

**Summary of significant ways corporate governance practices followed by CAE Inc. differ from corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange's Listed Company Manual**

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As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange (TSX), CAE has in place a system of corporate governance practices that complies with applicable Canadian requirements, including those of National Policy 58-201 *Corporate Governance Guidelines*, National Instrument 58-101 *Disclosure of Corporate Governance Practices*, National Instrument 52-110 *Audit Committees* and the TSX Company Manual (TSX Rules). CAE's corporate governance practices meet or exceed all applicable Canadian requirements.

In the context of its listing on the New York Stock Exchange (NYSE), CAE is classified as a foreign private issuer. Many of the governance rules in the NYSE Listed Company Manual (the NYSE Rules) are therefore inapplicable to CAE. However, CAE benchmarks its policies and procedures against governance standards internationally, with a view to adopting best practices when appropriate to its circumstances.

Although CAE is not required to comply with most of the NYSE Rules regarding corporate governance, we have summarized below how CAE's practices differ significantly in one respect from those required to be followed by U.S. domestic issuers under such NYSE Rules.

The NYSE Rules require shareholder approval of all equity compensation plans and any material revisions to such plans, regardless of whether the securities to be delivered under such plans are newly issued or purchased on the open market, subject to a few limited exceptions. The TSX Rules, on the other hand, do not require shareholder approval in all those circumstances. Only the creation or material amendments to equity compensation plans which provide for new issuance of securities are subject to shareholder approval. Therefore, CAE does not seek shareholder approval for equity compensation plans and amendments unless they involve newly issued securities or constitute specified amendments under the TSX Rules.