CAE True™ Environment launched for higher fidelity and more realistic air traffic control and airport environment simulation

* CAE partners with Adacel to develop fully immersive air traffic control environment in full-flight simulators and other flight training devices

Montreal, June 7, 2007 – (NYSE: CGT; TSX: CAE) – CAE today introduced CAE True™ Environment, a new feature for its portfolio of simulation products designed to provide a more immersive, realistic, and higher fidelity training environment. CAE True™ Environment is available for the CAE 5000 Series and CAE 7000 Series full-flight simulators (FFSs), and CAE Simfinity® training devices.

CAE True™ Environment offers a dynamic and comprehensive air traffic control (ATC) environment. CAE teamed with Adacel, a leader in ATC simulation, to provide high volume air and ground traffic linked to realistic and context-specific voice communications using sophisticated speech recognition and text-to-speech technology. The automated communication covers exchanges between the student pilots and simulated entities such as other aircraft, airport controllers and airport ground vehicles. Interactive and fully integrated within the flight simulator, CAE True™ Environment ensures that what pilots say and hear is fully correlated with what they see in the simulator's visuals. CAE True™ Environment will also reduce instructor and evaluator workload by eliminating the need for ATC role-playing.

"Market dynamics, such as increasingly crowded airspace and younger, less experienced pilots, place a greater demand on simulation to deliver an authentic and realistic training environment," said Marc Parent, CAE's Group President, Simulation Products and Military Training & Services. "As the market leader for simulation products, CAE is continually developing innovative solutions designed to improve efficiency and more importantly, enhance safety. Our new CAE True™ Environment feature once again raises the bar in providing a real-world and realistic training environment."

The need for enhanced and improved airport environment simulation is driven by a range of factors, including:

* New regulations, such as the European Joint Aviation Authority's (JAA) requirement for ATC environment simulation in multi-crew pilot license (MPL) training devices and the International Civil Aviation Organization's (ICAO) English language proficiency requirements;

* Global pilot shortages, which will lead to the increased use of simulation for training pilots, particularly in emerging markets such as China and India, and to serve the emerging Very Light Jet (VLJ) market;

* Increasing liberalization of airspace and continued air travel growth which drives the need for airport familiarization and line-oriented flight training (LOFT);

* Ongoing pursuit of improved safety by providing a more realistic training experience.

The CAE 7000 Series Boeing 787 FFSs, currently on order from Qantas, China Eastern and Japan Airlines, will all be equipped with CAE True™ Environment. Lufthansa Flight Training is currently integrating Adacel's ATC technology into a CAE-built A319 FFS and over the next several months, Lufthansa flight crews will use the ATC capabilities during regular refresher training.

CAE True™ Environment will be offered as a separately priced option on all CAE 5000 Series and CAE 7000 Series FFSs, and the complete range of CAE Simfinity desktop and three-dimensional flight training devices. CAE True™ Environment will also be offered on upgrades to existing civil simulators, as well as military flight simulators.

"We are pleased to be working closely with CAE to develop an automated and more realistic airport environment," said Fred Sheldon, CEO of Adacel. "The inclusion of Adacel's air traffic control environment

simulation technology into the CAE True™ Environment offering will bring a higher level of realism and fidelity to pilot training."

Adacel is a global software technology and systems integrator. The company is a leading developer of critical aviation, speech recognition, and defense simulation and security systems for government and commercial enterprises. Support services are available for all products including full-time, on-site operation and maintenance. Adacel was established in 1987. The company's products can be found in many of the world's leading aviation entities, both civilian and military. Adacel's North American operations are headquartered in Orlando, Florida and the Company has offices in Washington, D.C., Montreal, Canada, and Melbourne, Australia.

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 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 100 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.

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