OPERATOR: Thank you. We will now take questions from analysts and investors. Please limit yourself to one question at a time. After your turn, you may queue up again to ask an additional question. If you're using a speakerphone, please lift the handset before making your selection. If you have a question, please press *1 on your telephone keypad. If at any time you wish to cancel the question, please press the # sign. Please press *1 at this time if you have a question.
The first question is from Ben Cherniavsky, from Raymond James. Please go ahead.

BEN CHERNIAVSKY: Hi, guys.

ROBERT E. BROWN (President and Chief Executive Officer, CAE Inc.): Hi.

BEN CHERNIAVSKY: Bob and Marc, congratulations to each of you. Obviously Marc, you're well deserved in getting this promotion. And, Bob, you've done a phenomenal job here looking back at the last five years. I remember the old CAE, and this is a big change, so congratulations on achieving those goals.

ROBERT E. BROWN: Thank you.

MARC PARENT (Chief Operating Officer, CAE Inc.): Thank you.

BEN CHERNIAVSKY: I do have a question though. I'm wondering if you have any comments about, or can shed any light on where you may be exposed, if at all, to some of the programs that are getting targeted in the U.S. defence budgets as potentially redundant or a risk of cutback.

ROBERT E. BROWN: Go ahead, Marc.

MARC PARENT: Clearly, what we've seen is that there have been defence cutbacks. We've been, I would say, largely unaffected, certainly in the programs we had, we haven't seen cancellations. As we look at the outlook and the contracts that we would be positioned to, expected to get, we feel good about it. We don't see a big exposure to that.
I think on the other side I would say that they need to cut budgets, not only in the United States but across the world, as militaries got their defence budgets stretched. We see that as an opportunity because simulation-based training saves money. And if you look closely at what the Secretary of Defence has said in the United States and in other countries, they point to simulation-based training as a means to save money. So it could be, on balance certainly, we see it at mild positive.

BEN CHERNIAVSKY: Okay, thanks. And I know you just asked for one question, but could I steal just a quick housekeeping item on the margins? You mentioned that there was a one-time receipt of a contract amendment in the military training group. Was that material at all?

ALAIN RAQUEPAS (Vice President, Finance and Chief Financial Officer, CAE Inc.): No, Ben. It was around $1.5 million impact to the bottom line.

BEN CHERNIAVSKY: Okay. Thanks a lot.

ROBERT E. BROWN: The only thing I'd add here, Ben, is if you look back over the last five years, this has all become part of our business. You know, it varies from year to year but we always seem to have some things that are up and down. So, I think it's comparable with other years.

ALAIN RAQUEPAS: And that's pre tax, by the way.

BEN CHERNIAVSKY: Oh, okay, but that… No, I recognize that there's lots of moving parts but just in terms of the impact on the margins going forward and such, they were a bit inflated in that group it sounds like, from that item.

ROBERT E. BROWN: Yes, that helped a little bit.

BEN CHERNIAVSKY: Okay, thanks a lot.

ROBERT E. BROWN: You're welcome.

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

CAMERON DOERKSEN: Good afternoon.

ROBERT E. BROWN: Good afternoon.

CAMERON DOERKSEN: Question on the civil sim products segment, the margins particularly, you had a pretty significant drop year over year in revenue. Yet, the percentage margins stayed basically flat at a still pretty healthy 20 per cent. I'm just wondering was there anything special in the quarter? And if not, why would we expect the margins to drop to more than mid-teens in this business? Just any colour you could spread on that would be good.

ROBERT E. BROWN: Yes, I think here it's very much the business mix that's in there is one of the factors. Alain, do you want to comment as well?

ALAIN RAQUEPAS: Like you said, Bob, in the quarter, the programs that were in progress on which we took revenue were favoured by the business mix, like you said. That was the most important point. And the benefit of the restructuring started to show. And also, as you know, the contracts in-house were protected with hedge contracts that had favoured obviously the top line because the hedge rates were more favourable than where the FX is today. So, this will be the three key elements to summarize.

CAMERON DOERKSEN: Okay, and with the restructuring, would we be hit with the full impact of that in the second quarter?

ROBERT E. BROWN: I think you're likely to see the full impact coming in the third and fourth quarter, as we talked a little bit before. Most of the actions have been taken; I think about half of the expenses occurred of the $27 million. So you're going to see, because we've notified some people and we've done some things, you're going to see the furlough days and some other things that are really going to come, you'll see the full impact of that as you get to, as the further expenses take place in the third quarter in particular.

CAMERON DOERKSEN: Okay. Thanks very much.

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

BENOÎT POIRIER: Yes, thank you very much and congratulations, both Marc and Bob, for the nice achievement and also the appointments at CAE. My question is related to diversification. You have been talking a lot about diversification last year and in the recent quarter. I was just wondering what is your outlook in terms of let's say target in terms of percentage of revenues three or five years ahead, outside the military and civil in terms of revenue?

MARC PARENT: Sorry, I didn't catch the last words you said, Benoît.

BENOÎT POIRIER: Oh, sorry, Marc. But right now, most of your revenues are derived from military and civil and I wonder what is the goal in terms of achieving revenues outside military and civil three or five years ahead.

MARC PARENT: Well, looking two or three years out that's a long way in this business, as you well know. We've tried to achieve a balance in terms of our diversification. That was our goal. It's paying off now, as you can see, because clearly the military is performing very well and we've managed to mitigate a lot of the downturn in civil. We expect to continue to grow in the military.
At some point, civil will come back and we think we'll be in a strong position there. I think the bottom line is we're going to try to be strong in all the segments that we operate. That's what we're going to continue to try to achieve. I'm not sure that our goal is to be predominant in any one segment. Clearly, we feel very good about the military continuing to be able to mitigate the downturn of civil for the next few periods.

BENOÎT POIRIER: Okay, thank you.

OPERATOR: Thank you. The next question is from Tim James, from TD Newcrest. Please go ahead.

TIM JAMES: Thank you. Good afternoon. First question, I just want to explore the military margins a little bit further. Again, they, as you mentioned in your commentary, continue to run ahead of kind of indications that you had provided previously. Can you just provide a little more colour on sort of what's driving that, first of all, but also what to think in terms of going forward and how restrictions may be on the margins you're allowed to generate from military programs could impact those margins on a go- forward basis?

MARC PARENT: Okay, let me take that one. One of the things you see is in terms of the margins, using your words that we're allowed to make I think that if you look at a number of defence contractors in the United States where certainly that comment would be germane and we've compared ourselves in the past. Rockwell Collins, for example. I think you'll see that some of the margins we make are not abnormal, particularly when you talk about products business. When you're talking about service businesses, it's different, when you're delivering a fee for service, for example.
But in terms of the products business, it's certainly not unusual. And what you've seen us do over the past couple of years is really keep our focus on keeping our costs down, particularly with our SG&A costs. If you look at our SG&A costs and compare them, we're at a similar level that we were just a couple of years ago, although our top line has grown appreciably. So we've been able to benefit from that on the product side.

TIM JAMES: Okay, thank you. And just one quick housekeeping question, if I could. I'm just wondering, in the sim products civil segment, if the deliveries and revenue recognized was impacted by the deferral of any full flight simulator orders?

ROBERT E. BROWN: No.

TIM JAMES: Okay, thank you.

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

NICK MORTON: Good afternoon. My question is for Marc. Do you foresee any change in the company strategy under your leadership?

MARC PARENT: Not at the moment, certainly. And when I say the moment, I say as far as I can foresee right now. I think that the strategy that we've been embarked on since I've been at CAE is one that I share the vision behind it. It's paid off and I very much believe continuity is the order of the day right now.

NICK MORTON: On the balance sheet, under Bob Brown, it's been a conservative policy and it looks like your level of debt is starting to rise and may continue for a while. I wondered if you have any comments on that.

MARC PARENT: Well, I think Bob and I both share the priority to maintain CAE's financial strength. As we've grown our military business, clearly, if you were to look at – and Alain could talk about in our inventories, for example – you'll see that as we execute, we build our backlog there, as we execute the contract inevitably that boosts our inventory. So that's some of what you see, but we're focused on making sure that in spite of this, that we maintain a financial strength which has carried us well in the past few months.

ALAIN RAQUEPAS: Maybe I could have a few lines, Marc, here. Just on the net debt, the net debt increased by $55 million this quarter. The debt itself increased a bit more because we've put that note out there and we've raised $130 million and we've repaid 60. So, for sure, the total debt increased but the amount was sitting in the cash. So the net debt really increased only by 55 and it was really driven by the usual working capital investment we're having in Q1. And Marc explained why the working cap increased more specifically on the military side. Business is growing; therefore we're investing in working cap on this side of the house.

NICK MORTON: Great. While I've got you, Alain, on the working capital changes, progress payments or advances I guess for your simulators are down as orders have dropped. How do you see that change in non-cash working capital evolving over the next couple of quarters?

ALAIN RAQUEPAS: Yes. What I've mentioned in my remarks is we do see a portion of it reversing. Q1, from experience in the last few years, has always shown a pattern of investment in working cap. So the forecast we've done indicates to us that we will se a little bit of reversal on the working cap.

NICK MORTON: My last question is just on the flight training business. I noticed you sold a couple of simulators in the quarter and I wondered if perhaps you might sort of rein in the growth there and reduce your capex, maybe not this year but next year?

ALAIN RAQUEPAS: Yes. What we've done on the capex side, you know we've mentioned that we foresee 150 total for the year. I'm seeing a bit of a change in the mix of the capex. Military is taking a bigger percentage of the total capex of the company and there's no doubt that in the last two quarters, we've been analysing the business cases to deploy simulators more carefully. So we've increased the hurdle rate. Really, what is in the pipeline right now is what we started a few quarters ago to build the sims to complete the network.

NICK MORTON: Okay. Well, thank you and thank you, Bob Brown, for the great job you've done.

ROBERT E. BROWN: Thanks, Nick.

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

CHRIS MURRAY: Good afternoon.

ROBERT E. BROWN: Good afternoon.

CHRIS MURRAY: Following up maybe on Nick's question a bit, there was a $4 million gain I guess in the training and services civil area and you also talked about that there was a gain I guess in Q4.
A couple questions. One, if we back out those gains in Q1, that gets us to a margin kind of the 14.5-per-cent range. I guess, if you could, if you can quantify the Q4 number and any thoughts on if that margin if you're expecting the volumes to start moving down, if that margin's actually going to be probably running the sub 15 per-cent level that you're looking at for the rest of the year?

MARC PARENT: This is Marc. As I pointed out in the remarks, we've looked at the situation including all the factors you just talked about there. Based on what we see in the markets and the way we've adjusted the business because a lot of the restructuring that we've made has been targeted towards our civil network to, for example, lower our minimum, our fixed costs in that business, we still see that we should be able to achieve mid-teens level profitability in the civil segment.

CHRIS MURRAY: Okay. Thanks guys.

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

MARKO PENCAK: Thank you. Bob, I guess you've had enough of the pesky analysts. So congratulations on your accomplishments. And, Marc, congratulations to you. I'll never forget the phrase you coined which is over the next period time, always kept us guessing. But anyways, congratulations to both of you.

ROBERT E. BROWN: Thanks a lot. I'm going to miss you, Marko.

MARKO PENCAK: My question has to do with feedback you're getting from customers on the civil side. It is a two-parter. First, I just wonder if there's been any material change in the financing for civil equipment in terms of terms or participation or anything along those lines? And secondly, on the training side, last quarter there was some discussion with respect to airlines and then contemplating potentially those who have not yet, outsourcing some of the training; and you had expressed some reservations in the sense that you didn't want to get burdened with significant assets where the utilisation on those assets may be declining, given the environment. So I'm just curious on that side whether there's been any change given that the airlines seem to be seeking additional cost-saving measures.

MARC PARENT: I think, in terms of the first part of your question, I think that things haven't changed. I mean, where we've seen probably the most pressure is on pricing. Clearly with less volume out there, less orders to be had, less training to be delivered, there's definitely pressure there and that's been the focus of our adjustment of our cost structure; that and the utilisation in our centres. In terms of airlines themselves, we're engaged in a number of talks with airlines about ways we can help them, not only on maybe, as you were suggesting, potentially outsourcing training services. We have done that, we do that.
Is there a large trend out there? Certainly there's momentum. You know, I wouldn't say more than that at the moment.

MARKO PENCAK: But would that potentially, could we envision a scenario where you effectively take over the operation of one of the major carriers' training function?

MARC PARENT: Well, I think we'll deal with that when we come to it. You could see the partnerships we have around the world. We've tended towards a model of partnering with the airline. If you look, that's what we do, for example, with the Emirates, with Air Canada, Lan Chile, Iberia. That's the model we've looked at. I'm not sure that we turn anything down but, as we said, we're remaining very financially prudent with our balance sheet. So that is not our focus to take over anyone's balance sheet assets at the moment.

MARKO PENCAK: Okay. Thank you very much.

OPERATOR: Thank you. The next question is from David Tyerman, from Genuity Capital Markets. Please go ahead.

DAVID TYERMAN: Yes, good afternoon. One thing that struck me is that the deliveries on the commercial side for Boeing and Airbus have been very little changed through the cycle; and yet you're looking at quite a large decline on orders on the simulator side. I was wondering if you could give some thoughts on what is going on there on one versus the other.

MARC PARENT: Well, maybe I could try that. As I think you're surmising, our business on sim products civil is pretty highly correlated with deliveries of airplanes. Now, if we look back at history, what tends to happen is when there is a downturn, the relationship starts to be under pressure during a few months after that. And the reason is airlines clearly are looking at how we can deal with the equipment that they've got to save cash, capex is under pressure.
But there's no doubt that, as you've said, that deliveries are holding up and it's a regulated industry. Pilots have got to get trained. So what's happening now is it's taking longer to get deals done. There's still a fair deal of activity out there, but clearly the airlines that need the equipment ordering airplanes, it's just taking longer to overcome the internal hurdles to be able to go out and secure the buy.

DAVID TYERMAN: Okay, that's very helpful. I'll get back in queue. Thanks.

OPERATOR: Thank you. The next question is from Scott Ratté, from Blackmont Capital. Please go ahead.

SCOTT RATTÉ: Hi, good afternoon. I obviously want to offer some congratulations both to Marc and also to Robert.
I have a question. I just wanted to circle back on the margins. You had mentioned I think on the last quarter that in addition to the reduction in head count, that you were also looking at a couple, it seemed to be shorter term or possibly even sort of temporary costs initiatives for salary freeze. I think it was limits on overtime and stuff like that. Are these still in place? Actually, yes, are these things still in place?

MARC PARENT: Yes, we had overtime; we had a three-week shutdown. We actually hadn't mentioned that, but a three-week shutdown instead of two, which I mentioned in my remarks. We had a salary freeze; we had the addition of furlough days, which means essentially days without pay. That's what that means. So, yes, they are in place. And that's behind the comments that I made in our remarks which is a repeat from the last quarter, when we said that the savings that we'll get from the restructuring plus the additional measures we just talked about, should pay for the costs of the restructuring in this year.

SCOTT RATTÉ: Okay, that's great. I appreciate it. Thanks, Marc.

OPERATOR: Thank you. The next question is from Anthony Scilipoti, from Veritas Corp. Please go ahead.

ANTHONY SCILIPOTI: Thanks very much and good afternoon everyone. Bob, we've known each other for a long time, and I want to offer you congratulations on a great career and thanks for all the positive changes you've made at CAE. And I wish you all the best on behalf of myself and the partners at Veritas. Marc best wishes to you. You've got a good team there to work with.

MARC PARENT: Thank you.

ROBERT E. BROWN: Thanks.

ANTHONY SCILIPOTI: Just a quick clarification. I may have written down wrong but the capacity utilization, was that 66 per cent in the quarter?

MARC PARENT: Yes. Yes, that's correct.

ROBERT E. BROWN: Yes.

ANTHONY SCILIPOTI: And then 67 the previous quarter and year over year was 79, is that right?

MARC PARENT: Correct.

ANTHONY SCILIPOTI: Okay, good. When I look at the note for receivables, the other balance has gone up pretty sharply from $49 million to $71 million or $72 million almost. Can you just tell me sort of maybe what happened in that balance?

ROBERT E. BROWN: What page are you on, please, Anthony?

ANTHONY SCILIPOTI: Sure. It's under the note for receivables on page 10.

MARC PARENT: Alain is digging.

ALAIN RAQUEPAS: Yes, I'm just looking at it. Note 10.

ANTHONY SCILIPOTI: Note 6, page 10.

ALAIN RAQUEPAS: Oh, sorry. Page 10, note 6. Okay, so which one are you looking at, Anthony?

ANTHONY SCILIPOTI: I'm just looking at the other receivables.

ALAIN RAQUEPAS: I will have to get back to you. Give me a couple of minutes. I have the backup. I'll get back to you before the end of the call. Maybe it's related to the government receivables that we classify separately but…

ROBERT E. BROWN: But, let's clarify that.

ALAIN RAQUEPAS: Yes, I have backup with me, Anthony.

ANTHONY SCILIPOTI: Okay. And the other quick thing is in the sim products civil segment where you talk about the capital lease accounting which impacted the results for the quarter, is that a new thing, sales type leases, or has that always been...?

ALAIN RAQUEPAS: No, it's just that when we do that, we cannot take POC. So it's really you take a revenue almost based on delivery. So that's the only nuance we were making.

MARC PARENT: And that's the deal we had some time ago.

ANTHONY SCILIPOTI: But is it new or is that…?

ALAIN RAQUEPAS: No, that…

ANTHONY SCILIPOTI: No, I meant is it part of your business new or you've always done sales like that?

ALAIN RAQUEPAS: It's relatively new. We have one or two once in a while, but it's not our original pattern.

ROBERT E. BROWN: You've always done it that way.

ALAIN RAQUEPAS: Oh, yes, sure. The accounting has not changed.

ANTHONY SCILIPOTI: I know the accounting has not changed. And the impact on the earnings or revenue would have been roughly… Can you estimate?

ALAIN RAQUEPAS: It was one sim. So make it 12 and a regular margin of around 20 per cent. So that would be the impact.

ANTHONY SCILIPOTI: One cent of the net earnings?

ALAIN RAQUEPAS: No, no, no. Même pas, because 20 per cent of 12. So it's a bit lower than… It's around $2 million and then you put the tax on it, so it would be $0.05.

ANTHONY SCILIPOTI: That's more like it. Okay.

MARC PARENT: Yes, we're talking in one quarter.

ANTHONY SCILIPOTI: Okay. Thank you, guys.

ROBERT E. BROWN: We'll phone you back on the other one, okay?

ANTHONY SCILIPOTI: Very good, Bob. All the best.

ROBERT E. BROWN: Thank you.

ALAIN RAQUEPAS: Thanks, Anthony.

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

CHRIS MURRAY: Thank you. This week the U.S. Air Force put out an RFI for lead-in jet trainers, and I guess the thought would probably it'll probably be the 346, the Hawk and probably the T-50 that'll be the leading candidates. Any thoughts on, or if you can give us an idea of any exposure you may have on those platforms?
As well, with your knowledge of kind of how the U.S. Air Force has been doing training in the past, do you think this opens up any new opportunities similar to what you've seen in the Canadian military and U.K. militaries too?

MARC PARENT: Well, let me try to treat those separately. There are three main lead-in jet trainers which you mentioned: the Hawk, the T-50 and the 346. We're well positioned on both the 346 with Aermacchi and on the Hawk, we've done a number of Hawk simulators. And in the last year, we announced a contract in the U.K. with the MFT Consortium for the big outsourcing contract in the U.K. So we're well positioned on both those platforms. So two out of three, that's not bad.
In terms of the way that the U.S. government does its training contracts, they have not adopted full outsourcing contracts or anything like that. They do air crew training, service contracts that are re-competed every five years typically. It depends. There are a number of them coming up for re-compete the next two years, a number of them. So I wouldn't expect them to change, to go to an outsourcing model. Nevertheless, those contracts are important contracts because they're multi year.

CHRIS MURRAY: Do you have any opportunity to get exposure to the T-50?

MARC PARENT: I wouldn't prejudge. In the end, we try; one of our strategies is to try to establish relationships with OEMs on platforms that we think will have a good life. I think we don't have a relationship on the T-50 right now. It's not to say we won't try, but we don't have one right now.

CHRIS MURRAY: And do you have any contracts right now with the U.S. Air Force for training, or would that be something that you might be bidding on when they come up for renewal?

MARC PARENT: We'll be bidding when they're renewed. We sell to the U.S. Air Force. I might have to get back with specifics. I'm not aware that we deliver air crew training to the U.S. Air Force. We do to various branches, on the C-130, for example, Air National Guard. I'm not sure the Air Force itself. Maybe we can get back to you with the specifics.

CHRIS MURRAY: Great. Thanks, guys.

OPERATOR: Thank you. As a reminder for analysts, you may press *1 if you have a question. The next question is from David Tyerman, from Genuity Capital Markets. Please go ahead.

DAVID TYERMAN: Yes, on the profit improvement plan that you have, where exactly would you be on that $15 million annualized profit improvements in the quarter? Did you have much of anything in there, or basically where are you?

MARC PARENT: In Q1?

DAVID TYERMAN: Yes.

MARC PARENT: Well, I think largely in Q1 we had mostly expense. I think we had a portion, maybe a small portion of savings coming from; we put the salary freeze in place so there is an impact there. It's not very big and I think you have to look at the full year where really you'll see, as Mr. Brown was talking about, Q3, Q4 is where we see the bulk of those savings come through, compensating for the rest of the year. If I look at next year or the year after, we still feel good about the $15 million in recurring savings.

DAVID TYERMAN: Right. Okay, so really it doesn't hit until the second half. I mean, that makes sense.

MARC PARENT: Yes, that's right.

DAVID TYERMAN: It would be pretty fast to get anything in the first quarter. Marc, I think you said that, or I know you said that the military margins are probably going to be higher than your previous guidance of around 15 per cent. Can you give us any specific numbers or ballpark numbers?

MARC PARENT: I actually didn't say the margins. What I expect is the revenue. We previously said 10-per-cent revenue growth, 15-per-cent EBIT.

DAVID TYERMAN: Yes.

MARC PARENT: I think we'll stick with the 15-per-cent EBIT. As we look at things, we've been fortunate to be able to grow our backlog. And if we look at the visibility we have on contracts that are coming up for bid which we feel good about, we feel good that we'll be able to do better than 10 per cent. It'll be hard for me to give you a number right now, but certainly you've seen what we've done in the past few quarters. So will we do as well as that? I don't know. But certainly, 12 would be a minimum I would go for, and 12 to 15 in the next couple of quarters.

DAVID TYERMAN: Next couple of quarters?

MARC PARENT: Over the rest of the year.

DAVID TYERMAN: Okay. From your comment then on the sales growth though, are you talking about greater than 10-per-cent growth for more than just like the next little while, as in the next few quarters, or are you talking about years of growth at that kind of higher rate?

MARC PARENT: Well, years, you're asking me to… Well, in terms of years, two or three years are pretty much as far as our visibility would go.

DAVID TYERMAN: sure.

MARC PARENT: So again, I think that if you look at our backlog growth by itself and you think that military contract, they tend to deliver over two or three years.

DAVID TYERMAN: Right.

MARC PARENT: So right off the bat, I think it would be fair to assume that higher revenue than 10 per cent could be achieved over that period. If I remember, even though we've grown, it is somewhat of a quarter-to-quarter lumpy business, so you'd have to look at it 12 months to 12 months.

DAVID TYERMAN: Right. That's fine. I understand that. You're saying based on you backlog the next couple of years, it sounds like. And then on the margins, you guys continually exceed that 15 per cent by quite a large number. Why keep at that level? Is there something in the backlog that's going to take you down a lot?

MARC PARENT: No, we don't see it. There's a mix of programs out there. Some programs are larger and different possibly than others. NH90 for example, with a different margin, lower margin because of the fact that we're partnerships with other companies. The sales contracts are structured that way. And as well, we've been able to hold our GS&A quite low and grow our backlog. Now, there's a finite limit that you can do that as we expand into other territories. But I feel certainly good about the 15 per cent for sure.

DAVID TYERMAN: Okay. And then final question, on the training services, military, the contract amendment you gave us the number on, it sounds like there was also additional kind of unusual stuff. I know you get it from time to time, but it was unusual in the quarter on the annual rate adjustments. Maybe just totalling up, that segment had very high margins in the quarter and it sounds like there was unusuals in there. Can you give us any kind of sense of what the over unusual would have been for the segment?

MARC PARENT: Maybe Alain can give it to you. It was high for sure in the quarter. It'll come back down to more normal levels, combined military what I'm talking about. Maybe, Alain, you want to answer?

ALAIN RAQUEPAS: Yes, we've mentioned the other amount prior on the call, but I would say the two together were just north of $3 million pre tax.

DAVID TYERMAN: Three million?

ALAIN RAQUEPAS: Yes, three, just north of that.

DAVID TYERMAN: Perfect. Thank you, Alain.

ALAIN RAQUEPAS: All right.

DAVID TYERMAN: Thank you. Bye, bye.

ANDREW ARNOVITZ (Director, Investor Relations, CAE Inc.): Operator, we need to save some time for questions from the media, for the three to five minutes that we have left here on the call. So we'll thank investors for their participation and their questions and now open the lines to the media.

OPERATOR: Certainly. For the media, you may press *1 at this time, if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

ANDREW ARNOVITZ: Operator, if there are no questions from the media, we'll conclude today's conference call and thank all participants and remind everyone that a transcript of today's discussion can be found on CAE's website at cae.com. Thank you.

OPERATOR: Thank you. The conference has now ended. Please disconnect your lines at this time. And we thank you for your participation.