**Conference call: CAE INC. Q1-2014 CONFERENCE CALL**
**Date: August 8, 2013**

OPERATOR: Our first question coming from the line of Steve Arthur with RBC. Please proceed with your question.

STEVE ARTHUR: Great. Thank you very much. Just wondering if you can elaborate just a little bit more on a couple of points on the training and Civil margins. In particular, in your MD&A you were talking about higher maintenance and repair costs. Are those largely behind you now would you say? And as well, on the moves of the simulators themselves, any sense of how many we're talking about there, and what the status is of those moves? Will they be largely wrapped up by the end of the calendar or fiscal year perhaps?

STÉPHANE LEFEBVRE: Well let me take the first part of your question, Steve. The repairments and maintenance costs in the first quarter were certainly higher than the run rate that we would have seen in last year and that we would see for the remainder of the year. It was in the quarter unusually high from our experience, but I guess you don't… you need to react when some sims breakdown. But we don't expect this run rate... the expense we had in the quarter to be the run rate for the rest of the year. So that's certainly a different cost that we had to absorb in the first quarter.

As far as simulator moves, we finished last year, at the end of fiscal ’13, with seven sims being in transit and being moved. We’ve completed some of those in the first quarter. Again, in reaction to some market softness in certain regions that we talked about, Europe, we talked about South America, we also want to optimize our portfolio of assets. So we started some… a number of sims being moved outside of certain regions and being moved in places where the yield will be higher than where they were initially located. So we’re not through our overall deployment of asset and moving of assets.

However, if I look at the going forward for the rest of the fiscal year, we expect that by the second half of the year there’s a large number of those assets that will be re-RFT’d in new regions, and will start generating some revenue and profit that will alleviate the weaker margin that we had in the first quarter.

MARC PARENT: Just maybe elaborate a little bit more on that question, Steve, as well, in addition to what Stéphane was saying. Let me just summarize again what Stéphane was saying and answer the question.

We had about seven underway. We decided actually in the latter half of the quarter, last quarter and this quarter to move more in reaction to this market softness, more than we anticipated, so you incur more costs to that and more opportunity costs because if you lose the revenue.

And at the same time that we're doing that we had… we had centres that were ramping up and they weren't ramping up at the speed that we needed them to. Some of it is our own doing, to be very honest with you. Maybe, you know, when you do it… you do the amount of work that we're doing all at once, I mean some things fall, and inevitably that's what happened.

But when you look forward, as we mentioned the outlook, we feel pretty good that we know what happened. A large part of the shortfall of the margin, as I mentioned, I mean certainly competitive forces, certainly more the factors on the market itself – and Europe and South America was a factor – but a large, a large part of the shortfall was the issues that we can control. And this is these moves of simulators and if we're giving a guidance on that, or sorry, an outlook for Q3-Q4 that we'll be back in the high teens is because we have a pretty good handle that our team in Civil led by Nick… First of all, we understand the problem, and we have actions in place that will bear fruit in those periods.

I mean, this business, as mentioned, is very high leverage. Your costs are relegated to depreciation of the assets and leases on the buildings or the rental costs, maybe some people maintaining the sims after that though, but you start throwing more revenue at them and the lever is pretty high. So I mean those are some of the factors give us confidence that we'll get back on track here.

STEVE ARTHUR: No, that makes sense. Just for context, in a typical year or over the last five years, how many sims would get moved around in your network? And is that total number a lot more than seven now or is it just a couple extra?

MARC PARENT: We have a lot more now. We don't...

STEVE ARTHUR: Okay.

MARC PARENT: You know, we... I mean, a lot more in this period. I mean, some of this is caused by the continuous… continuation of what we decided to do as part of the integration of Oxford, of moving sims, move more because of the market softness, opening up new training centres. There's a lot… you know, a lot more, magnitude more disruption in our business than we've had on a run rate in the past few years.

STEVE ARTHUR: Okay, thank you. I'll pass the line and re-queue.

OPERATOR: Thank you. Our next question coming from the line of Fadi Chamoun with BMO. Please proceed with your question.

FADI CHAMOUN: Thank you. Good afternoon.

MARC PARENT: Hi, Fadi.

FADI CHAMOUN: So let's see. Along the same sort of line on the training side, I mean, there's some accounting changes obviously, but it sounds like the organic growth in the training Civil was actually negative, almost in the order of 5 per cent, and I think it's the first time we see that in a number of years now. Is this a function of these simulator deployments that you're talking about? Is it a loss of share? Because you talk also a lot about increased competition. So just get your views on that.

MARC PARENT: Look, there's no doubt, Fadi that we have some competitive pressure. But that's not the lion's share of it. A lot has to do, if you look at… if we compare a quarter… I mean, year over year, quarter over quarter, last year, you know, we were really banging on all cylinders in pretty much all markets, which qualified, for example, South America was on fire back then. I think we even used that expression. And that was reflected in the kind of utilization we had last year. We had 77 per cent last year to what we see now. You see… so there is definitely a factor that Europe is slower than it was, South America's slower than it was.

But having said that, those factors being what they are, the fact remains that we had about… if you take the number of sims that we're moving and the ones, the sims that we have… the late starts or the late starts on some of the new centres that we're opening up in... mainly Southeast Asia, we have up to 20 sims were in some state of flux. So it's very hard to compare and I don't think I would come up to the number that you came... you came up 5 per cent. I'm not sure I would have a number, to be honest with you. But I would say that the largest part of the year over year, I think a lot of it has to do with this sims moving, centres being delayed, albeit with some effect of competition and the market, there's no doubt.

FADI CHAMOUN: Okay. So either we go through the balance of the year then it sounds like you're saying with the second half of this year you're expecting some pretty meaningful revenue ramp up in order to, I guess, get you back to this high teen EBIT margin and to get some level of utilization on these assets that are being redeployed. So how should we think about the revenue growth in the training services basically year on year? Does it get sort of gradually positive as the year…? Do you see it higher year on year by the end of this year?

MARC PARENT: Well, let me just say we never really give outlook on revenue growth in Civil. I don't think we've done in the past. But I think your assumption is correct that, you know, clearly, as I mentioned, because of the high operational levers of these sims... I mean, at the moment if you have sims that are out there that are being moved, you know, we're paying the depreciation while they're moving. We're not giving the revenue. In a lot of cases we're still paying the rental on the building because it hasn't gotten there yet.

So as soon as we start throwing more revenue, as these sims become operational at their new location and the new centres are operationalized then you're going to see a disproportionate amount of that revenue delta drop to the bottom line because the costs are already there. So that's really what we're talking about here.

And why we feel confident is because, you know, we can't really control what's going to happen with the market in... or the airlines will do in South America, and in Europe, albeit we know them pretty well but we know what we can control. And we know with sims we're moving, we know the focus of our team, and believe me, you know, as I mentioned, we're disappointed with this quarter. We're not happy with these results, and that... you can rest assured we have a full court press, you know, to get these sims online earning revenue and the disruption slowed down to a dull roar.

FADI CHAMOUN: Okay. Also along the same line, I mean, your… I find a bit of disconnect, I'm not sure why, but if we look on a sort of a higher level, the traffic growth that we're seeing in various markets, including Europe, continues to be fairly strong. And obviously aircraft delivery rates are going up. So I'm trying to bridge that between the gaps, you're saying there's softness in Europe and South America. What are we missing in that?

MARC PARENT: Well, I think when I compare, you know, with last year when… again, if I look at year-on-year comparisons, maybe quarter to quarter, last year, I was just mentioning there, we had a very strong, strong quarter in terms of utilization. The reason is we were doing a lot of initials, both in South America and in Europe. When we do that, you know, that's the difference between an initial course, which is, you know, a three-week course typically to a recurrent training, which is a two-day course. So traffic is still good. As I mentioned, those markets are still good in terms of traffic growth, but they're not as hot as they were, particularly in South America.

So frankly I think… I'm not sure where the disconnect is, but I think it's still growing, but it's really for us a question is the airlines that we're partnering with, if you think about LATAM in South America, which are going through an integration, TAM just announced, I think, that they're laying off pilots, you know, we're exposed to them clearly in South America. You look in Europe, the airlines that are our partners, for example, Iberia in Spain, Vueling. You look at Europe, but you got to look at the airlines within Europe. And I think if you take it all in what it results in is less initials for us relative to what we had last year.

But in the end I think you got to look at this business, although we have this issue in this quarter, I think you got to look at it over longer term because longer term it evens itself out because, you know, at some point pilots got do to initials and then you go into the recurrence, and over a long enough time, I mean the trend itself maintains.

FADI CHAMOUN: Okay, that's helpful. Thanks.

OPERATOR: Thank you. Our next question coming from the line of Benoît Poirier with Desjardins Securities. Please proceed with your question.

BENOÎT POIRIER: Yeah, thank you very much. Just to come back on the Civil side, you seem pretty confident the Civil margins will be back in the high teens in the second half. So why are you so confident or what are the actions that you are taking that make you confident that margins will bounce back in the second half?

MARC PARENT: Well I mean the first thing I would tell you is we have a very strong team led by Nick Leontidis who is very highly experienced leading the charge in this business. And I have complete confidence in the whole team in Civil to do this, and we're very focused on fixing that problem.

Specific issues that give me the confidence is that, you know, the training centres that we're ramping up in, for example, in Asia, we know what they are. They're discreet. We know we have plans, which of course we have to execute – but that's within our control – as to when they will open, when the customers will start training on them, and how much business we should expect from those customers. We also know the sims that are being moved and when they will arrive at their destination, and when they will be ready for training and when the actual training revenue will ramp up on those assets.

Again, it's a high leverage business, so when the revenue starts flowing over those costs, when I compare it to what we have today it's a pretty… it's pretty clear where the revenue comes up. And there are other factors as well. If you look in this quarter, as Stéphane was pointing out, we had severance costs in the quarter that affected Civil because… the changes that we've made. We have maintenance costs, going back to Steve Arthur's question at the outset, that's higher in the quarter in Civil than we normally see. We had kind of a perfect storm of issues that happened, that hit us in Q1. Some of this will linger in Q2 because we need… you don't move... continue to move sims overnight. Nevertheless, I would see a positive trend, but I think by the time we get to Q3 and Q4 will materialize.

And yes, I don't… I, you know... maybe to underline what we don't control, we don't control the market. We don't control the competitive pressures. But we take… we have a pretty good idea of them, of course, because we’re close enough to our customers and we’re close to this market because it is our business. So we’ve taken those factors and our assumptions upon them to factor in the outlook that we’ve given.

BENOÎT POIRIER: Okay. Thanks for the time. That’s my one and I’ll get back in the queue. Thanks.

MARC PARENT: Thank you.

OPERATOR: Thank you. Our next question coming from the line of Cameron Doerksen with National Bank Financial. Please proceed with your question.

CAMERON DOERKSEN: Yes, thanks. My question’s just on the Military. I mean, I guess this will somewhat depend on orders for the rest of the year, but I’m just wondering if you can maybe give us your thoughts on whether you think we’re going to see some revenue growth in the Military segment this year? And what we should sort of expect for the margins to trend for the rest of the year?

MARC PARENT: I think I’ll maintain my outlook that it will be resilient. And I think I said before it would be similar to last year. And in that region... albeit last year it was a decline, but I don’t think we’ll be… we should not be in that region. I think we’ll remain resilient, which means to be stable.

But going back to what you said, I think you're absolutely right. It depends on orders because we have a very good backlog, but at the end of the day we eat at it every day obviously. And we need to continue to win product orders. I'm very happy that we've won more product orders in the quarter than we won last year, year over year. That's very positive.

I'm very happy with the amount of proposals that we have out there because I mean, that's our leading indicator. Because order's obviously our lagging indicator. I mean, by the time we get them obviously it's done. What gives us confidence is as we look forward, we look at how many proposals out there… we've got out there and that we're writing, and it's as high as it's ever been. Even though big contracts like, for example, KC-46, which weren't selected, they're out of what we're bidding. So you can see by it that there's a lot of proposals in there.

The thing that really is exacerbating this, if you look at the U.S., sequestration's an issue. I mean the… And it's really the time it takes for the government apparatus, the bureaucracy to get and make decisions on appropriations. A lot of it's to do with layoffs with personnel and the fact that there's four-day weeks being worked out at the… being worked on at the Pentagon, and a lot of contractors and military personnel is making these decisions.

Now having said that, we're not expecting, you know, the ramp up… orders being placed at the rate that they normally have. We're assuming it'll be slower. The question's how much slower? So I think we'll have to watch this space, but lots that I've said here is going to depend on orders, but I believe we'll remain resilient.

CAMERON DOERKSEN: Thank you.

OPERATOR: Thank you. Our next question coming from the line of David Newman with Cormark Securities. Please proceed with your question.

DAVID NEWMAN: Good afternoon, gentlemen.

MARC PARENT: Good afternoon.

STÉPHANE LEFEBVRE: Hi, David.

DAVID NEWMAN: Just in terms of the Civil side once again, more on the manufacturing side, how many units did you produce in the quarter? And what I'm sort of getting at is what is the pricing pressure that you're seeing out in the market, how aggressive has it been? And maybe just a bit of colour on, you know, L3, Lockheed Martin and now Rockwell Collins partnering with the Chinese, how… that looks like it could be a longer-term issue for you guys just in terms of pricing overall, and have you factored that at all, any pricing improvement into your margin improvement sort of for the second half?

MARC PARENT: Maybe...

DAVID NEWMAN: A lot of questions all built in one.

MARC PARENT: Yeah. That's a smart way of asking the question, three questions in one. Let me think about what they were.

DAVID NEWMAN: Units produced.

MARC PARENT: Ten. We produced 10 in the quarter.

DAVID NEWMAN: Perfect. Yeah.

MARC PARENT: Delivered. Sorry, delivered… delivered 10 in the quarter. Thank you.

DAVID NEWMAN: Yeah. You're ramping to 40 this year, you think?

MARC PARENT: I don't know. We don't usually comment on that. I don't think so. We don't usually comment on how many we do.

ANDREW ARNOVITZ: David, we delivered 39 last fiscal year, if we count both the ones that we sold to airlines and that ones that we've built for our own network. So implicitly with higher order volume, you can expect it will be higher.

DAVID NEWMAN: Good. Okay. And now just on the pricing market maybe.

MARC PARENT: Well going back to maybe the latter end of your question, to answer what you said is when we talk about the high teens in the Civil market in the second half, implicit in that outlook is our assumptions on pricing. There's no doubt that… so we are taking it into account.

DAVID NEWMAN: Okay.

MARC PARENT: So, you know, you asked about the competitors, L3, Lockheed. There's no doubt that they're being aggressive out there. Competition is certainly a factor. It's pretty… it's predetermined, to use the word I gave there.

And I think that… we're going to be disciplined, and we are being disciplined and deliberate. We're going to protect our market share, and we've been in this market for a long time. We've been a leader in this market for a long time, and I think that affords us some level of closeness with our customers that helps in… when they go buy simulators. And so I believe this is not going to be, in the end, a price shootout down to the last cent everywhere. And that's not the kind of game we play. We play a game of differentiation based on our total solutions.

So yes, they're aggressive. You would expect them to be aggressive. But you know, I'll point out, we've been facing… this is not the first time we've faced competition. We've faced competition from large and small players for years, and we've managed to continue to be able to win profitability in this segment. I mean, it's our business. We sell simulators.

We deliver training. We got to be good at it, and that's the game we play. And I believe we will continue to be successful at doing that.

Notwithstanding there is pricing pressure, as I mentioned. It is affecting… if you look closely at our margin, part of it is competitive pressure that's affecting those margins.

DAVID NEWMAN: For sure. And then just... Go ahead.

MARC PARENT: Collins China there, you know, I'm not overly concerned about that to be honest. I mean, Collins, smart company, and I trust that they know what they're doing. But at the end of the day, if you look at our performance in China, you know, we are selected on the C-19 aircraft for the full-flight simulators. We're selected on the ARJ21 before that. We were selected on AVIC for the transport aircraft. We've sold very high market share in China last year, and we've got a very good, solid JV with China Southern, the largest airline in China.

I think one thing I would qualify by China, which is I think germane to our business, is as they go about growing their aviation infrastructure, they are extremely focused on the highest levels of safety, and adopting the global standards in terms of safety. So you know... and that's part of the reason they select CAE is because, you know, we have been and continue to be the gold standard in terms of safety and aviation training. And I would expect we'll be able to continue to be successful in that market.

DAVID NEWMAN: Okay. Just if I could squeeze one more in? Is there anything at all at CAE or in terms of the Quebec government or Canada, et cetera that would be considered sensitive? In other words, could one of these guys who are obviously under pressure on the Military side take a look at CAE? Is there anything precluding an offer coming on or them looking at you as a potential takeover candidate?

MARC PARENT: Look, I don't know. To be honest, I don't think so. I mean, that would be a question for the Canadian government to be honest. But our game is on… and my game is to grow this business with the plan that we put in front of our board, and that's the game we play. I certainly couldn't comment on anyone's willingness to acquire CAE. I mean, we're a widely held company…

DAVID NEWMAN: Yeah.

MARC PARENT: … no majority shareholders, so I mean people could do what they want, but our game is not that. We've got a good growth plan and we're out to execute it.

DAVID NEWMAN: Excellent. Thanks, Marc. I appreciate it.

OPERATOR: Thank you. Our next question coming from the line of Ben Cherniavsky with Raymond James. Please proceed with your question.

BEN CHERNIAVSKY: Good morning. I guess most of my questions have actually been asked. I'll maybe just beat the dead horse a little further though on the margins. Talked a lot about the margin pressure in Civil training. But I was a bit surprised to see the products, the margin pressure there as well. And I mean you've talked about not competing on price and selling the whole package, and I understand your strategy clearly. But I'm just trying to reconcile that with the actual numbers. I mean, I've always understood this business to have a lot of operating leverage to it as well. I'm talking about the manufacturing of simulators. You got a relatively small volume of units sold every year, and when that number's going up, you know, your allocation of fixed costs per unit has quite a bit of leverage to it, at least it has in the past. So help explain how your revenue and your deliveries can be going up, your manufacturing level's up, and your margins down without competing on price?

MARC PARENT: Well, if I said that we're not competing on price then I misspoke. What I would have said and I think I said, but it doesn't really matter, I'll repeat it, is it's not only about price. We compete on the solution selling, which is leveraging everything we can, and that includes training, includes the simulator itself, it includes updates, long-term service contracts, pilots, private leasing. So that's part of our solution selling, which we're uniquely and exclusively in a position to be able to lever, as well as other factors, you know, like the technology that CAE can offer, and the long-term service support. So all of this gives us an opportunity to differentiate beyond pricing.

But there's no doubt, Ben that pricing is being… is a factor, competition is a factor. And it is showing up in our results. But what I would tell you as well though is, I mean if you look at things quarter to quarter there's always ups and downs when you look at a quarter, depending on which programs we're executing. So I tend to look at this more on a longer-term basis. And coming back to it, if I look at combined Civil margins, I remain to what I said there, the competitive pressure are assumed in our outlook when we give the outlook for high teens by the second half.

BEN CHERNIAVSKY: Is the price pressure as much a function of a few new entrants as it is changes in the legacy players or it's just because you got more players now in the market?

MARC PARENT: I think it's a combination...

BEN CHERNIAVSKY: I mean, because total industry volumes are up, right? So that's…

MARC PARENT: Yeah. But I think it's a combination of both. I think the… You look at some of these orders that are out there, they're very big orders. So you could expect that when you have very big orders, first of all, we're going to defend very aggressively because it's typically our customers. And usually once there's very big orders then the customer has an advantage, right? You would expect them to get favourable pricing, and that's certainly the case.

And again, as I mentioned, you know, we'll compete, but we'll compete on a complete solutions offering. There's no doubt that we'll have to compete on pricing. Pricing is part of the equation. Just to say it's not the only part, and that's why we're not going down full to the mat on this.

BEN CHERNIAVSKY: Okay. Thanks very much.

MARC PARENT: You're welcome.

ANDREW ARNOVITZ: Operator, we have time for one more question from the financial community, and then we'll open the lines to members of the media.

OPERATOR: Thank you. Our next question coming from the line of David Tyerman with Canaccord Genuity. Please proceed with your question.

DAVID TYERMAN: Yes. Good afternoon. My question's on the Military margins. I was wondering if you could give us an idea of where you see those going. They were low in the quarter. Was that an aberration, and what do you see for the remainder of the year?

STÉPHANE LEFEBVRE: If I look at the… Actually when we presented our results of the last fiscal year, I think I commented on the margins in Military, and I've explained the… if you look at the margins that we delivered last fiscal year, removing all the noise because if you look at the reported margins, we put some details in our MD&A, they include some benefits, especially some FX gains in certain quarters. But if you remove all that, we started the year with a portfolio in our hands that's running in the low teens, and I think I've said it's probably around 11-12 per cent. So the margins that we saw in the first quarter, you know, were pretty much in line with the portfolio that we're executing.

As far as, you know, going forward for the rest of the year, it's really highly depending on the product orders that will be coming in. Two things will happen. Number one is we've embarked on a restructuring program, mainly in Europe, that will be completed towards the… in the fiscal year, but we'll see the benefits of the completion of that restructuring program probably in the second half of this fiscal year, so Q3-Q4. And the other thing is, which will have a benefit impact on the markets, and the rest really depends on the volume of business that will be coming our way.

DAVID TYERMAN: Okay. So just to clarify, the baseline's sort of 11-12, and then things like restructuring should help some?

STÉPHANE LEFEBVRE: Correct.

DAVID TYERMAN: Okay. And do you have any broad sense of what that restructuring benefit should be, roughly?

STÉPHANE LEFEBVRE: I've said you can get about a couple of percentage points on the restructuring, depending on the timing of the programs that are executed in a given quarter, and that's why in a given quarter it can vary a bit.

DAVID TYERMAN: Sure.

STÉPHANE LEFEBVRE: But as a sense of… getting a sense of magnitude where I've said probably a couple of percentage points related to the completion of our restructuring program.

DAVID TYERMAN: Thank you.

ANDREW ARNOVITZ: Operator, I want to thank members of the investment community for participating on the call. And we'll now open the lines to members of the media.

OPERATOR: Thank you. As a reminder, to register for a question, please press the 1 followed by the 4. One moment please.

Thank you, Mr. Arnovitz. There are no questions at this time.

ANDREW ARNOVITZ: Given that we have some time left, why don't we reopen the queue to members of the financial community if there are any other questions?

OPERATOR: Thank you. We do have a question coming from the line of Tim James with TD Securities. Please proceed with your question.

TIM JAMES: Thank you. Could you provide some additional granularity or specific examples of what company controlled influences have been causing the slower-than-expected ramp up in revenue from relocated simulators in the Civil network?

MARC PARENT: Well I won't split them up into too much detail, but I think some of the factors is what was said previously, like you have the higher repair and maintenance costs that were higher in the quarter, quite a bit higher than we normally see. And we don't expect that to reoccur.

We had our restructuring in the quarter that affected Civil in a disproportionate way. We had three… so that's not going to reoccur.

We had three new centres that are in process now with a large part of the costing occurred, and they're going to be operationalized over the next few months.

And there's quite a number of simulators that are currently in flux. I mean, i.e., in state of movement, either being ramped down in preparation for being moved or either being moved or either just starting to be operationalized, but not full revenue.

Those are all the factors. I don't think I missed any there. I think those are the main factors of which we control, Tim.

TIM JAMES: Okay. Maybe just sort of build on that question a little bit, you said earlier that you were disappointed with it. What would you do differently if you were to go through this process again?

MARC PARENT: Well I think that… you know, I think we… we had a good handle on what we were doing on the integration of Oxford. I think what we probably underestimated, and I would say certainly underestimated, is the amount of disruption that this causes, and perhaps everybody always goes through this on integration of… and I hate to say it, we did it again or we did it, I should say. But we moved a lot of things at the same time. And what happens then is you're talking… you're sometimes challenging or taxing… tasking the same people in doing the same things, and asking to do them in such a way that it's not… it's just hard to do at the same time.

Now that being said, at the same time we started moving other things because of the market softness, particularly in Europe and South America. So we kind of amplified the problem. So you put all of that together, you wind up in some of the issues that we have here today.

So if I was to do anything different I think probably we would have taken… we would have maybe spread things out a little bit more. And we'd have been tighter on our control of the execution of a lot of those factors. And that's as honest as I can be.

But I'm really confident… You can expect that we spent a lot of time on this. I spent personally just, you know, the last couple of weeks I was in Europe visiting the majority of our training centres in Europe. We have a pretty good handle of what happened, where we are, and what needs to be done. And I could tell you if I spent that amount of time, our leadership team in Civil led by Nick Leontidis with 25 years of experience at CAE, both in products and in training, we have a very tight focus on what needs to be done to fix this.

TIM JAMES: Great. Thank you very much.

MARC PARENT: You're welcome.

ANDREW ARNOVITZ: Operator, we'll conclude the call now. I want to thank again members of the financial community for their participation, and remind everyone that a transcript of today's call can be found on our website: CAE.com. Thank you.

OPERATOR: Ladies and gentlemen, that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your lines. Have a great day.

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