



Press Release

CAE announces Government of Canada participation in *Project Innovate*

- ***\$250 million repayable investment in research and development***

Montreal, Canada, February 27, 2014 – (NYSE: CAE; TSX: CAE) CAE announced today that the Government of Canada will participate in its latest research and development (R&D) program through a repayable investment of \$250 million. The goal of CAE's *Project Innovate*, which will span five and half years, is to develop and expand CAE's current modelling and simulation technologies, develop new ones and continue to differentiate its service offering.

This investment is being made through the Government of Canada's Strategic Aerospace and Defence Initiative (SADI), which supports strategic industrial research and pre-competitive development projects in the aerospace, defence, space and security industries.

"CAE is proud to partner with the Government of Canada for its R&D projects. By supporting and nurturing innovation in the aerospace industry through the SADI program, the government helps maintain and grow highly skilled jobs in Canada," said Marc Parent, President and Chief Executive Officer of CAE. "Innovation is in CAE's DNA and it has allowed us to become a leader in our civil aviation and defence markets."

"With the government's support, CAE can continue making substantial research and development investments in order to maintain its leadership position in modelling, simulation and training," said Stéphane Lefebvre, CAE's Chief Financial Officer. "CAE plays a key role in helping make air travel safe with our innovative technology and services. Simulation also reduces costs and allows aircrews to be ready for their missions."

Under *Project Innovate* CAE will develop its next generation of simulation platforms for its civil aviation and defence markets. It will create a state-of-the-art modular system which will be more efficient and much easier to deploy and maintain. The new system will also enhance CAE's user experience. In addition, CAE will develop technologies and training solutions geared towards joint and networked operations in order to be a training systems integrator in air, sea and land domains.

CAE will carry out *Project Innovate* in Canada, utilizing its R&D laboratories, as well as test and integration facilities. CAE employs approximately 4,000 people in 15 locations across Canada and around 4,000 in the rest of the world. CAE's highly-skilled workforce will continue to partner with universities and key research organizations in Canada, as well as innovative suppliers across the country.

About 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 crew members 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 now leveraging its simulation capabilities in new markets such as healthcare and mining. More information can be found at www.cae.com. Follow us on Twitter @CAE_Inc.

High resolution photos are available in our photo gallery at www.flickr.com/CAE_Inc.

– 30 –

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