Company Profile

Our VISION is to be the partner of choice for customers operating in complex, mission-critical environments by providing the most innovative modeling and simulation-based solutions to enhance safety, improve efficiency and help solve challenging problems.
ABOUT CAE

CAE was founded in 1947 and is headquartered in Canada. With customers in more than 190 countries, CAE has the broadest global reach of any simulation and training equipment and services company on the market.

Ninety per cent of CAE’s annual revenues are derived from international activities and worldwide exports. CAE’s shares are traded on the Toronto and New York Stock Exchanges (TSX: CAE; NYSE: CAE).

CAE is a global leader in modeling, simulation and training for civil aviation and defence. The company employs approximately 8,000 people at more than 100 sites and training locations in approximately 30 countries. CAE offers civil aviation, military, and helicopter training services in more than 50 locations worldwide and trains approximately 100,000 crewmembers yearly. In addition, the CAE Oxford Aviation Academy offers training to aspiring pilot cadets in 10 CAE-operated flight schools.

CAE’s business is diversified, ranging from the sale of simulation products to providing comprehensive services such as training and aviation services, integrated enterprise solutions, in-service support and crew sourcing. The company applies simulation expertise and operational experience to help customers enhance safety, improve efficiency, maintain readiness, and solve challenging problems. CAE is leveraging its simulation capabilities in new markets such as healthcare and mining.
Over the past 65 years CAE has consistently led the evolution of flight training and simulation systems technology with a number of industry firsts. Our relentless focus on simulation-based training has made CAE the global benchmark for simulator fidelity and performance, and an industry leader in the development of innovative training devices, tools and courseware that accelerate learning and mission rehearsal.

There is more to come. With about 10% of our annual revenues invested in R&D each year, we aim to remain one step ahead in delivering training products and services to customers that enhance safety, mission readiness and operational efficiency.

CAE is consistently ranked as one of the top 20 Canadian companies in research and development investments (source: Research Infosource).
GLOBAL FOOTPRINT

Since the initial export sale of a flight simulator in the early 1950s, global market penetration has been at the core of CAE’s business strategy. Over 65 years later, CAE is the only simulation and training company with a truly global presence. With operations and training centres in 30 countries, customers in 190 and half of our workforce on the ground in international markets, our global reach is unmatched.

We are solidly established in the mature economies of North America and Europe, which represent approximately 75% of our annual revenues. In the emerging markets of China, Southeast Asia, India, the Middle East and Latin America, demand for simulation and training services is expanding at an accelerated pace.

CAE’s Emerging Markets Footprint

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Middle East</th>
<th>Latin America</th>
<th>Southeast Asia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual growth in</td>
<td>8.4%</td>
<td>6.4%</td>
<td>6.6%</td>
<td>6.5%</td>
<td>7.0%</td>
</tr>
<tr>
<td>passenger air travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFS installed base market position</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>Share of FFS installed base</td>
<td>68%</td>
<td>62%</td>
<td>43%</td>
<td>49%</td>
<td>69%</td>
</tr>
<tr>
<td>Sales of defence simulators</td>
<td>11</td>
<td>21</td>
<td>2</td>
<td>25</td>
<td>–</td>
</tr>
<tr>
<td>Training and services</td>
<td>• Commercial • Helicopter • Ab initio • Defence</td>
<td>• Commercial • Business • Helicopter • Defence</td>
<td>• Commercial • Business • Helicopter • Defence</td>
<td>• Commercial • Business • Helicopter • Ab initio</td>
<td></td>
</tr>
<tr>
<td>JVs / Long-term agreements</td>
<td>• Gov’t of India • HAL • InterGlobe • Rossell India</td>
<td>Emirates Airlines</td>
<td>LATAM • Lider Aviação</td>
<td>AirAsia • Cebu Pacific • Brunei Ministry of Finance</td>
<td>China Southern Airlines</td>
</tr>
</tbody>
</table>

LEGEND:  
FFS – full-flight simulator  
JV – joint venture  
* – Upcoming  
1 – Expected annual growth in passenger air travel 2012-2031 (Source: Boeing Forecast 2013).  
2 – CAE’s share of FFS installed base takes into account FFSs sold to third parties and located in its training centres.
Civil Training and Services
With more than 235 full-flight simulators in more than 50 aviation training locations serving over 3,000 airlines, aircraft operators and manufacturers globally, CAE is a world leader in aviation, maintenance and crew training services. CAE offers tailored training services ranging from integrated training programs to deployable ground school capabilities and crew sourcing services. With CAE Oxford Aviation Academy and CAE Parc Aviation, the Company has the broadest portfolio of capabilities with an end-to-end training and crew sourcing solutions.

Joint-ventures, alliances and partnerships
CAE has teamed with airlines and original equipment manufacturers to offer better services to customers, and now offers training solutions for every segment on the market.

Relationships with original equipment manufacturers

Relationships with major airlines and aircraft operators

![Emirates](Emirates.jpg) ![ETHIAD AIRWAYS](ETIHAD.jpg) ![IBERIA](IBERIA.jpg) ![INTERGLOBE](INTERGLOBE.jpg)
CAE Parc Aviation
CAE Parc Aviation is the global market leader in providing aviation personnel on lease to airlines and aviation support organisations, currently providing over 1,400 flight crew and technical personnel on assignment with 70 clients, operating 20 different aircraft types in over 40 countries.

CAE Oxford Aviation Academy
CAE Oxford Aviation Academy is the largest ab initio flight training network in the world with the capacity to train more than 2,000 cadets per year across 10 flight schools on five continents. Drawing upon over 85 years of pilot training expertise, CAE Oxford Aviation Academy cadet training programs provide high quality, focused ab initio training to aspiring pilots across the globe. The range of programs includes CPL, ATPL and MPL training routes, all of which combine premier ground school courses with high quality flying instruction delivered in accordance with national aviation authority requirements. Training locations include Australia, Belgium, Cameroon, Hong Kong, India, the Netherlands, the United Kingdom and the United States.

Civil simulation products
CAE is the world’s leading supplier of civil full-flight simulators, with over 1,000 simulators and flight training devices sold to more than 130 airlines, aircraft manufacturers and training centres. CAE has simulated almost every modern airliner, regional jet, and many business jets.

Civil simulation products
CAE applies its many leading-edge technology across the industry’s broadest range of training solutions, from desktop trainers and three-dimensional training devices to CAE 5000 Series and CAE 7000 Series full-flight simulators.

Leader in developing the world’s first simulators
CAE has recently developed or is currently under contract to develop the first simulators for many of the world’s newest aircraft platforms, including the Airbus A350 XWB, AVIC Medium-Sized Transport, Mitsubishi Regional Jet (MRJ), ATR42-600 and ATR72-600, Bombardier CSeries, Global 5000/6000, Global 7000/8000 and Learjet 85 and the Commercial Aircraft Corporation of China, Ltd (COMAC) ARJ21 and C919.
CAE is the leader in simulation-based training for military aircrews, and has more than 25% market share. CAE serves more than 50 national defence forces. CAE is a globally-recognized training systems integrator with expertise in providing simulation products, services and centres across air, land, sea and critical infrastructure.

Defence Training and Services
CAE provides its defence and security customers with turnkey training solutions as well as comprehensive training support services and integrated enterprise solutions at more than 80 locations worldwide. CAE's service offerings include training needs analysis, instructional systems design, learning management information systems, curriculum and courseware development, classroom and simulator instruction, and maintenance and logistics support. In addition, the company provides systems integration, systems engineering and in-service support for operational platforms.

Defence Simulation Products
CAE is a market leader in the design of defence and security training systems for air, land and sea applications, and has established close business relationships with OEMs such as Lockheed Martin, Airbus Military, Boeing and AgustaWestland, among others. CAE offers the industry's most comprehensive range of simulation products related to flight simulation. From desktop trainers to the highest fidelity full-mission simulators, no company offers a broader portfolio of simulation products. CAE has designed simulators for the greatest variety of helicopters, and is a recognized leader in developing simulators and training systems for transports, tankers, maritime patrol aircraft, lead-in fighter trainers, and combat aircraft. CAE also provides a range of products related to training ground forces, including solutions for direct and indirect fire, close air support, forward observation, driver training, crew gunnery training, and command and staff training.
The Company has contracts with all branches of the U.S. military. CAE’s experience covers a variety of aircraft platforms, including helicopters such as the CH-47 Chinook and MH-60S/R Seahawk, and transports such as the C-130 Hercules.

CAE offers a range of simulation-based solutions for land forces such as driver and crew gunnery trainers for armoured vehicles, artillery and forward air control trainers, maintenance trainers for tanks and command and staff training systems.

Comprehensive training facilities
CAE’s Medium Support Helicopter Aircrew training Facility (MSHATF) at RAF Benson in the U.K. represents the company’s full range of capabilities. Owned and operated by CAE, the centre offers a fully integrated training environment to train Royal Air Force and other operators of the Puma, Chinook and Merlin helicopters.

CAE operates a C-130 training centre in Tampa, Florida and has a long-term teaming agreement with Lockheed Martin to be the training provider of choice for the C-130J Hercules aircraft.

CAE partnered with AgustaWestland to form the RotorSim consortium, a helicopter training centre based in Sesto Calende in Italy that provides integrated training solutions for AgustaWestland helicopters.

An industry consortium consisting of CAE, Eurocopter, Rheinmetall Defence Electronics, and Thales offers NH90 helicopter training in three centres in Germany. CAE operates a helicopter training centre in Bangalore, India. The facility—Helicopter Academy to train by Simulation of Flying (HATSOFF)—is an equally-owned joint venture between HAL and CAE.

CAE and the Government of Brunei established a joint venture company that is constructing the CAE Brunei Multi-Purpose Training Centre (MPTC) in Brunei Darussalam. The CAE Brunei MPTC is scheduled to open in 2014 and will offer simulation-based training programs for the Sikorsky S-92 and Sikorsky S-70i Black Hawk helicopters and Pilatus PC-7 trainer aircraft. The CAE Brunei MPTC will also offer comprehensive emergency and disaster management training to Brunei’s Ministry of Home Affairs and other ASEAN customers.

Integrated Enterprise Solutions
CAE’s Integrated Enterprise Solutions (IES) group is a trusted advisor and solutions provider to three primary market segments: governments and defense forces; medical and healthcare institutions; and critical infrastructure/emergency management organizations. The professionals charged with serving the public in these segments have one thing in common—the requirement to effectively and efficiently deal with complex, high-risk challenges. CAE’s IES group includes expert integrators with a deep knowledge and understanding of applying cost-effective simulation solutions to a range of mission-critical environments. We offer our clients professional and engineering services; enabling technology and software tools; and integrated simulation centres. By combining products and software tools with service delivery capabilities into a comprehensive, integrated solutions offering, CAE’s IES group can help customers improve operational efficiency, develop and maintain mission critical systems, and provide software-based decision support and training solutions.
CAE Mining is at the forefront of the industry in developing and providing innovative technology and services to plan, manage and optimize mining operations. With operations in 12 countries, CAE Mining offers enhanced solutions ranging from exploration data management and ore-body modelling, to mine planning and operations management. We have a technical consulting team of over 100 experienced geologists and mining engineers servicing customers in close to 100 countries.

Through our simulators, software, courseware and training service, CAE Mining is developing the industry’s most compelling technology and services to advance the efficiency and safety of mine operations. By leveraging CAE’s expertise in simulation-based training, we offer comprehensive training solutions that feature student management systems, lesson planning tools and simulation products ranging from desktop trainers and e-learning to part-task trainers and high fidelity-simulators with visuals based on the aviation standard.

In an industry where safety is crucial and the cost of training on real equipment is very high, CAE’s simulation solutions allow operators to rehearse more often and prepare for the most complex tasks, thereby improving the safety and efficiency of mining operations as well as helping reduce costs.

**CAE Terra™ mining simulators**

The CAE Terra range of mining equipment simulators includes underground and surface trucks, loaders, drills and ancillary equipment. CAE Mining incorporates highly realistic simulation into learning programs that are linked to operational key performance indicators and focused on achieving tangible improvements in safety and productivity. The blended learning system available with CAE Terra simulators includes self-paced e-learning, instructor-led classroom and on-the-job training. Complex scenarios and team training are conducted in the full-motion high-fidelity CAE Terra simulators and then validated and reinforced in the real-world operations.
CAE HEALTHCARE

Launched four years ago, CAE Healthcare has used acquisitions and innovation to rapidly establish itself as the global leader in technology designed to lower the risks inherent in the delivery of healthcare. CAE Healthcare is now leveraging the industry’s broadest and most comprehensive solutions portfolio and CAE Healthcare’s proprietary technologies to improve patient safety in professional clinical settings.

The acquisitions of Medical Education Technologies, Inc. (METI) and Blue Phantom significantly expanded our market reach, customer relationships, innovative marketing initiatives and worldwide distributor network.

CAE Healthcare offers a full spectrum of cutting-edge learning tools, including surgical and ultrasound simulation, curriculum, clinical skills management and highly realistic adult, pediatric and baby simulators that are designed to mimic human medical scenarios including trauma, heart attack, drug overdose and effects of bioterrorism. Today, more than 8,000 of our simulators are in use worldwide by medical and nursing schools, hospitals, defence forces and other entities.

CAE is pursuing its growth objectives through a number of actions and initiatives:

• Continuous R&D investment to develop innovative technologies that will bring medical simulation to new levels of realism and training effectiveness.

• Accelerated delivery of new products across all product lines.

• Expansion of our audio-visual and clinical skills management platform to enhance compliance, performance and patient safety in clinical settings.

• Strategies to facilitate the adoption of simulation in professional clinical settings to improve patient safety.
# Financial Highlights

*(amounts in millions, except per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating results</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,104.5</td>
<td>1,821.2</td>
</tr>
<tr>
<td>Net income</td>
<td>142.4</td>
<td>182.0</td>
</tr>
<tr>
<td>Backlog</td>
<td>4,091.9</td>
<td>3,724.2</td>
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<tr>
<td><strong>Financial position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>204.1</td>
<td>233.9</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>155.8</td>
<td>165.7</td>
</tr>
<tr>
<td>Total assets</td>
<td>3,878.7</td>
<td>3,183.7</td>
</tr>
<tr>
<td>Total long term debt, net of cash</td>
<td>916.8</td>
<td>534.3</td>
</tr>
<tr>
<td><strong>Per share</strong></td>
<td></td>
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</tr>
<tr>
<td>Basic earnings attributable to equity holders of the Company</td>
<td>0.54</td>
<td>0.70</td>
</tr>
<tr>
<td>Dividends</td>
<td>0.19</td>
<td>0.16</td>
</tr>
<tr>
<td>Equity</td>
<td>4.38</td>
<td>4.05</td>
</tr>
</tbody>
</table>

## Revenue Distribution Fiscal 2013

![Revenue Distribution Charts](image-url)
Board of Directors and Officers

BOARD OF DIRECTORS

James F. Hankinson ¹
Chairman of the Board
CAE Inc.
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Corporate Director
Andover, Kansas

Paul Gagné ¹, ², ³
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Wajax Corporation
Montreal, Québec

Gen. Peter J. Schoomaker U.S.A. (Ret.) ², ⁴
Corporate Director
Tampa, Florida

Katharine B. Stevenson ³
Corporate Director
Toronto, Ontario

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Vice Chairman
RBC Capital Markets
Montreal, Québec

The Honourable John Manley, P.C., O.C. ², ³
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Canadian Council of Chief Executives
Ottawa, Ontario

Andrew J. Stevens ², ³
Corporate Director
Gloucestershire, UK

Kathleen E. Walsh ³
President and Chief Executive Officer
Boston Medical Center
Boston, Massachusetts

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Vice President, Finance and Chief Financial Officer

Bernard Cormier
Vice President
Human Resources

Sonya Branco
Vice President and Controller

Marc Parent
President and Chief Executive Officer

Gene Colabatistto
Group President
Military Products and Training & Services

Hartland J. A. Paterson
Vice President, Legal, General Counsel & Corporate Secretary

Éric Bussières
Vice President
Finance – Civil and Treasurer

Sonya Branco
Vice President and Controller

¹ Member of the Executive Committee
² Member of the Human Resources Committee
³ Member of the Audit Committee
⁴ Member of the Governance Committee