, Bob. You know, talk about prospective mergers between the U.S. legacy carriers, I'm curious to get your perspective. If we go on the assumption that there is one or perhaps two pairings, how do you see that affecting prospects for the company both in the sort of call it 12-month timeframe that those mergers occur and then more on a longer-term timeframe?

**ROBERT E. BROWN:** I think the big thing here is it's not so much the mergers. It's the requirement for a number of the airlines to re-equip. You know, you've started to see some talk about the purchase of some 737s, A-320s by American, U.S., by the legacy carriers. And I think the real question here is – for me anyway – is it's inevitable, as we've always said, they're going to have to order some airplanes. But, you know, normally mergers, things of that kind tend to slow down the acquisition of aircraft. And that's why we have been very, very diligent in expanding our business not depending on the North American legacy carriers. We're very much on the expansion outside.

And if it happens in North America, you know, that was our base. I think we're very well positioned to participate. But the mergers are much like what was happening with the Chapter 11. It creates a level of uncertainty as to who's going to be with whom and how would they integrate the fleets?

And the result from that of what new aircraft would they want to acquire? We're very well positioned to jump on that quickly, but I think we're going to just have to let that sort out for the next little while.

**MARKO PENCAK:** Will you anticipate that you'd get any shorter-term training requirements as they move through their pilot senior ranks and try to move to common fleet types in the sort term?

**ROBERT E. BROWN:** Maybe. I think that the pilots, you know, the FAA, they've changed the age limit from 60 to 65.

**MARKO PENCAK:** Um-hmm.

**ROBERT E. BROWN:** It's going to be very interesting to see how many pilots really decide to stick around and what the demand for pilots is going to be. So I think that

will be something that's going to have to play out in the next little while. But you know, there could be some activity, but I would say in terms of our plans, it's not material.

**MARKO PENCAK:** Okay, did you get that count for me?

**ANDREW ARNOWITZ:** We'll follow up, Marko.

**MARKO PENCAK:** Okay, thank you.

**ANDREW ARNOWITZ:** No problem.

**OPERATOR:** Thank you. The next question is from Benoît Poirier, from Valeurs mobilières Desjardins. Please go ahead.

**BENOÎT POIRIER:** Yes, good afternoon. With respect to training and services military, you've benefited this quarter from a cost recovery. Just maybe if you could quantify the impact and what would have been the margin or the impact on the EPS?

**ROBERT E. BROWN:** Yes. You're referring to the adjustment in the labour?

**BENOÎT POIRIER:** Yes.

**ROBERT E. BROWN:** Yes, okay. I think, Alain, why don't you comment on that and I'll make a general comment after?

**ALAIN RAQUEPAS (Vice President, Finance, and Chief Financial Officer, CAE Inc.):** Benoît, normally the way it works in military business is you have forward pricing at the beginning of the year, so the amount of work you're doing with the government is based on that forward pricing. And once a year, you do your calculation with your actuals and you get to the real actual rate that you can bill the government. It's an annual process. That's what happened this quarter. And the adjustment was around 1.5 million in the segment. So if you remove the tax, it's probably 1 million to the earnings contribution. It's an annual type thing, so it's coming every year. So it's part of our ongoing business.

But you know, you're getting it only once a year when the government comes and audits your rate and gives you the benefit of your actual versus your forward pricing.

**BENOÎT POIRIER:** I see. So definitely, the 16.7-per-cent margin won't be sustainable in the next quarter, or the 16.1.

**ROBERT E. BROWN:** I think the way you should look at it again is look at both of the divisions, or both of the segments together and you'll see that we've been doing a little better than you know where we always were previously of very low double-digit margins. And I think we're probably going to be maybe not at the level that we're at but we'll be able to do better than... We're getting more confidence, we can do better in the military segment than we have been in the past.

**BENOÎT POIRIER:** Perfect. Thank you very much.

**ROBERT E. BROWN:** Welcome.

**OPERATOR:** Thank you. The next question is from Steven Riccio, from Buyside Research. Please go ahead.

**STEVEN RICCIO:** Hey, guys, great quarter. A question. You mentioned maintenance training versus pilot training. Could you just talk a little bit about what, if any, are the margin differentials between those two businesses?

**ROBERT E. BROWN:** Well, I think we're really in the nascent stages here, Steve, of that we're doing. We've established a group that is concentrating on maintenance and services and you know, this is an area where there is not a certification requirement by the FAA or other authorities around the world. So what we're trying to do is look and see how we can establish a business here and so far, you know, we've come to the conclusion we can establish a business and it's going to I think have some pretty good margins. But it's too early for us to... I really don't want to give any indication until I have a better idea of, after we've had some time to go through it.

The other aspect you have to look at is it's very much a differentiator for us in terms of we've tried to be the total training solutions provider, doing pilots, doing maintenance, wet training, dry training, you name it and we can do it. So we've been approaching it from that point of view. But we'll have to wait a little bit until I can give you more precision on the margin there.

**STEVEN RICCIO:** And just one additional question related to that. Any idea in terms of market size for maintenance training say versus pilot training, sort of a similar-sized market?

**ROBERT E. BROWN:** Our initial estimates are that it probably could be around the same size.

**STEVEN RICCIO:** Great. Okay, thanks a lot, guys. Again, great quarter.

**ROBERT E. BROWN:** Thank you.

**OPERATOR:** Thank you. The next question is from Richard Stoneman, from Dundee Securities. Please go ahead.

**RICHARD STONEMAN:** Yes, good afternoon, Bob. Just a clarification, the French NH-90 contract, is that in your backlog as yet?

**ROBERT E. BROWN:** Yes.

**RICHARD STONEMAN:** Thank you.

**ROBERT E. BROWN:** You're welcome.

**OPERATOR:** Thank you. The next question is from Chris Murray, from CIBC World Markets. Please go ahead.

**CHRIS MURRAY:** Good afternoon, guys.

**ROBERT E. BROWN:** Hi.

**CHRIS MURRAY:** In terms of military sales, could you give us some additional colour on if there's specific programs? You mentioned the NH-90 and some of the Canadian government stuff. But are there other programs out there that are either ramping up or that are going to become available to you where you guys can focus either on transports or fast jets or helicopters?

**ROBERT E. BROWN:** I would say, you know, the C-130, we've been the preferred world leader in that area. The CH-47, we've been very strong on that platform. All of the helicopters basically. Of course we have the NH-90 and the Seahawk is another one that we've been good on. And you know, more recently, the C-295 that comes out of CASA. Part of our strategy here is to make sure that we are installed in platforms that have long lives and I think the NH-90 was a very good addition to the already good stable of platforms we're on.

**CHRIS MURRAY:** Any thoughts on fast jets? It's not really one of the areas you guys spend a lot of time at, it appears.

**ROBERT E. BROWN:** Well, if it's not fast jets, but you know there are some of the training aircraft like the Hawk, for instance, and I think those are the main ones that we've been involved on it. Fast jets is not a specialization that we've had.

**CHRIS MURRAY:** Okay, thanks.

**ROBERT E. BROWN:** Thank you.

**OPERATOR:** Thank you. Once again, please press \* 1 at this time if you have a question. The next question is from Cameron Jefferies, from Credit Suisse. Please go ahead.

**CAMERON JEFFERIES:** Thanks very much. Just a question on the military side. Are there any programs you have, you know, that you're involved in right now or bids that you see on the horizon that might be at risk or in jeopardy if there's a change in the White House south of the border in November, December timeframe?

**ROBERT E. BROWN:** No.

**CAMERON JEFFERIES:** Okay, thanks.

**ROBERT E. BROWN:** You're welcome.

**OPERATOR:** Thank you. The next question is from Steve Riccio, from Buyside Research. Please go ahead.

**STEVE RICCIO:** Yes, hi. I guess just a general board question here. I guess U.S. legacy carriers... they haven't really started in earnest or at all in purchasing new equipment for their fleets. Could you just give us a sense as to potentially what sort of impact that could have on demand for your simulators and eventually your training facilities?

**ROBERT E. BROWN:** Sorry, I missed the very first part of which?

**STEVE RICCIO:** U.S. legacy carriers.

**ROBERT E. BROWN:** Legacy carriers, yes, okay. Sorry. Well, I think you have to again look at the type of aircraft, and I think the main ones you have to look at are the MB-80s, DC-9s that are in the fleets and there's quite large quantities. American, for instance, at Northwest as well, you know, we're probably talking there 200, 300, 400 airplanes, I think something of that order of magnitude.

We'll have to see what happens on the 787. There have been some 787s that have gone in there as well. And I think the reason it's hard to predict is I think some people are waiting to see if there's going to be a 737 or an A320, a replacement aircraft that is going to come along. And so this is why it's very hard to predict as to which way people will go, whether they will take existing aircraft now and try and trade them out later or they're going to wait and try and get more, see if aircraft have more operational efficiency. But I think there is very clearly a very good potential going forward, but it's very hard to come up with a specific number for you. I can only give you, you know, some general colour on it.

**STEVE RICCIO:** But in general, it looks like, as it has been in past cycles, that if they do sort of start to I guess purchase some of your products and services, it seems that could be a pretty material positive impact on your business.

**ROBERT E. BROWN:** I would say it would clearly have a positive impact on our business, but you know, it's been how do we estimate when it's going to occur. So we have not tried to speculate on when that will happen because there's so many things that have been happening for a number of years in that market and that's why we've really tried to make sure that we've diversified the business in such a way we can continue to grow. And if anything comes from the U.S., it will only help us.

**STEVE RICCIO:** Beautiful. Great, guys. Thanks.

**OPERATOR:** Thank you. The next question is from Ihor Danyliuk, from Merrill Lynch. Please go ahead.

**IHOR DANYLIUK:** Yes, hi, Bob.

**ROBERT E. BROWN:** Hi.

**IHOR DANYLIUK:** With regards to the full-fledged simulator that you're targeting, what's your target for fiscal year 09?

**ROBERT E. BROWN:** We haven't... We were going to do that probably in the first quarter next year, Ihor, so I can't really give you a number. The only thing I can tell you is activity levels are quite good.

**IHOR DANYLIUK:** Thank you.

**ANDREW ARNOWITZ:** Operator, if there are no more questions from investors and analysts, we'll open the lines to the media.

**OPERATOR:** Perfect. There is one more question from the analysts. It's from Benoît Poirier, from Desjardins valeurs mobilières. Please go ahead.

**BENOIT POIRIER:** Yes, just with respect to your strong civil equipment margin, could you maybe provide more details about the cost reduction initiatives you implemented and also what needs to be done going forward?

**ROBERT E. BROWN:** I think I can't really be specific there, Benoît, other than to say that we have a very clear approach and a culture of continually decreasing our costs. As I said before, that relates to procurement, it

relates to the way the product is designed, and as well, the work practices that we have. And I think that we still see that there are opportunities for us to be able to attack all of that in a way that we can have, we can continue to have savings going forward. And you know, we do have the advantage that we are providing some product as well for our own network and that helps us a lot in terms of what we're going to be able to do now and what we'll be able to do going forward, particularly as it relates to the strength of the business aircraft segment.

**BENOIT POIRIER:** Okay, perfect. Thanks.

**OPERATOR:** Thank you. We are now opening the question period for the media. Once again, please press \* 1 if you have a question.

Your first question is from Marie Tison, from La Presse. Please go ahead.

**MARIE TISON:** Oui, bonjour, Monsieur Brown. J'aimerais revenir sur la possibilité du contrat militaire pour le gouvernement canadien lié aux achats du gouvernement. Ce contrat-là pourrait être de quelle valeur environ?

**ROBERT E. BROWN:** Marie, c'est difficile à préciser ça. Mais nous, dans la façon qu'on a regardé le potentiel, on pense que ça pourrait être dans les environs de 200 000 000 \$ à 250 000 000 \$.

**MARIE TISON:** Sur combien d'années ça serait?

**ROBERT E. BROWN:** Ça va dépendre parce qu'il y a une partie qui va être les équipements et il y a une partie qui va être les services. Alors les équipements probablement ça va être au début, c'est-à-dire dans les deux, trois années après qu'on ait donné le contrat. Et les services, ça peut être pour une période, ça va dépendre des négociations mais ça peut être de 15 à 20 ans. Et je pense qu'au niveau des pourcentages pour les équipements, c'est 40 à 50 pour cent pour les équipements. Alors, c'est front-end loaded, si je peux le dire comme ça. Les autres parties, c'est les services pendant une période plus longue.

**MARIE TISON:** D'accord. Donc le montant, ça serait sur l'ensemble de la période.

**ROBERT E. BROWN:** Oui.

**MARIE TISON:** Et la dernière chose, vous dites que l'obtention de ce contrat-là peut bien vous positionner pour des contrats semblables ailleurs dans le monde?

**ROBERT E. BROWN:** Oui, je peux vous dire que nous sommes déjà assez bien positionnés. Nous sommes le leader mondial au niveau des C-130 et aussi pour le CH-47. Alors, je pense que ça va nous donner encore avec les contrats que nous avons ici ça va donner un très bon service, de très bonne qualité aux Forces armées canadiennes, à un bon prix.

Et en même temps, nous sommes une équipe canadienne qui va participer aussi dans le contrat. Nous avons des gens de la Colombie-Britannique, les gens de la Nouvelle-Écosse et les gens de l'Ontario qui sont impliqués avec nous pour livrer la marchandise au gouvernement.

**MARIE TISON:** Et donc est-ce que ça serait un peu la même équipe que vous pourriez présenter ailleurs dans le monde ou ça variera selon les pays?

**ROBERT E. BROWN:** Absolument, ça nous donne un effet de levier pour utiliser ça pour aller dans les autres parties du monde.

**MARIE TISON:** D'accord, je vous remercie.

**ROBERT E. BROWN:** Merci.

**OPERATOR:** Thank you. The next question is from Ross Marowitz, from the Canadian Press. Please go ahead.

**ROSS MAROWITS:** Yes, hi. I'm wondering if you could elaborate a little bit more on your comments regarding the U.S. military usage of their aircraft and how that could help you going forward.

**ROBERT E. BROWN:** Yes, I think, you know, what we're seeing, I mean, there's a couple of aspects that have to be looked at when the military are evaluating doing training in simulators or doing it live. And the first thing that I think you have to look at is safety and being able to do the mission and bring people back safely. And clearly, the amount of training you can do significantly improves the prospects for people that are going out on missions.

They are also using the equipment and simulators, not just for training but because of our capability to download a satellite information basically mission rehearsal is possible on very up to date information when they're going into various areas of conflict. So I would say that, you know, safety is one of the things and making sure that people have the best chance possible to carry out their mission in a safe fashion.

The second would relate to cost, and training live in an aircraft takes especially if you're for instance practicing refuelling a large 130 aircraft using helicopters, getting together the aircraft with the helicopter, getting the right zone, getting the people altogether takes a lot of time and it takes a lot of money. And you can do that very, very quickly for instance in the simulators that we are making right now.

And you know, clearly the equipment that's being used I think they're finding when they're looking at what's happening in Iraq and Afghanistan that the equipment is wearing out at a lot faster rate, with multiples of a time faster than had been anticipated. So anything they can do to train in a synthetic environment as opposed to training with the live equipment will help them overall.

So in summary, it's really the two things. The most important one is the safety of the people and the second one is the cost savings that can occur and the ease at which you can schedule people to go into the simulators.

**ROSS MAROWITS:** But as they wear out the aircraft I guess from usage, there's other opportunities for replacements. Is that as well?

**ROBERT E. BROWN:** Absolutely, yes.

**ROSS MAROWITS:** Is there any quantification on that or how do you see that happening?

**ROBERT E. BROWN:** All we know is there's numbers that vary between the equipments wearing out three to five times faster than has in the past because of all of the use that it's getting. So it's hard to come up with any specific numbers in terms of, because each product is different, it's used differently in each theatre of war. So I think that we would have to wait and see how all of this comes out.

But you know, we're at unprecedented levels of spending, particularly in the U.S. right now, even on an inflation-adjusted basis, I would think the spending now is even greater than it was at the time of World War II.

**ROSS MAROWITS:** Thank you.

**OPERATOR:** Thank you. Once again, do not hesitate to press \* 1 if you have any questions. Mr. Arnovitz, there are no further questions registered at this time. I would now like to turn the meeting back over to you.

**ANDREW ARNOVITZ:** Thank you. And I would like to thank all participants for joining us this afternoon on CAE's third quarter conference call and remind you that

an archive of the conference can be found on our website at [www.cae.com](http://www.cae.com). Thank you.

**OPERATOR:** Thank you. The conference has now ended. Please disconnect your line at this time. We thank you for your participation. Goodbye.