



Employee Stock Purchase Plan (ESPP)

Canada Edition

Building our future
together!

CAE

CAE Employee Stock Purchase Plan

A chance to take part in your company's financial success by becoming a shareholder!



The CAE Employee Stock Purchase Plan (ESPP) gives you the opportunity to become a CAE owner and benefit from the company's financial success by purchasing CAE voting stock throughout the year.

To help your assets grow, CAE will match 50% of your contributions on the first 6% of your base salary.

Becoming a CAE owner

As a regular full-time or part-time employee working at least 20 hours per week, you are eligible to participate in the ESPP.

By investing in CAE through the purchase of stocks, you are buying a portion of the company's assets and benefit from its profits.

The mechanics of the program are simple:

- You decide on the amount to contribute (up to 18% of your base salary).
You can change your contribution level at any time.
- CAE matches 50% of the first 6% you contribute (CAE's contribution can reach up to 3% of your base salary).
- Shareworks, the plan administrator, uses these contributions to purchase CAE stock at the market price on your behalf.

The stocks purchased with your contributions are yours immediately. The stocks purchased with CAE matching contributions are yours after one year.

To join the plan, follow these three easy steps:

- 1 Access the Shareworks website at Shareworks.Solium.com
- 2 Click on "Open Account" on the top right of the page and login with your CAE email address.
- 3 Enroll by following the instructions on the website

Note: Depending on your location and on the account you chose to deposit your contributions, you may have to complete a beneficiary designation form.

You will need your Workday employee number or your date of birth to log into the website for the first time.

When you initially become eligible, Shareworks will also send you an email with instructions to access its website.

You can change your contribution level or take a contribution break at any time through Shareworks' website.

Did you know?

As a CAE investor, you will receive regular updates from the company on matters that require a shareholder vote. Each share you own gives you the right to one vote at CAE's annual meeting, and at any other shareholder meeting.

Need help? Call Shareworks at 1-877-380-7793



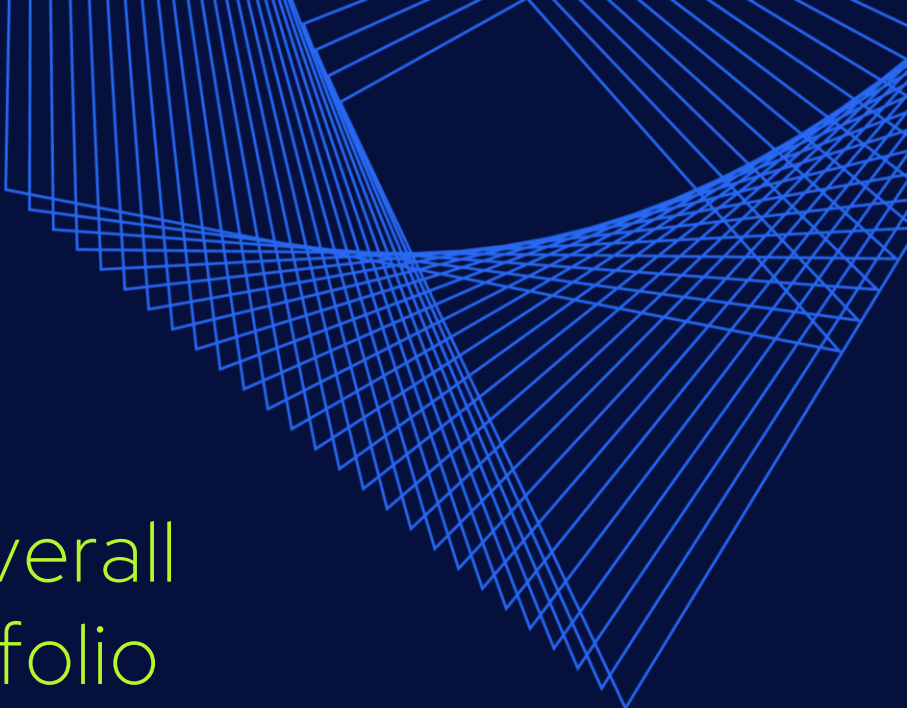
Taking part in the company's financial success

The ESPP is an element of your total compensation package that can help you meet your personal savings goals, such as purchasing your first home or increasing your retirement income.

As with all stock, the value of CAE stock fluctuates over time, based on multiple factors, such as:

- CAE's performance
- Economic context
- Investor perception of the value of CAE

Depending on CAE's financial performance, dividends may be issued up to four times a year. Dividends are a portion of CAE's profits that are redistributed amongst all shareholders. Whenever dividends are issued, the plan administrator, Shareworks, will automatically reinvest them in buying more CAE stock on your behalf.



CAE and your overall investment portfolio

CAE's stock is like any stock, and it may fluctuate over time. Therefore, it should be a part of a diversified investment strategy.

Keep in mind that a sound financial plan takes into account your specific situation, your capacity and desire to save, and your personal goals. It's a good idea to have a financial plan and review it on a regular basis.

Like any other Employee Stock Purchase Plans, CAE's ESPP fits into most financial plans as an element of diversification, to spread the investment risk. It is especially advantageous since CAE matches part of your contributions. How much you should save under the Plan depends on several factors, including the funds you have available, your overall financial situation, your personal objectives, and your capacity to tolerate risk.

We recommend that you speak to a qualified financial advisor a part of your decision to join the Plan.

Benefiting from a tax shelter option for your investments

Employee contributions

Choice of 3 accounts



ESPP



TFSA



RRSP

Employer contributions

Choice of 2 accounts



ESPP



DPSP

Employee Contributions

Tax preferred ★

Registered Retirement Savings Plan (RRSP)

Your contributions are calculated on your base salary before taxes and reduce your taxable income at source.

On withdrawal, the entire amount (including dividends and capital gain) will be taxable.

Contributions are subject to a maximum contribution* established by the Canada Revenue Agency, which considers all contributions made by you through the ESPP plan, or any other RRSP, including CAE and privately held RRSPs.

Tax-free Savings Account (TFSA)

Your contributions are calculated on your base salary before taxes and do not reduce your taxable income at source.

Your investment gains are not taxable (your assets grow in a tax-shelter).

Withdrawals are not taxable.

Contributions are subject to a maximum contribution* established by the Canada Revenue Agency, which considers all contributions made to privately held TFSA's.

Employer Contributions

Deferred Profit-sharing Plan (DPSP)

CAE's contributions are calculated and made on a pre-tax basis (you do not pay income tax on them).

On withdrawal, the entire amount (including dividends and capital gain) will be taxable.

CAE's contribution to your DPSP is considered as a Pension Adjustment and will be reflected on your T4 and R-1*.

**For more detailed information on contribution limits and tax implications for the RRSP, the TFSA and FPSP, please see the [Canada Revenue Agency's website](#).*

★ Tax preferred

Employee & employer Contributions

Regular Stock Account (ESPP)

Your contributions are calculated on your base salary before taxes and do not reduce your taxable income at source.

CAE's contributions are considered a taxable benefit (you pay income tax on them).

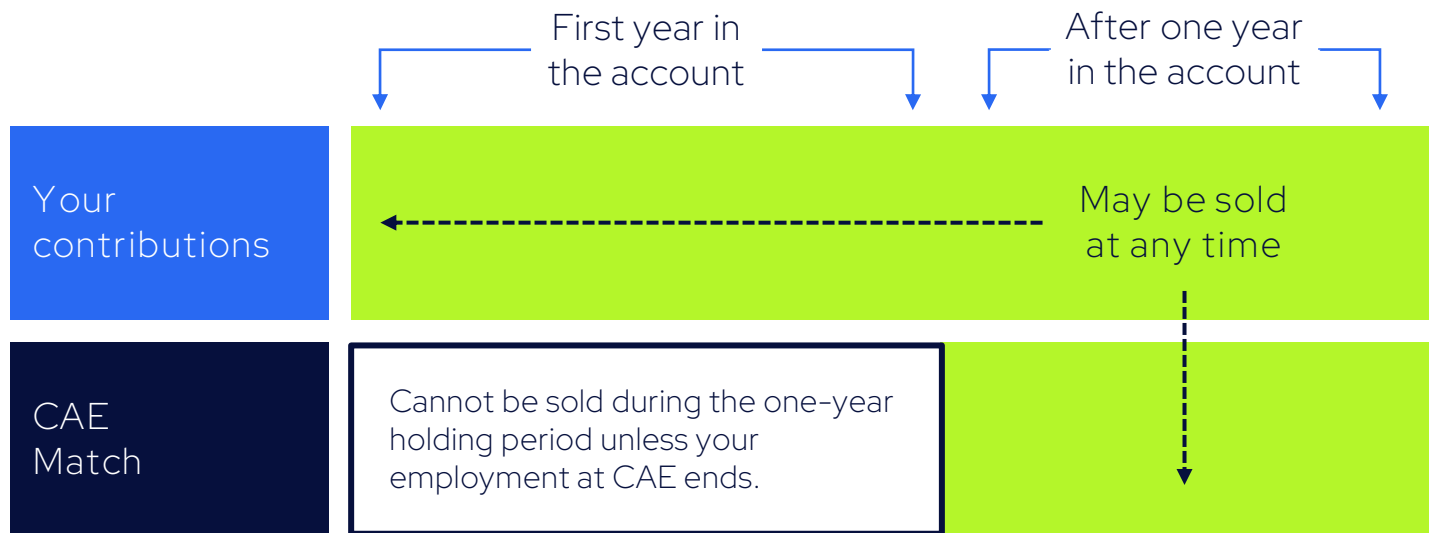
Dividends are taxable in the year they are received (however, you will benefit from the dividend tax credit).

On withdrawal, only 50% of the capital gain resulting from an increase in the stock value will be taxable.

There is no contribution limit from a tax perspective (the plan has an 18% cap for your contributions, plus the 3% employer match).

Using your savings towards your goals

Depending on your investment strategy, you may decide to sell or transfer your stocks at any time. Note, however, that while all stocks purchased with your contributions are immediately yours, stocks purchased with CAE contributions must remain in your account for a one-year period before you can act on them.



Did you know?

CAE pays all expenses, brokerage, and administration fees related to the purchase of stocks and covers the expenses for one transaction per year for shares in your Shareworks account.

Taking a contribution break

You can change your contribution level or take a contribution break at any time through Shareworks' website. CAE's match will automatically be recalculated based on your new contribution percentage.

Whenever you stop actively being at work, the following rules apply:

Paid leave of absence

Your account remains active, and your contributions, as well as CAE's match will continue, unless you elect otherwise.

Unpaid leave of absence and disability

Your account remains active, but your contributions, as well as CAE contributions, cease until you return to work.

Maternity, paternity and parental leaves

Your account remains active, and you may continue contributing to the plan. If you choose to do so, you will continue to benefit from CAE's match. Please refer to the applicable policy for more details.

If your employment at CAE ends (for any reason, including retirement), your participation in the ESPP will automatically end. Stocks purchased with CAE contributions less than one-year prior termination will immediately be available.

You will have 90 days to sell or transfer your stocks in your regular stock account (ESPP). If you do not take action, Shareworks will automatically sell your stocks and send you a payment for the net proceeds of the sale.

Shares held in DPSP, RRSP and TFSA will be sold following receipt of your instructions.



Questions?

— Contact your CAE benefits Center at **1-888-878-9636**, option Employee Stock Purchase Plan

— Contact Shareworks at **1-877-380-7793**