



Press Release

CAE wins military contracts valued at approximately \$200 million

- **KC-130J simulator for Kuwait Air Force**
- **Third-year of KC-135 aircrew training services; KC-135 simulator upgrades**
- **Long-term training services for Asian military customer**

Montreal, October 15, 2012 – (NYSE: CAE; TSX: CAE) – CAE today announced that it has won a series of military contracts valued at approximately C\$200 million, the majority of which involves long-term, recurring training services. They include a contract from the United States Navy to develop a KC-130J full-mission simulator for the Kuwait Air Force under a foreign military sale program and the United States Air Force exercising the option for the third-year of KC-135 tanker aircrew training services in addition to contract modifications to perform a range of KC-135 simulator upgrades. CAE has also signed long-term training services contracts with an Asian military customer.

“We are pleased to welcome the Kuwait Air Force to the long list of customers who have selected CAE as their provider of C-130 training systems and services,” said Gene Colabatistto, Group President, Military Products, Training and Services, CAE. “The Middle East and Asia are markets that are increasingly offering a solid pipeline of opportunities, and we are seeing some good potential for upgrade business as defence forces look to leverage simulation-based training for more of their training requirements. Global militaries continue to believe in the fundamental value of simulation-based training, and CAE is well-positioned around the world to deliver a range of solutions designed to enhance efficiency and save money while helping to maintain readiness.”

US Navy/Kuwait Air Force

CAE has won a United States Navy contract to design and manufacture a KC-130J full-mission simulator for the Kuwait Air Force. The contract was awarded to CAE USA under the United States foreign military sale (FMS) program. Under terms of the contract, CAE USA will design and manufacture a KC-130J full-mission simulator that will be delivered in 2015 to Al Mubarak Air Base near Kuwait International Airport. The simulator will feature the CAE True electric motion system, CAE Medallion-6000 image generator, and common database (CDB) architecture, which enables real-time mission training and rehearsal capabilities. The KC-130J full-mission simulator will be certified by the European Aviation Safety Agency (EASA) to Level D, the highest qualification for flight simulators.

“This KC-130J full-mission simulator will support initial, recurrent and mission training in-country for Kuwaiti KC-130J aircrews, and importantly, enable the Kuwait Air Force to focus their fleet of KC-130J aircraft on operational requirements,” said John Lenyo, President and General Manager, CAE USA. “Because of the enhanced fidelity and capability of simulation-based training, militaries are increasing the amount of synthetic training as part of the overall training curriculum and Kuwait’s KC-130J training program is a perfect example.”

US Air Force KC-135 Aircrew Training System

The U.S. Air Force has exercised the option for the third year of aircrew training services provided by CAE USA as the prime contractor on the KC-135 ATS program. CAE USA will continue to provide classroom and simulator instruction as well as upgrades, maintenance, and support of all KC-135 aircrew training devices. In addition, CAE has been awarded a contract modification to

support the training system updates resulting from the Block 45 upgrade being done on the KC-135 aircraft program, as well as additional contract modifications to perform a range of upgrades to the KC-135 operational flight trainers. As part of upgrades to KC-135 training systems, CAE will incorporate CAE Flightscape's Insight software as part of the KC-135 Training Data Acquisition, Analysis and Playback System (TDAAPS). CAE Flightscape's latest data recording, animation and replay technology will help improve the training of KC-135 aircrews by providing brief-debrief and evidence-based training technology to deliver a practical, real world context for simulator-based training sessions.

Asian military customer

CAE has signed contracts to provide helicopter and fixed-wing aircraft training over the next twenty-five years for an undisclosed Asian military customer.

CAE is a global leader in modelling, simulation and training for civil aviation and defence. The company employs close to 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 45 locations worldwide and trains approximately 100,000 crewmembers yearly. In addition, the CAE Oxford Aviation Academy offers training to aspiring pilot cadets in 11 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. www.cae.com

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