

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ALBERTA,
MANITOBA, NOVA SCOTIA AND NEWFOUNDLAND
IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF CAE INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authorities or regulators (the "Decision Makers") in Alberta, Manitoba, Nova Scotia and Newfoundland (the "Jurisdictions") have received an application from CAE Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirements") shall not apply to the senior officers of the Applicant and its subsidiaries ("Senior Officers") with respect to their acquisition of common shares of the Applicant pursuant to the Applicant's Employee Stock Purchase Plan (the "Plan"), subject to certain conditions;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the Principal Regulator for this application;

AND WHEREAS the Applicant has represented to the Decision Makers that:

1. The Applicant is a Canadian company governed by the Canada Business Corporations Act and is a diversified global aerospace, electronics and industrial company with operations throughout the world. The Applicant is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any of the requirements under the Legislation.
2. The authorized share capital of the Applicant consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares issuable in series, without par value. As at March 31, 2000, 107,579,165 Common Shares were issued and outstanding.
3. The Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE").
4. The Plan was adopted by the Applicant on February 1, 2000 and became effective on April 1, 2000.

5. The Applicant has appointed Standard Life Trust Company (the "Trustee") as trustee for the purposes of the Plan and the Trustee is responsible for purchasing Common Shares under the Plan on behalf of participating employees ("Participants"),
6. All permanent full-time or permanent part-time employees of the Applicant and its affiliates are eligible to participate in the Plan.
7. Under the Plan, each Participant is entitled to contribute not less than 1% or more than 10% of such Participant's salary.
8. Participants may make an initial one-time lump sum contribution of \$500 to the Plan (an "Initial Contribution") following which contributions shall be made by way of regular payroll deduction ("Ordinary Participant Contributions"). Participants may not make retroactive or lump-sum contributions, unless the committee that administers the Plan otherwise determines (together with Initial Contributions, the "Lump-Sum Provision").
9. A Participant may modify the amount of his or her Ordinary Participant Contributions to the Plan up to twice in any calendar year and in the event a Participant's salary varies at any time, the Ordinary Participant Contributions of such Participant are automatically adjusted.
10. The Applicant or the relevant affiliate of the Applicant will make contributions to the Plan on behalf of each Participant equal to (i) 100% of the amount of any Initial Contribution and (ii) 33 1/3% of the amount of the relevant Ordinary Participant Contributions up to 6% of a Participant's salary, less any amount described in (I).
11. Pursuant to the Plan, the Common Shares shall be purchased by the Trustee on the TSE or on any other exchange on which the Common Shares are listed and posted for trading.
12. The Trustee will use employee and employer Plan contributions to purchase Common Shares as soon as reasonably practicable after receipt of such contributions.
13. Except for making elections with respect to contributions to the Plan, a Participant has no authority to determine the prices or times at which Common Shares are purchased on his or her behalf under the Plan.
14. The Plan is an "automatic securities purchase plan" as such term is defined in proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2000), 23 OSCB 4212. Once a Participant elects with respect to contributions to the Plan, the timing of acquisition, the number of Common Shares acquired and the price paid for such acquisitions are all determined by the criteria set out in the Plan,
15. Unless the decision sought is granted, and failing any other exemptive relief, each Senior Officer who is a Participant would be subject to the Insider Reporting Requirements each time Common Shares are acquired on his or her behalf under the Plan.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision maker (collectively, the "Decision");

AND WHEREAS each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

IT IS THE DECISION of the Decision Makers pursuant to the Legislation that the Insider Reporting Requirements of the Legislation shall not apply to the acquisition by a Senior Officer of Common Shares pursuant to the Plan, provided that:

1. Each Senior Officer who is a Participant shall file, in the form prescribed for the Insider Reporting Requirements, a report disclosing all acquisitions of Common Shares under the Plan that have not been previously reported by or on behalf of the Participant:

(a) for any Common Shares acquired under the Plan which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer;

(b) for any Common Shares acquired under the Lump-Sum Provisions of the Plan, within the time required by the Legislation for reporting the acquisition; and

(c) for any Common Shares acquired under the Plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year.

2. Such exemption is not available to a Participant who beneficially owns, directly or indirectly, voting securities of the Applicant, or exercises control or direction over voting securities of the Applicant, or a combination of both, that carry more than 10% of the voting rights attaching to all of the Applicant's outstanding voting securities.

3. This decision terminates on the effective date of proposed National Instrument 55-101 or any legislation or rule dealing with the similar exemptions from the Insider Reporting Requirement.

DATED at Edmonton, Alberta on September 25th 2000.

Agnes Lau
Deputy Director, Capital Markets

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from insider reporting requirements for acquisitions under an Automatic Securities Purchase Plan, specifically carves out lump sum purchase. Relief consistent with provisions of NI 55-101

Applicable Alberta Statutory Provision

Securities Act, S.A. 1981, C. S-6.1, as amended, ss. 184(2).