

**Report of Recipient's Progress
on Economic Development Assistance Agreement**

Province of Nova Scotia

*(subsection 5(2) of the Accountability in Economic Development Assistance Act, and
the Accountability in Economic Development Assistance Regulations)*

Under the Act, the Minister is responsible for publishing a report that documents the progress made by a recipient of economic development assistance in meeting the targets or timelines defined in their economic development assistance agreement. Progress must be published on a 6-month cycle and is summarized below for the reporting period for this report, as specified in Part 2 of this form.

Part 1 – Recipient Company Details

Company	<i>CAE Inc. (formerly CAE Professional Services (Canada) Inc.)</i>
Fund name	<i>Strategic Investment Funds</i>
Type of assistance	<i>Payroll Rebate</i>
Agreement date	<i>OIC 2014-159 - April 29, 2014</i>
Agreement business activities	<i>Payroll investments in Nova Scotia business development, retention and expansion in the aerospace, defence and security sector</i>

Part 2 – Reporting Period for this report

A recipient of economic development assistance from the Province of Nova Scotia is required by law to submit a report every 6 months on their progress in meeting the targets or timelines defined in their agreement with the Province. The reporting period for this report is indicated below.

Reporting Period	Due Date	Year
<input checked="" type="checkbox"/> <i>October 1 to March 31</i>	<i>by May 1</i>	<i>2015</i>

Part 3 – Progress of Recipient for Reporting Period

The following table summarizes the recipient's progress report to the Minister for the reporting period for this report, as specified in Part 2. The information contained in this Table was submitted by the recipient and the recipient is responsible for its accuracy.

Table 2

Targets / Timelines	Progress made during Reporting Period	Comments
<i>For the company to have made incremental payroll investments in Nova Scotia.</i>	<i>CAE's payroll has not increased during this reporting period, as we continue our efforts to land new contracts.</i>	<i>CAE has invested heavily in business development efforts aimed at bringing additional high quality jobs to Nova Scotia. These investments have been aimed at major national and international projects, any one of which will have a significant impact on our payroll in the province.</i>
<i>To be eligible for an earned incentive, for the incremental payroll investments to be in the range of a minimum of \$340,000 for completed Program Year 1, up to a stretch maximum of \$6,800,000 for completed Program Year 5 and a minimum of 5 FTE's for completed Program Year 1, up to a stretch of 100 FTE's for completed Program Year 5.</i>	<i>At this point in time CAE's payroll has not increased relative to the baseline and as a result no claim will be made for year 1.</i>	<i>CAE continues to invest in business development efforts in Canada and abroad with a view to bringing new high quality jobs to Nova Scotia. CAE has continued to consider the benefits of the Payroll Rebate Program in deciding where to place work, and anticipates that we will achieve the goals of this program over the longer term of our agreement.</i>
<i>For the company to continue to operate, develop or expand in the aerospace, defence and security sector</i>	<i>CAE has continued all these activities during the term of our payroll rebate agreement.</i>	<i>CAE's sites in Nova Scotia are part of the CAE Canada – Defence & Security operating unit. As such, virtually 100% of CAE's work in Nova Scotia is in the aerospace, defence and security sectors. All of the major programs we are pursuing, which would result in new high quality jobs in Nova Scotia, are in these sectors.</i>

Part 4 – Status of agreement with recipient at end of this reporting period

The status of the agreement between the recipient and the Province, as determined by the Minister, is:

- Open - undisbursed
- Open – partially disbursed
- Open – fully disbursed
- Completed
- Cancelled / Withdrawn

Amount disbursed \$0

Comments (if applicable)

No claim as of March 31, 2015