NON-DISCLOSURE AGREEMENT

This Agreement entered into as of_____, 20___ between CAE Inc., having a place of business at 8585 Côte de Liesse Road, Saint-Laurent, Province of Quebec, Canada, H4T 1G6 (hereafter may be referred to as "**CAE**") and_____ *(insert legal name)* having a place of business at_____ *(insert address),* concerns the safeguarding of proprietary and company confidential information to be provided by each party to the other in connection with discussions related to the purchase of (*select:* goods, services and/or intellectual property for project _____ *(if applicable indicate project)* (the "Purpose").

WITNESSETH THAT: It is agreed between the parties as follows:

1. For purposes of this Agreement, company confidential and/or proprietary information, hereinafter called Proprietary Information, shall be construed to mean any information, whether disclosed in writing, orally or otherwise, that the disclosing party considers to be material to its business operations (and for CAE, as applicable, the business operations of its direct and indirect subsidiaries and affiliated companies/entities (the "CAE Group"), including, without limitation, any commercial, financial, technical, and/or marketing information, business and/or strategic plans, wage and salary information, trade secrets, data, concepts, computer programs, software, designs, product specifications, drawings, processes, know-how, inventions and ideas, and any information relating to its customers, suppliers, employees or contractors. Where practical, the disclosing party may have the Proprietary Information identified as "Proprietary" or "Confidential" with an appropriate legend, marking, stamp or other obvious written identification.

2. The party receiving any Proprietary Information:

    a) shall not use or duplicate said Proprietary Information, in whole or in part, for any purpose other than the Purpose, without the prior written consent of the disclosing party;

    b) shall protect and keep in confidence said Proprietary Information by using the same degree of care and safeguard as it uses to protect its own Proprietary Information of like importance, but in any event no less than a reasonable degree of care;

    c) shall not disclose or permit that said Proprietary Information be disclosed, in any manner whatsoever, other than to its directors, officers, employees, investment advisers, legal counsel or other agents (and for CAE, as applicable, a member of the CAE Group) who have a need to know, and this, only if it is strictly necessary to disclose said Proprietary Information to these persons for the Purpose. The receiving party undertakes to advise such persons of the confidential nature of this information and shall ensure that such persons are bound by confidentiality undertakings;

    d) shall not reverse engineer, decompile or disassemble any product (hardware or software) received from the other party;

    e) shall not remove, overprint or deface notices of copyright or ownership, trademark logo or legend, if any, from any information or material obtained from the other party.

3. Except as set out above, the receiving party shall not disclose to any person the fact that discussions are taking place between the parties concerning the Purpose, including the status of such discussions.

4. Nothing contained in this Agreement shall be construed as granting or conferring, expressly or impliedly, any rights in or title to the Proprietary Information disclosed hereunder. It is agreed that

no license and more particularly no licence under any patents or copyrights of any party is granted by this Agreement or by any disclosure of Proprietary Information hereunder.

5.   The parties shall not be liable for disclosure or use of Proprietary Information which:

    a)   was at the time of receipt otherwise known to the party receiving it without any breach of an obligation of confidentiality;

    b)   was published or is otherwise within the public knowledge or is generally known to the public at the time of its disclosure to the receiving party, or becomes part of the public domain without breach of this Agreement by the recipient;

    c)   is developed independently by the recipient or parent, subsidiary or associated companies of the recipient without recourse to the Proprietary Information disclosed hereunder;

    d)   becomes legally known or available to the receiving party from a source other than the disclosing party, and without breach of this Agreement by the recipient;

    e)   becomes available to the receiving party by inspection or analysis of products available in the market other than the products of either party;

    f)   is so disclosed or used with the written approval of the other party;

    g)   if, and then to the extent that disclosure is required by law to be given to a governmental body or a court of competent jurisdiction, provided that the recipient provides to the disclosing party prompt notice of any such requirement to disclose the Proprietary Information, to permit the disclosing party to seek an appropriate remedy to prevent the disclosure or alternatively to agree to the terms of such disclosure.

6.   No party shall be liable for the inadvertent or accidental disclosure of Proprietary Information if such disclosure occurs despite the exercise of the same degree of care as such party normally takes to preserve and safeguard its own Proprietary Information, but in any event no less than a reasonable degree of care.

7.   Without prejudice to any other rights or remedies the disclosing party may have, each party acknowledges and agrees that damages would not be an adequate remedy for a breach of any of the provisions of this Agreement; therefore the disclosing party shall be entitled to seek injunctive (final, interlocutory and provisional or preliminary), specific performance and other equitable relief for any threatened or actual breach of the provisions of this Agreement before any court of competent jurisdiction.

8.   This Agreement shall, unless earlier terminated as indicated hereafter, be for a term of one (1) year from the date first above mentioned, and be renewed automatically for one year periods, unless a party sends in writing to the other a notice of non-renewal, thirty days prior to the expiration of a term. The disclosing party shall be entitled to terminate this Agreement should the recipient fail to comply with any of the provisions of the Agreement.

9.   Notwithstanding any termination or expiration of this Agreement, the provisions of this Agreement, as they relate to the safeguard, disclosure or use of Proprietary Information shall, unless agreed otherwise by the Parties, or unless such information becomes part of the public domain through no fault of the receiving party, remain in full force and effect a) for a period of five (5) years from expiration or termination of this Agreement when the disclosing party is a potential supplier to CAE, or b), for a period of twenty five years if the disclosing party is CAE. Upon termination or expiration of this Agreement, the receiving party agrees to promptly return or destroy, as instructed by the disclosing party, any Proprietary Information received from the disclosing party, together with all copies thereof, upon request by the disclosing party, termination
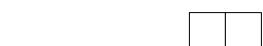
of the Agreement or expiry or termination of the Purpose, whichever is earlier. The recipient shall provide to the disclosing party, within ten (10) days of such request, expiry or termination, a certificate of one of its authorized senior corporate officer attesting to this return or destruction. Notwithstanding the foregoing, one (1) copy may be retained in confidential restricted access files of the recipient's legal department for use by its legal counsel strictly in the event of a dispute.

10. Each party shall bear its own costs incurred under or in connection with this Agreement.

11. Nothing in this Agreement shall grant to a party the right to make any commitments of any kind for, or on behalf of, the other party without the prior written consent of such party. Nothing in this Agreement shall be construed as an obligation by a party to enter into a contract, subcontract or other business relationship with the other party.

12. If any provision of this Agreement becomes invalid, illegal or unenforceable in any respect under any applicable regulation or law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

13. Any failure by a party to exercise any rights, power or privilege under this Agreement shall not constitute a waiver hereunder, nor shall any single or partial exercise thereof preclude any further exercise of any right, power or privilege.

14. This Agreement and the rights and obligations hereunder may not be transferred or assigned by a party without the prior written approval of the other party.

15. This Agreement supersedes any prior agreements and undertakings between the parties with respect to Proprietary Information supplied to each other, and is the complete agreement of the parties in relation to the subject matter of this Agreement.

16. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Quebec excluding its conflict of law rules and any applicable Federal laws of Canada.

17. This Agreement may be signed in several counterparts, each of such counterparts so signed shall constitute an original, and all counterparts together shall constitute a single instrument. Any signature page delivered via facsimile transmission or electronic mail (pdf format) shall be binding to the same extent as an original signature page. Any party who delivers such a signature page agrees to subsequently deliver an original counterpart to any party that requests it.

18. The parties agree that this Agreement shall be drafted in the English language. Les parties aux présentes ont convenu de rédiger ce contrat en Anglais.

(Signatures are on the next page)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

CAE Inc.

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