REMARKS FOR CAE'S FOURTH-QUARTER AND FULL FISCAL YEAR 2011

Includes remarks for IFRS briefing session

May 19, 2011

Time: 1:00 p.m.

Speakers:

Mr. Marc Parent, President and Chief Executive Officer

Mr. Alain Raquepas, Vice President, Finance, and Chief Financial Officer

Mr. Andrew Arnovitz, Vice President, Investor Relations and Strategy

Mr. Antoine Auclair, Vice President, Corporate Controller

Andrew Arnovitz, Vice President, Investor Relations and Strategy

Good afternoon, everyone, and thank you for joining us today. Before we begin I need to read the following:

"Certain statements made during this conference, including, but not limited to, statements that are not historical facts, are forward-looking and are subject to important risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events. These statements do not reflect the potential impact of any non-recurring or other special items or events that are announced or completed after the date of this conference, including mergers, acquisitions, or other business combinations and divestitures.

You will find more information about the risks and uncertainties associated with our business in the MD&A section of our annual report and annual information form for the year ended March 31, 2010. These documents have been filed with the Canadian securities commissions and are available on our website (www.cae.com) and on SEDAR (www.sedar.com). They have also been filed with the U.S. Securities and Exchange Commission under Form 40-F and are available on EDGAR (www.sec.gov). Forward-looking statements in this conference represent our expectations as of today, May 19, 2011, and, accordingly, are subject to change after this date.

We do not update or revise forward-looking information even if new information becomes available unless legislation requires us to do so. You should not place undue reliance on forward-looking statements."

On the call with me this afternoon are Marc Parent, CAE's President and Chief Executive Officer, and Alain Raquepas, our Chief Financial Officer.

During the first portion of the call, Marc and Alain will discuss our fourth quarter and full-year performance, and Marc will conclude with comments about our outlook. We will then have a question and answer period for financial analysts and institutional investors, followed by a session for members of the media. The second part of this afternoon's call will be a presentation on IFRS to highlight some of the changes you should expect when we commence reporting under that standard in the first quarter. The IFRS presentation will take place immediately following the first portion of the call, so we encourage those of you who wish to participate, to stay on the line. We

have prepared a brief PowerPoint deck to accompany our presentation on IFRS, which can be downloaded from the investor section of our website at: www.cae.com/investors.

Let me now turn the call over to Marc…

Marc Parent, President and Chief Executive Officer

Thank you, Andrew, and good afternoon to everyone joining us on the call.

We had good performance in the fourth quarter and the year as a whole. Revenue for the quarter was up 17 percent at $464 million and for the year it was up 7 percent to $1.6 billion. Net earnings were $50 million for the quarter and reached $170 million for the year. We also did well from an order intake standpoint with $476 million booked in the quarter and we ended the year with a record $3.4 billion backlog.

In our combined **Civil segments,** fourth quarter revenue increased 17 percent, reaching $208 million, and was up 6 percent for the full year at $764 million. In training and services, we saw more recovery in commercial aviation training and some further improvements in business jet training, led mainly by the large cabin segment. We reached 74 percent utilization in the quarter and 70 percent for the year as a whole, compared to 64 percent for fiscal 2010. Our operating margin in training and services, excluding New Core Markets, was 19.2 percent for the year, and in products it was 11.1 percent. This gave us a combined Civil margin of 16.2 percent, in line with our outlook.

We received $226 million in Civil orders during the quarter for a book-to-sales multiple of 1.09 times, and for the year as a whole, we reached $916 million and a book-to-sales multiple of 1.2 times. We booked seven more full-flight simulator sales in the quarter, nearly all from customers in the high growth emerging markets. This brought our total orders of full-flight simulators for the year to 29 and also maintained our market share above 70 percent. In training and services, we added $168 million to backlog in the quarter, including a long-term agreement with Virgin America involving a new training centre in San Francisco. We also made solid progress with the CAE Global Academy with new agreements to provide 150 pilots to some of our Asian and European customers. The CAE Global Academy, which we initiated only five years ago, is already the largest organization of its kind supplying new commercial pilots to industry.

In **Military**, we had a big pick-up in the fourth quarter with revenue increasing 18 percent to $256 million. As we pointed out in the past, our defence business is lumpy from one quarter to another and performance is more representative on an annual basis. We realized the year was going to be back-end loaded and that's exactly how it progressed. Annual revenue was up seven percent at $865 million and combined Military operating income was $148 million for the year and the operating margin was 17.1 percent.

We received $250 million in Military orders during the quarter for a book-to-sales multiple of 0.98 times. In products, we booked a major upgrade order for a US Navy Seahawk helicopter trainer. Also from the US Navy we won a US Foreign Military Sales contract for a suite of P-3C trainers for Taiwan.

We also continued to grow long-term Military services during the quarter with simulator support contracts in Canada, the U.K. and in Malaysia. In the United States, we won a contract with the Army to continue database development services.

Market activity continued to be robust on long-legged platforms like the C-130J Hercules with services contracts awarded to us by Lockheed Martin in support of the US Air Force, Italian Air Force and the UK Royal Air Force.

For the year as a whole, we reached $939 million in Military orders and a book-to-sales multiple of 1.09 times, and we ended up with a Military backlog of $2.15 billion. Because of our success this year winning large, recurring training revenue programs like the US Air Force KC-135 Aircrew Training System contract, we've started to report publicly our unfunded Military backlog, which stood at $461 million at year end. Since the amount has become increasingly more significant, we felt it would be useful to provide this additional visibility to investors. The unfunded military backlog is on top of the $2.15 billion we booked in our funded military backlog.

In **New Core Markets**, we're pleased with our growth and the progress we've made so far to establish CAE and its global brand in the healthcare and mining sectors. We're still in the investment phase of these start-up businesses and we're laying the foundation for a much larger business in the years ahead. Through a combination of acquisitions and organic R&D projects, we're gaining subject matter expertise; expanding our portfolio of products and services, and extending our market reach.

In **CAE Mining**, we continued to grow our software sales in the quarter with major mining companies in Latin America and in Mexico. During the quarter we bought Century Systems,

which complements our earlier Datamine acquisition by expanding our portfolio in the mining industry.

In **CAE Healthcare**, we launched our CAE Caesar™ trauma patient simulator, which is a high-fidelity simulator for training civil and military practitioners responsible for the care of trauma patients in the field. We've made good progress overall to establish the CAE brand in this new field. During the year, we sold more than 80 of our surgical simulators to healthcare institutions like the Mayo Clinic and the American College of Chest Physicians. And we had good success with our Vimedix ultrasound simulators, with more than 50 sales to institutions like Harvard Medical, the Mayo Clinic and several other notable universities and hospitals.

Our entry into these new markets as a global leader in aviation training has come with high expectations of what CAE can bring to bear, and so far, I believe we're doing a good job of building our credibility.

With that, I'll now ask **Alain** to comment on some specific financials.

Mr. Alain Raquepas, Vice President, Finance, and Chief Financial Officer

Thank you, Marc, and good afternoon everyone.

Revenue for the quarter was $464.4 million and $1.63 billion for the year. Net earnings were $49.7 million for the quarter and $169.8 million for the year. We generated $70.4 million of EBIT in the quarter for a margin of 15.2 percent. For the year, EBIT was $259.3 million or 15.9 percent of revenue.

The strong Canadian dollar was a big challenge over the year. The effect of translating the results of our foreign subsidiaries into Canadian dollars resulted in a decrease in annual revenue of $81 million, and a decrease in net earnings of $12 million year over year. For the quarter, the FX impact was $11 million on revenue and $1 million on net earnings.

Net cash in the fourth quarter provided by continuing operating activities was $191 million and free cash flow was $161 million. For the year, net cash was $247 million and free cash flow was $147 million. As anticipated, we had a reversal in non-cash working capital towards the end of the year. During the year, we continued to make good use of our factoring program in

collaboration with EDC in Ottawa in extending it to contracts in progress. Total investment in non-cash working capital for the year was about $37 million.

Income taxes this quarter were $12.9 million representing an effective tax rate of 21%. The low rate resulted from two special elements: first, we booked tax assets on losses in the U.K; and second, we recognized lower future tax rates on future tax liabilities. Excluding those elements, income taxes would have been $17.5 million this quarter, or 28%. For the year, again excluding these favourable elements, the rate was 28%. As the US market recovery continues, we expect to generate more income in that higher tax rate jurisdiction and so we expect our effective tax rate to also trend higher.

Capital expenditures were $115 million during the year, with $77 million for growth and $38 million for maintenance. As the civil aviation market continues to recover and expand, we will invest more to keep pace with the growth of our customers. In fiscal 2012 we expect total CAPEX to be about $160 million, depending on the actual pace of our long-term growth investments this fiscal year.

In terms of capital structure, right after the end of the quarter, we amended our US$450 million revolving credit facility to include more favourable terms for CAE, including an extension of the maturity date by two years to 2015.

Finally, we have provided details in the MD&A of the more notable expected impacts on our financial position that will arise from IFRS adoption. We will be laying out these changes in our presentation immediately following this portion of the call.

Thank you for your attention and back to you Marc.

Marc Parent, President and Chief Executive Officer

Thanks, Alain.

I'll first make some comments about our long-term view for CAE in Military, Civil and New Core Markets and then I will relate how current market conditions factor into our outlook for the year ahead.

The use of simulation for training is the norm in the civil aviation industry. By contrast, training is not regulated in **defence** and a significant amount of training is still done live. We see

this as an important upside opportunity for CAE over the long term. We're continuing to see evidence of a shift away from live training in real aircraft to simulators. And at roughly one-tenth the cost, and equally or more effective than live training, we view CAE's offerings as a part of the solution to the challenges facing defence forces. Our industry offers governments a way to maintain and improve mission readiness at a better value, which is a key factor underlying our long-term optimism.

Also contributing to our positive outlook is the progress that we've been making to grow our long term, recurring services business to provide us with greater earnings visibility. As well, we've been making progress with our strategy to broaden our reach into core defence market adjacencies like land and professional services. We already generate revenue in these domains and our most recent acquisition of Technology Assisted Learning helps us to broaden our land-based offering and grow our market share. We lead the market in the virtual air domain but have only really begun to develop our position in the other domains in recent years, so we see headroom for CAE to grow in defence overall.

Cuts to defence spending in the US and Europe are continuing to occur but so far they have not had a big impact on our business or outlook. CAE is well positioned on highly relevant platforms including helicopters, transport aircraft, tankers and jet trainers. We have an important footprint in the biggest defence markets -- the United States and Europe -- and we also have a well-established presence in other key global markets that are growing and where we are addressing new opportunities. CAE has been a global company since inception and today we serve more than 50 national defence forces. Significantly, more than half of our employees are located outside of Canada, and we have several key centres of operation in strategic defence markets around the globe. We understand the challenge that global business represents and the diversity of our wins this year is a testament to our well developed global presence.

In terms of the year ahead, with our solid **Military** backlog in place and our pipeline of opportunities, we continue to expect solid growth and profitability from our combined Military segments. Predicting the timing of military orders is never easy -- especially in recent months in the US market -- but our outlook is positive given our current read of the market.

Now turning to the **Civil** side of our business, in **commercial aviation** the fundamentals remain positive with higher passenger demand and airline capacity in the first quarter of calendar 2011. In the emerging markets, growth rates have been running much higher than the global average and we are particularly well positioned to address the increasing demand for training solutions in those areas.

In **business aviation**, the international market continues to be robust with more than half of all aircraft orders and deliveries slated for markets outside of the US, mostly in Asia, the Middle East and Russia. Globally, there continues to be steady demand for large cabin business jets and to a lesser extent the mid-sized jets which are recovering more slowly. The small business jet segment still has a while to go in terms of recovery. Much depends on global GDP and corporate profit growth, which are the key drivers in business aviation.

On balance, we expect the market trends we're seeing to continue to translate into demand for services in our global network of business jet training centres. Just this week, we announced at the European business aviation show -- EBACE -- that we will be doubling our global footprint in business aviation from four to eight locations. This will bring training even closer to our customers in the emerging markets. Also investing for the future are the business aircraft OEMs, which have recently made multi-billion dollar investments to new aircraft programs. These actions support our view that business jet travel is poised for growth over the long term.

Helicopter training is an important Civil market adjacency for CAE and we will continue to build on our success in the period ahead. We have quickly become a leader in civil helicopter training with solutions now being deployed in South America, under our joint venture with Líder -- the largest helicopter operator in Brazil -- and in India in partnership with the government. We most recently announced that in China, we're deploying the first-ever CAE 3000 Series civil helicopter simulator for Asia. These moves build on the outsourcing deal we closed with CHC Helicopter this year and will continue to position CAE in this growing area.

As for the year ahead in **Civil**, we expect to see continued improvements in capacity utilization and revenue per simulator in our training centres and we will continue to make targeted investments to keep pace with our customers and to broaden our market access. In simulation products we are encouraged by the level of last year's orders and the activity levels we're now seeing. At this point, we expect about the same number of simulator sales for fiscal 2012. In terms of operating margin for the combined Civil segments, we expect to see continued gradual recovery from the current mid-teens level.

In **New Core Markets**, we intend to further establish CAE's position in **healthcare** and **mining** with continued investments in R&D and possibly more acquisitions to gain capabilities and distribution. We are confident that in time our New Core Markets business will become as material to CAE as any of our core business segments today. While we're not yet able to say exactly when that will be, our initial success this past year reaffirms our belief that we are making the right investments in CAE's future.

To conclude, we recognize that uncertainty exists in terms of a variety of macroeconomic factors; however, we begin fiscal 2012 with a record order backlog and a value proposition in both civil and defence markets that we believe will become even more compelling over the long term. Our customers have greater needs than ever for cost efficiency and mission readiness and we are well positioned to meet them. Overall, we are pleased with the level of activity we are seeing and we're encouraged by our growth prospects in our end markets given our solid foundation, global position, and the range of initiatives we have underway.

Thank you for your attention. We are now ready to take your questions.

Andrew?

Andrew Arnovitz, Vice President, Investor Relations and Strategy

Operator, we would now be pleased to take questions from analysts and institutional investors.

Before we open the lines, let me first ask in the interest of fairness that you please limit yourselves to a single, one-part question. If you have additional questions after that, and if time permits, please feel free to re-enter the queue. As well, since we will be having a separate presentation on IFRS immediately following this Q&A period, I would ask that you please keep any IFRS-related questions for the conclusion of that presentation.

Question period

Operator, we will now conclude the investor Q&A session and invite members of the media to ask any question they may have for management.

Question period

IFRS briefing

Operator, if there are no more questions from the media, we will now commence the second part of this afternoon's call to provide a presentation on IFRS and the changes this will bring about for CAE. Joining Alain Raquepas and me for this portion of the call is Antoine Auclair, CAE's vice president and corporate controller. Alain [and Antoine] will first go through our IFRS presentation deck, which is downloadable from our website at: www.cae.com/investors. Following the formal portion of the presentation, we will again open the lines for questions from financial analysts and institutional investors.

CAE will report its financial position under IFRS standards commencing with the first quarter of fiscal year 2012, which we will issue on August 10, 2011. The year-end MD&A issued this morning provides detail on the more material changes you should expect to impact our results. The purpose of this additional presentation is to help ensure that you are well familiarized with these changes by the time we report our results in August.

Before we begin, I need to remind everyone that the information we will present here is provided solely for the purpose of allowing investors and others to obtain a better understanding of our IFRS changeover plan and it is not a suitable source of information for those who are not familiar with the Company. The information may not be appropriate for any other use and it is not in any way a substitute for reading the financial statements and the MD&A. The new accounting principles and impacts identified should not be considered complete or final. Final financial decisions on accounting policies are not required to be made until the preparation of the fiscal 2012 annual financial statements. Nevertheless, the information being presented reflects our current assumptions, estimates and expectations, all of which are subject to change and are not fully audited. Considering the IFRS rules are not static and subject to other accounting regulator lobbies, among them the US accounting standards Board, other future changes to IFRS may also impact the information being presented

With that, let me turn the call back over to Alain...

Mr. Alain Raquepas, Vice President, Finance, and Chief Financial Officer

Thank you, Andrew and to everyone staying with us for this IFRS briefing.

Our objective is to show you some of the bigger differences between IFRS and Canadian GAAP, and how these will likely impact CAE's financial position at transition date. For illustrative purposes, we will also present how IFRS would have likely impacted the first nine months of fiscal 2011.

As a general comment, I would say that from a P&L standpoint the net impact of IFRS reporting is not expected to be materially different from Canadian GAAP. That said, some of the changes we will highlight are significant from a balance sheet standpoint, but our expected cash flows remain the same and the change in accounting methodology does not affect the fundamentals of our business, which remain strong.

Turning to **slide #3** of the presentation we note that total assets decreased from $2.622 billion to $2.591 billion. Excluding non-controlling interests, total liabilities increased by $325 million and shareholders' equity decreased by $356 million. These changes on the consolidated IFRS balance sheet relate to leases, employee benefits (pension), government assistance, property plant & equipment (PP&E), including borrowing costs, and deferred tax.

So let's see what has changed:

Slide #4 notes the impact on leases. We have 29 simulators out of a global fleet of 156 that were financed as operating leases under Canadian GAAP. Under IFRS, 24 of them will be accounted for on the balance sheet as capital leases. This increases our asset base by $141 million and adds corresponding debt on the balance sheet of $176 million. Equity decreases by $23 million to account for the difference between what the asset depreciation and loan amortization would have been if these leases were originally treated as capital leases from the start.

When we look at our capital structure we already include the present value of lease obligations, so from a practical standpoint this does not change much for us. The lease adjustments will have no impact on our key covenants and our ability to borrow.

From a management control standpoint, our off-balance sheet arrangements under Canadian GAAP are included in the way we calculate performance ratios like Return on Capital Employed and other metrics such as RSEUs.

Going forward from a P&L standpoint, we will have higher depreciation and interest costs on these leases and lower rental expenses. Total interest expense for the company will go up, but the margin in our Training and Services Civil segment will benefit from lower rent. Taken together, we estimate there would have been a reduction in our FY11 Canadian GAAP earnings of $600 thousand for the first nine months. As we approach the midpoint of the lease terms we should see a net P&L pick-up over the former rental expense, as the debt obligation from these leases winds down, and the related interest expense decreases. I expect the tipping point to occur in about FY13.

I would now draw your attention to slide #5 on employee benefits and pension obligation.

The IFRS impact comprises three elements adding up to a net after-tax adjustment of $57 million against equity.

- First, we will recognize all cumulative actuarial losses of our defined benefit plans. We note that several other Canadian companies transitioning to IFRS have also elected to do so. This allows CAE to fully recognize the pension liabilities disclosed in note 23 of our Canadian GAAP financial statements.

- The second impact relates to the valuation date. Under Canadian GAAP, pension assets and obligations were valued as at each December 31, but IFRS requires these to be valued as at March 31.

- Finally, the third impact relates to past service costs. When a defined benefit plan is amended, an entity may agree to grant benefits in respect of past service. The accounting cost arising from a plan amendment in accordance with Canadian GAAP is different from IFRS.

In addition to the opening balance sheet adjustments, the sum of these 3 elements to the P&L is expected to provide a pension expense savings of about $1 million annually, in the following years. Any new actuarial gains or losses after the conversion date will be accounted for directly on the balance sheet without affecting P&L.

Now moving on to slide #6, I will discuss the third major impact to the IFRS balance sheet, which relates to government assistance.

Under IFRS, government assistance that is conditionally repayable though royalties should be accounted for partially as a liability and no longer entirely as a grant as it was under Canadian GAAP. The liability booked is equal to the discounted value of all expected future royalty payments arising from the conditional government assistance. Specifically, this means we

will recognize a liability of $157 million, representing the expected discounted value of the future royalties to be paid by CAE over the next 15 to 20 years. Programs detailed in our MD&A such as Phoenix and the one with Investissement Quebec for New Core Markets fit this category. In regards to the more recent Project Falcon, since the repayments are unconditional, the liability treatment was already applicable.

Each year as CAE approaches the royalty repayment period on these programs, an interest expense is recorded to increase the discounted liability so that it is ultimately equivalent to the actual royalties to be disbursed.

Under Canadian GAAP, the repayment of government royalties was accounted for on the P&L as a royalty expense only when the conditions triggering the repayment of the assistance were met.

From a P&L standpoint, we estimate that IFRS would have reduced our FY11 Canadian GAAP earnings by $4.4 million for the first 9 months. This is explained by the annual interest expenses accrued on the $157 million government liability, which is higher than our actual royalty expenses recorded under Canadian GAAP. As we progress in these risk-sharing programs we expect the IFRS treatment to actually provide a net P&L benefit as the interest expenses under IFRS will likely become lower than the royalty expenses we would have otherwise incurred under Canadian GAAP.

Turning now to slide #7, let's talk about Property Plant and Equipment.

The main adjustments under IFRS which impact the measurement of Property Plant and Equipment, including borrowing costs, as at April 1, 2010, reduce PP&E by $110 million before tax benefits.

One of the adjustments relates to a reduction of capitalized interest costs included in some of our assets prior to April 1, 2010. Specifically, unamortized capitalized interest prior to April 2010 will be eliminated with a corresponding adjustment to equity, resulting in a reduction of PP&E of $25 million before tax. The net annual savings from this adjustment under IFRS will be around $1 million of additional EBIT primarily in our Training and Services Civil segment.

Another adjustment relates to asset measurement under IFRS. We used the discounted future cash flow method to determine the deemed cost of some of our simulators on the opening

balance sheet. Discounted cash flows MUST be used after the conversion date to test whether long-lived assets continue to be worth what they are measured at on the balance sheet. This is a major change in methodology from Canadian GAAP which requires that only the UNDISCOUNTED cash flows be used to test whether book value is valid. Accordingly, 26 of our 156 simulators were affected by this change, resulting in a reduction of $76 million to PP&E.

From a P&L standpoint this will result in a net benefit of about $5 million in additional EBIT in our Training and Services Civil segment. Please note, this is only a non-cash benefit and our expectations for EBITDA and cash flow next year have not changed as a result of this methodology change.

Two other less material adjustments relating to componentization and de-recognition reduce PP&E by an additional $9 million.

On slide 8, the last major item that I would like to comment on is the income tax accounting on the related adjustments I have just described.

All of these accounting entries and adjustments trigger significant one-time retroactive adjustments that are recorded as a reduction of retained earnings. We analyzed whether these accounting adjustments could eventually result in tax savings or tax deductions and whether we should recognize a tax asset for accounting purposes. To determine the value of the benefits, we considered the country, in which the accounting expenses were recorded, the historical taxable profits of our subsidiaries, and also the period for which management had the reasonable assurance that the benefit could materialize. As a result, total net tax assets resulting from IFRS impacts amount to about $12 million.

Before I wrap up and summarize all of these IFRS differences on CAE's equity and net earnings, I will now ask Antoine to share with you some additional considerations.

Antoine, over to you.

Antoine Auclair, Vice President, Corporate Controller

Thanks, Alain.

I would like to start with the accounting changes impacting CAE in a less material way. Please turn to slide #9.

First, with respect to **business acquisitions**, all acquisition-related costs, previously included as part of the purchase price under Canadian GAAP, must be expensed in the period in which the costs are incurred. This accounting treatment is also aligned with US GAAP.

Also, we have reset the Cumulative Translation Adjustment or CTA account to zero. This resulted in a reduction of retained earnings and in an increase in our Other Comprehensive income in the amount of $226 million, but does not have an impact on overall equity.

Now in terms of other issues that are still developing under IFRS, I would like to point out two items of interest to CAE. Please turn to slide #10.

As you know, we use the percentage-of-completion method to account for the sales of our civil and military simulators. We expect this method to continue to be appropriate based on current IFRS. However as part of the International Accounting Standards Board (IASB) work plan, an exposure draft has been published proposing a single model for all types of revenues. This model would be based on transfer of control and the notion of risks and rewards would be an indicator of control. Accordingly, we remain confident that POC will still be applicable to our business.

As a final note, the IASB issued last week a new standard for joint arrangements which eliminates the choice of proportionate consolidation and makes equity accounting mandatory for participants in joint ventures. The new standard will be applicable for our fiscal 2014 but early adoption will be permitted. This will have no impact on net earnings and EPS as the earnings from JVs will still be part of our results. The difference is that we will no longer recognize our share of revenues and expenses from JVs and net earnings will be recorded below the segment EBIT line. For example, if done today, our annual revenues would be $90 million lower but there would be no impact on our net earnings.

This also means that we will have adjustments for all assets, liabilities and other balance sheet items previously proportionately consolidated from our JVs. All of these items will be presented as one line on the balance sheet.

As you can appreciate, IFRS is still evolving, and with the joint projects with the US Accounting Standards board underway, we should expect some further developments in the period ahead.

With that, I will turn the call back to Alain.

Mr. Alain Raquepas, Vice President, Finance, and Chief Financial Officer

Thank you, Antoine.

To wrap up, I will now summarize the equity and net earnings impacts that all of these IFRS adjustments will have on CAE as we transition from Canadian GAAP.

On Slide #11, we summarized the expected equity impact. The Canadian GAAP equity value of $1.156 billion will become $800 million under IFRS, excluding non-controlling interest adjustments.

Slide #12 summarizes the expected impacts of what IFRS would have done to CAE's net earnings for the first 9 months of FY11 for which profit would have been lower by $5.2 million. We believe the IFRS adjustments for leases and government assistance will eventually have positive impacts.

As a final comment, based on our best estimates and what we know at this point, we expect the projected earnings of the company under IFRS will be only slightly negative to neutral over the next couple of years and should improve thereafter.

With that, we would be pleased to take any questions you might have.