



AIR CANADA

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CAE to provide training centre operations services for Air Canada

- Air Canada's Toronto simulators to be relocated to a 14-bay CAE-Air Canada facility in Toronto
- CAE to market excess training capacity under a revenue-sharing agreement with Air Canada

MONTREAL, July 31 /CNW Telbec/ - CAE (NYSE: CGT; TSX: CAE) and Air Canada (TSX: AC-A.TO) announced today that they have signed a series of contracts that give CAE the responsibility for training centre operation services for the airline's Toronto and Vancouver centres. CAE will also market excess training capacity to third parties. Air Canada will continue to conduct its own pilot training, including curriculum and instructors. The contracts are valued at C\$60 million over 15 years.

"This agreement with CAE will increase the cost efficiency of our training operations," said Capt. Dave Legge, Vice President, Flight Operations at Air Canada. "By leveraging CAE's expertise in this area, it enables us to focus on our core business. Today's announcement builds on our longstanding relationship with CAE as we continue to identify opportunities of mutual benefit."

"We are delighted to continue growing our longstanding relationship with a progressive airline such as Air Canada and offer cost effective solutions for their training centre operations," said Jeff Roberts, Group President, Innovation and Civil Training & Services at CAE. "We listen to our clients and provide them with solutions that fit their business model. In this case, Air Canada is able to increase efficiencies, lower costs and rely on CAE's global sales force for third party sales of surplus simulator time."

CAE will start offering the services at Air Canada's two existing training centres in September 2007. The existing CAE Toronto four-bay training centre at Toronto Pearson Airport, which is leased from the Greater Toronto Airport Authority (GTAA), will be expanded to 14 simulator bays. Air Canada will relocate its Toronto training centre and move its eight simulators into the new expanded centre. The four simulators located in Air Canada's Vancouver training centre will remain in their current location. CAE will market excess training capacity under a revenue-sharing agreement with Air Canada.

CAE has extensive experience in centre management. Apart from managing its own 24 training centres around the globe, CAE provides training centre operation services and training services to a significant number of clients.

Air Canada is the 14th largest commercial airline in the world, carrying more than 34 million customers annually to more than 170 worldwide destinations, with a mainline fleet of more than 200 aircraft. Air Canada is a founding member of the Star Alliance network, the world's largest airline alliance group. www.aircanada.com

CAE is a world leader in providing simulation and modelling technologies, and integrated training services to the civil aviation industry and defence forces around the globe. We design, manufacture and supply simulation equipment and offer training and services. This includes integrated modelling, simulation and training solutions for commercial airlines, business aircraft operators, aircraft manufacturers and military organizations and a global network of training centres for pilots, and in some instances, cabin crew and maintenance workers.

With annual revenues of over C\$1 billion, CAE operates in 19 countries around the world. CAE has sold nearly 700 simulators and training devices to airlines, aircraft manufacturers, training centres and defence forces for air and ground purposes in more than 40 countries. We have over 110 full-flight simulators in more than 20 aviation training centres, serving approximately 3,500 airlines, aircraft operators and manufacturers across the globe. CAE licenses its simulation software to various market segments and has a professional services division assisting customers with a wide range of simulation-based needs. www.cae.com

For further information:

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