

BOMBARDIER

■ **Notice of
Annual Meeting
of Shareholders**

■ **Management
Proxy
Circular**

2011

Bombardier Inc.

Notice of Annual Meeting of Shareholders 2011

Date: Wednesday, June 1, 2011
Time: 9:30 a.m. (Montréal time)
Place: Centre Mont-Royal
Auditorium – level 1
2200 Mansfield Street,
Montréal, Québec, Canada

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Friday, April 15, 2011, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,

Roger Carle
(signed)

Roger Carle
Corporate Secretary

Montréal, Québec, Canada, April 15, 2011

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended January 31, 2011 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consider and, if deemed appropriate, adopt a non-binding advisory resolution (the full text of which is reproduced on page 14 of the Management Proxy Circular) on the Bombardier Inc.'s approach to executive compensation;
5. Consideration and, if deemed appropriate, approval of the four shareholder proposals set out in Schedule "A" to the Management Proxy Circular; and
6. Consideration of such other business as may properly come before the meeting.

Shareholders are entitled to vote at the meeting either in person or by proxy.

Any registered shareholder, that is a shareholder who has requested and received from Computershare Investor Services Inc., the transfer agent for all the shares of Bombardier Inc., a share certificate on which his/her shares are registered in his/her name, wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Tuesday, May 31, 2011. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular on page 4.

Any non-registered shareholder, that is a shareholder who did not request to receive from Computershare Investor Services Inc. a share certificate on which his/her shares are registered in his/her name and, as a result, whose shares are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution, should refer to page 5 of the Management Proxy Circular for information on how to submit a proxy.

Your vote is important. If you are unable to attend the meeting in person, please complete and return the proxy form that you will have received.

REMINDER TO THE READER

Please note that all dollar amounts in this Management Proxy Circular are in **US dollars**, unless it is specifically stated otherwise in the text.

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2011 Management Proxy Circular

This Management Proxy Circular is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting), or the Class A shares, and/or Class B shares (subordinate voting), or the Class B subordinate shares, of the Corporation to be held on Wednesday, June 1, 2011 at 9:30 a.m. (Montréal time) at the Centre Mont-Royal, Auditorium – level 1, 2200 Mansfield Street, Montréal, Québec, Canada, and at any and all adjournments thereof.

As used in this Management Proxy Circular, all references to “Bombardier”, the “Corporation” or similar terms are to Bombardier Inc.

Section 1: Voting Information

Who is soliciting my proxy?

The management of Bombardier is soliciting your proxy for use at the annual meeting of the holders of the Class A shares and/or Class B subordinate shares of the Corporation. The entire cost of the solicitation will be borne by Bombardier.

What will I be voting on?

Holders of the Class A shares and/or Class B subordinate shares of Bombardier will be voting on:

- the election of the directors of the Corporation (please refer to pages 6 to 12 and 15 to 20);
- the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation (please refer to pages 13 and 14); and
- the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 14 of this Management Proxy Circular) on the Bombardier’s approach to executive compensation; and
- each of the four shareholder proposals set out in Schedule “A” attached to this Management Proxy Circular (please refer to pages 58 to 61).

How will these matters be decided at the meeting?

A simple majority of the votes cast, by proxy or in person, will constitute approval of each of the matters specified in this Management Proxy Circular.

How many votes do I have?

The Class B subordinate shares of Bombardier are restricted securities (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights.

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at January 31, 2011, 31.25% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

Each Class A share is convertible, at any time, at the option of the holder, into one Class B subordinate share. Each Class B subordinate share will become convertible into one Class A share in the event that the majority shareholder, namely the Bombardier family, accepts a purchase offer for Class A shares or in the event that the majority shareholder ceases to hold more than 50% of the issued and outstanding Class A shares.

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Friday, April 15, 2011 will be entitled to vote at the meeting and any adjournment thereof if present or represented by proxy.

How many shares are entitled to be voted?

As at March 30, 2011, there were 315,084,537 Class A shares and 1,438,086,644 Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and officers of the Corporation, the only persons who, as at March 30, 2011 beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine. These four persons indirectly controlled, through holding companies, 249,199,910 Class A shares, and 1,118,275 Class B subordinate shares, representing in the aggregate 79.09% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.33% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on page 8 and in the notes (A), (D), (F) and (G) on page 11 of this Management Proxy Circular as to the number of Class A shares and Class B subordinate shares held by each of these four persons.

As at March 30, 2011, the directors of Bombardier (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,688,275 Class A shares and 1,406,420 Class B subordinate shares, representing 5.61% and 0.10%, respectively, of the outstanding shares of each such class.

How do I vote?

If you are eligible to vote as a registered shareholder, you may exercise the voting rights attached to your shares in person at the meeting or by proxy, as explained below.

If you are eligible to vote as a non-registered shareholder, please refer to the instructions below under the headings “As a non-registered shareholder, how do I vote?” and “As a non-registered shareholder, how do I vote in person at the meeting?” at page 5.

Voting by proxy

Whether or not you attend the meeting, you may appoint someone else to vote for you as your proxyholder. Your vote will thus be counted at the meeting. You may use the enclosed form of proxy, or any other proper form of proxy, in order to appoint your proxyholder. The persons named in the enclosed form of proxy, namely Messrs. Laurent Beaudoin and Pierre Beaudoin are respectively Chairman of the Board of Directors and President and Chief Executive Officer, as well as directors, of Bombardier. **However, you may choose another person to act as your proxyholder, including someone who is not a holder of shares of the Corporation, by deleting the names printed on the enclosed form of proxy and inserting another person’s name in the blank space provided, or by completing another proper form of proxy.**

How will my proxyholder vote?

On the form of proxy, you may indicate either how you want your proxyholder to vote your shares, or you can let your proxyholder decide for you.

If you have specified on the form of proxy how you want your shares to be voted on a particular issue (by marking **FOR**, **AGAINST** or **WITHHOLD**), then your proxyholder must vote your shares accordingly.

If you have not specified on the form of proxy how you want your shares to be voted on a particular issue, then your proxyholder can vote your shares as he or she sees fit.

Unless contrary instructions are provided, the voting rights attached to Class A shares and/or Class B subordinate shares represented by proxies received by the management of the Corporation will be voted:

FOR the election of all the nominees proposed as directors;

FOR the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation and FOR the fixing of their remuneration by the directors of the Corporation;

FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 14 of this Management Proxy Circular) on the Bombardier’s approach to executive compensation; and

AGAINST each of the four shareholder proposals set out in Schedule “A”.

Proxy Voting Options

Shareholders may wish to vote by proxy whether or not they are able to attend the meeting in person. Registered shareholders may vote by proxy as follows: by mail or fax, by telephone or over the Internet.

Submitting a proxy by mail or fax or over the Internet are the only methods by which a shareholder may appoint a person as proxy other than a director or officer of the Corporation named on the form of proxy.

Mail or Fax

Registered shareholders electing to submit a proxy by mail or fax must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc., or Computershare, either in the postage pre-paid return envelope provided or by fax at 1 866 249-7775 no later than 4:00 p.m. (Montréal time) on Tuesday, May 31, 2011.

Telephone

Registered shareholders electing to submit a proxy by telephone must do so by using a touchtone telephone. The telephone number to call for shareholders in Canada and in the United States is 1 866 732-VOTE (8683). For shareholders outside Canada and the United States, the telephone number to call is 312 588-4290. Shareholders must follow the instructions, use the form of proxy received from Bombardier and provide the 15-digit Control Number located on the form of proxy. Instructions are then conveyed by use of the touchtone selections over the telephone.

Internet

Registered shareholders electing to submit a proxy over the Internet must access the following website: www.investorvote.com.

Registered shareholders must then follow the instructions and refer to the form of proxy received from Bombardier which contains a 15-digit Control Number located on the form of proxy. Voting instructions are then conveyed electronically by the shareholder over the Internet.

Non-registered shareholders will be provided with voting instructions by their nominees. Please refer to further instructions below under the heading “As a non-registered shareholder, how do I vote?” (page 5).

What if there are amendments or if other matters are brought before the meeting?

The enclosed form of proxy gives the persons named in it authority to use their discretion in voting on amendments or variations to matters identified in the notice.

As of the date of this Management Proxy Circular, the management of Bombardier is not aware that any other matter is to be presented at the meeting. If, however, other matters properly come before the meeting, the persons named in the enclosed form of proxy will vote on

them in accordance with their judgment, pursuant to the discretionary authority conferred upon them by the form of proxy with respect to such matters.

What if I change my mind and want to revoke my proxy?

You may revoke your proxy at any time before it is acted upon in any manner permitted by law, including stating clearly, in writing, that you wish to revoke your proxy and by delivering this written statement to the transfer agent of Bombardier, Computershare, no later than the last business day before the day of the meeting, or to the Chairman of the meeting on the day of the meeting or any adjournment thereof.

Who counts the proxies?

Proxies are counted by Computershare, the transfer agent for all of the shares of Bombardier.

Is my vote confidential?

The transfer agent of Bombardier, Computershare, preserves the confidentiality of individual shareholder votes, except (a) where a shareholder clearly intends to communicate his or her individual position to the management of Bombardier, and (b) as necessary in order to comply with legal requirements.

How are proxies solicited?

The management of Bombardier strongly urges you to sign and return the form of proxy that you have received in order to ensure that your votes are exercised and accounted for at the meeting.

The solicitation of proxies will be primarily by mail. However, the directors, officers and employees of Bombardier may also solicit proxies by telephone, over the Internet, in writing or in person.

How do the employees of Bombardier exercise their voting rights attached to the shares that they own under the Employee Share Purchase Plan?

If you are an employee of Bombardier and you own shares under Bombardier's Employee Share Purchase Plan, or the ESPP, your shares are registered in the name of Computershare Trust Company of Canada, the administrator of the ESPP, until such time as the shares are withdrawn from the ESPP pursuant to its terms and conditions.

Voting rights attached to your shares may be exercised through the use of a voting instruction form which will permit the voting of shares by mail, fax, telephone (the number to dial for the employees of the Corporation in Canada and in the United States is 1 866 732-VOTE (8683) and for the employees of the Corporation outside Canada and the United States is 312 588-4290) or over the Internet at www.investorvote.com.

Your shares will be voted in accordance with your instructions as indicated in your duly completed voting instruction form. **If you are an employee shareholder and you do not indicate how your shares should be voted, then your shares will be voted:**

FOR the election of all the nominees proposed as directors;

FOR the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation and FOR the fixing of their remuneration by the directors of the Corporation;

FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 14 of this Management Proxy Circular) on the Bombardier's approach to executive compensation; and

AGAINST each of the four shareholder proposals set out in Schedule "A".

In order for you to exercise your voting rights as an employee shareholder under the ESPP, you must complete and return a voting instruction form by mail or fax or provide your instructions by phone or over the Internet.

As a non-registered shareholder, how do I vote?

Applicable securities laws and regulations require nominees of non-registered shareholders to seek the latter's voting instructions in advance of the meeting. Therefore, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Management Proxy Circular in a mailing from your nominee, together with a proxy form or voting instruction form, as the case may be.

Each nominee has its own signature and return instructions. It is important that you comply with these instructions if you want the voting rights attached to your shares to be exercised.

If you are a non-registered shareholder who has submitted a proxy and you wish to change your voting instructions, you should contact your nominee to find out whether this is possible and what procedure to follow.

As a non-registered shareholder, how do I vote in person at the meeting?

Bombardier and/or its transfer agent, Computershare, do not have a record of the names of the non-registered shareholders of the Corporation.

If you are a non-registered shareholder and you attend the meeting, Bombardier and/or Computershare will have no knowledge of your shareholdings or your entitlement to vote, unless your nominee has appointed you as proxyholder.

If you are a non-registered shareholder and wish to vote in person at the meeting, you have to insert your own name in the space provided on the form of proxy or voting instruction form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder.

It is important that you comply with the signature and return instructions provided by your nominee. It is not necessary to otherwise complete the form as you will be voting at the meeting.

How do I communicate with Computershare, the transfer agent of Bombardier?

You can communicate with Computershare, the transfer agent of Bombardier, at the following address:

Computershare Investor Services Inc.

100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

or by telephone at: 1 800 564-6253.

Section 2: Business of the Meeting

Election of the Directors of Bombardier

The articles of incorporation of Bombardier provide that its Board of Directors shall consist of not less than five and not more than 20 directors. Its directors are elected annually.

It is proposed that 14 directors be elected until the next annual meeting of the shareholders of Bombardier.

The term of office of each director so elected expires upon the election of his/her successor unless he/she shall resign or his/her office shall become vacant by death, removal or other cause.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your nominee, if you are a non-registered shareholder, will vote for the election of the 14 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier.

It is not contemplated that any of the nominees will be unable, or for any reason will become unwilling, to serve as a director. However, if that should occur for any reason prior to the election, the persons named in the accompanying form of proxy reserve the right to vote for another nominee in their discretion, unless a shareholder has specified in the form of proxy that his or her shares are to be withheld from voting on the election of directors.

LAURENT BEAUDOIN, C.C., F.C.A. (A)

Chairman of the Board of Directors of Bombardier
Westmount, Québec, Canada
Age: 72
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	13,052,944	812,500	1,531,816 (C)
2010	13,052,944	812,500	1,501,844 (C)
Change	—	—	29,972 (C)

Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He launched his career in 1961 by founding a chartered accountants firm in Quebec City. He joined Bombardier in 1963 as Comptroller, became General Manager in 1964 and President and Chief Executive Officer in 1966. In June 2008, he handed over his responsibilities as Chief Executive Officer to Mr. Pierre Beaudoin, and remained Chairman of the Board of Directors. He holds honorary doctorates from various universities and he

received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since 2002, he has been a member of the International Business Council of the World Economic Forum based in Geneva, Switzerland. Since December 2003, he is the Chairman of the Board of Bombardier Recreational Products Inc. and since October 2010, he is President of FIRST Robotics Quebec.

PIERRE BEAUDOIN

President and Chief Executive Officer
of Bombardier
Westmount, Québec, Canada
Age: 48
Director since 2004
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	512,859	68,897	—
2010	512,859	1,312	—
Change	—	67,585	—

Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in 1985. In October 1990, he was appointed Vice President, Product Development of the Sea-Doo/Ski-Doo division. From June 1992 to January 1994, he was Executive Vice President of the Sea-Doo/ Ski-Doo division of Bombardier and he acted as its President from January 1994 until April 1996. From April 1996 to January 2001, he was President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he became President and Chief

Operating Officer of Bombardier Aerospace in October 2001. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier and he also then became a member of the Board of Directors of Bombardier. Since June 4, 2008, he assumes the responsibilities of President and Chief Executive Officer of Bombardier. He is a member of the Boards of Directors of Power Corporation of Canada and Bombardier Recreational Products Inc.

ANDRÉ BÉRARD

Corporate Director
Montréal, Québec, Canada
Age: 70
Director since 2004
Lead Director
Chairman of the Finance and Risk Management Committee
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	5,000	257,116
2010	—	5,000	218,774
Change	—	—	38,342

Mr. André Bérard was Chairman of the Board of National Bank of Canada from 2002 to 2004, after having assumed the duties of Chairman of the Board and Chief Executive Officer from 1990 to 2002, President and Chief Executive Officer in 1989 and President and Chief Operating Officer from 1986 to 1989.

Between 1958 and 1986, he held various positions of increasing responsibilities at National Bank of Canada. He is a member of the Boards of Directors of BCE Inc., BMTC Group Inc., Saputo Inc. and TransForce Inc.

J.R. ANDRÉ BOMBARDIER

Vice Chairman of Bombardier
Montréal, Québec, Canada
Age: 68
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	(D)	265,774	110,922
2010	(D)	265,774	—
Change	—	—	110,922

Mr. J. R. André Bombardier joined Bombardier in 1969 as Vice President, Industrial Division. He successively held the positions of Vice President, Research and Development, Ski-Doo Division (1970), Assistant to the President and in charge of new products (1973), Vice President of Marketing,

Marine Products Division (1975) and President of Roski Ltd., a subsidiary of Bombardier (1976). He became Vice Chairman in 1978. He is a member of the Board of Directors of Bombardier Recreational Products Inc.

JANINE BOMBARDIER (E)

President and Governor,
J. Armand Bombardier Foundation,
charitable organization
Westmount, Québec, Canada
Age: 77
Director since 1984
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	(F)	40,001	197,326
2010	(F)	40,001	173,455
Change	—	—	23,871

Mrs. Janine Bombardier has been a Governor of the J. Armand Bombardier Foundation since March 27, 1965, and its President since August 21, 1978.

MARTHA FINN BROOKS

Corporate Director
Atlanta, Georgia, United States
Age: 51
Director since 2009
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	10,000	50,606
2010	—	—	18,227
Change	—	10,000	32,379

Mrs. Martha Finn Brooks was, until her retirement in May 2009, President and Chief Operating Officer of Novelis, Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served as Corporate

Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan, she was a Vice President at engine manufacturer Cummins Inc. She is a member of the Boards of Directors of Harley-Davidson, Inc. and Jabil Circuit Inc.

L. DENIS DESAUTELS, O.C., F.C.A.

Corporate Director
Ottawa, Ontario, Canada
Age: 67
Director since 2003
Chairman of the Audit Committee
Member of the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	10,000	125,599
2010	—	10,000	107,957
Change	—	—	17,642

Mr. L. Denis Desautels was Auditor General of Canada from April 1, 1991 until March 31, 2001. As Auditor General of Canada, he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montreal Office of Ernst & Young. In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices,

namely Montréal, Ottawa and Québec. He is currently Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants and was a member of the Expert Panel on Securities Regulation in Canada. He is Chairman of Laurentian Bank of Canada and a director of Groupe Jean Coutu (PJC) Inc. He also sits on the Board of Directors of CARE Canada and on the Board of Governors of the International Development Research Centre (IDRC).

THIERRY DESMAREST

Honorary Chairman of the Board of Directors of Total S.A., a multinational energy (oil, gas and chemicals) corporation

Paris, France

Age: 65

Director since 2009

Member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	—	38,198
2010	—	—	22,021
Change	—	—	16,177

Mr. Thierry Desmarest has been Honorary Chairman and a member of the Board of Directors of Total since May 2010. He was Chairman of the Board of Directors of Total from February 2007 to May 2010. He joined Total in 1981 as Managing Director of Total Algeria. He held various positions within Total Exploration Production ultimately becoming its President and a member of Total's Executive Committee in 1989. He became President of the Upstream

segment in January 1995, and Chairman and Chief Executive Officer of Total a few months later. Following the merger with PetroFina in 1999, he became Chairman and Chief Executive Officer of TotalFina. In 2000, he was appointed Chairman and Chief Executive Officer of TotalFinaElf, and in 2003, he became Chairman and Chief Executive Officer of Total. He is also a member of the Boards of Directors of Sanofi-Aventis, Air Liquide and Renault.

JEAN-LOUIS FONTAINE (G)

Vice Chairman of Bombardier

Westmount, Québec, Canada

Age: 71

Director since 1975

Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	4,097,472	6,465	109,387
2010	4,097,472	6,465	—
Change	—	—	109,387

Mr. Jean-Louis Fontaine began his career with Bombardier in 1964 as Vice President, Production, of its Ski-Doo division and rose through the ranks to become Vice President, Transportation Products in 1974. He was named Vice

President, Corporate Planning in 1977, a position he held until he became Vice Chairman in 1988. He currently serves on the Board of Directors of Héroux-Devtek Inc.

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors

Montréal, Québec, Canada

Age: 66

Director since 1999

Member of the Audit Committee and the Finance and Risk Management Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	1,200	106,332
2010	—	1,200	104,252
Change	—	—	2,080

A former Premier of the Province of Québec, Mr. Daniel Johnson was a member of the National Assembly of Québec for more than 17 years and held numerous offices in the Government of Québec from 1985 to 1994. He is a director of the Bank of Canada, Trow Global Holdings Inc., IGM Financial Inc.,

The Investors Group Inc. and Mackenzie Financial Corporation and the Chairman of the Board of Victhom Human Bionics Inc. He is also Honorary Consul of Sweden in Montréal.

JEAN C. MONTY

Corporate Director
Montréal, Québec, Canada
Age: 63
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	25,000	175,000	277,096
2010	25,000	175,000	244,084
Change	—	—	33,012

On April 24, 2002, Mr. Jean C. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.), following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President and Chief Executive Officer in March

1993. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997. He is a member of the Boards of Directors of Fiera Sceptre Inc., Centria Inc. and Alcatel-Lucent SA.

CARLOS E. REPRESAS

Corporate Director
Mexico City, Mexico
Age: 65
Director since 2004
Member of the Human Resources and Compensation Committee, the Finance and Risk Management Committee and the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	—	153,110
2010	—	—	117,214
Change	—	—	35,896

Mr. Carlos E. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc. and Swiss Re Group. He is a member of the Latin American Business Council (CEAL). He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the

Latinamerican Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

JEAN-PIERRE ROSSO

Chairman, World Economic Forum USA Inc., an independent non-profit organization affiliated to the World Economic Forum, a non-profit foundation based in Geneva, Switzerland
New York, New York, United States
Age: 70
Director since 2006
Chairman of the Corporate Governance and Nominating Committee
Member of the Audit Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	—	164,625
2010	—	—	130,930
Change	—	—	33,695

Mr. Jean-Pierre Rosso has chaired World Economic Forum USA Inc., based in New York City, United States, since April 2006. He served as Chairman of CNH Global N.V., an agricultural and construction equipment manufacturer, from November 1999 until his retirement in May 2004. He was Chief Executive Officer of CNH Global N.V. from November 1999 to November 2000. He acted as Chairman and Chief Executive Officer of Case Corporation, an agricultural

and construction equipment manufacturer, from March 1996 to November 1999, after having been President and Chief Executive Officer of Case Corporation from April 1994 to March 1996. He was President of the Home & Building Control Business of Honeywell, Inc. from 1992 to 1994 and before that, President of European operations of Honeywell, Inc. from 1987 until 1991. He is a member of the Board of Directors of Medtronic Inc.

HEINRICH WEISS

Chairman and Chief Executive Officer, SMS Holding GmbH, holding of an international group of corporations active in plant construction and mechanical engineering related to the processing of steel and non-ferrous metals

Dusseldorf, Germany

Age: 68

Director since 2005

Member of the Corporate Governance and Nominating Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2011	—	—	204,793
2010	—	—	176,140
Change	—	—	28,653

Dr. Heinrich Weiss is a member of the Supervisory Boards of Deutsche Bahn AG, DB Mobility Logistics AG and Voith AG. He is Chairman of the Foreign Trade Advisory Council to the Secretary of Economics and Technology of

Germany, Chairman of the Board of the German-Russian Chamber of Commerce, a member of the Board of the Asia Pacific Committee of German Business as well as a member of the Board of the East-West Trade Committee.

NOTES

- (*) The information appearing on pages 7 to 11 of this Management Proxy Circular is determined as at January 31, 2011 and January 31, 2010, respectively.
- (A) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with Mr. J.R. André Bombardier, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 61,123,490 Class A shares and 812,500 Class B shares.
- (B) "Deferred Stock Units" are: (i) in the case of Mmes. Janine Bombardier and Martha Finn Brooks and Messrs. André Bérard, J.R. André Bombardier, L. Denis Desautels, Thierry Desmarest, Jean-Louis Fontaine, Daniel Johnson, Jean C. Monty, Carlos E. Represas, Jean-Pierre Rosso and Heinrich Weiss, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 18 of this Management Proxy Circular; and (ii) in the case of the Chairman of the Board of Directors of Bombardier, Mr. Laurent Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Stock Unit Plan for Senior Officers which is more fully explained on page 31 of this Management Proxy Circular. The number of Deferred Stock Units for each director and for Mr. Laurent Beaudoin has been determined as at January 31, 2011 and January 31, 2010, respectively.
- (C) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of the Corporation, received an annual incentive of CAN \$1,400,000, CAN \$2,285,000 and CAN \$3,675,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units (CAN \$3.50 per Unit), 487,205 Deferred Stock Units (CAN \$4.69 per Unit) and 555,975 Deferred Stock Units (CAN \$6.61 per Unit), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, with the reinstatement of the payment of dividends on the Class A shares and the Class B subordinate shares of Bombardier since June 3, 2008, Mr. Beaudoin is credited with additional Deferred Stock Units if and when dividends are declared by the Board of Directors.
- (D) Mr. J.R. André Bombardier exercises, through holding corporations which he controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 65,401,042 Class A shares.
- (E) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board of Directors of the Corporation (please refer to page 54 of this Management Proxy Circular). Although Mr. Laurent Beaudoin and Mrs. Janine Bombardier have both attained the prescribed retirement age, the Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Mr. Laurent Beaudoin and Mrs. Janine Bombardier as directors of the Corporation during their annual meeting to be held on Wednesday, June 1, 2011.
- (F) Mrs. Janine Bombardier exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 61,973,491 Class A shares.
- (G) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Janine Bombardier), control or direction over 60,701,887 Class A shares.
- (H) No Series 2, Series 3 or Series 4 Preferred Shares are beneficially owned by a nominee or are subject to his or her control or direction.

The following table sets forth the number of meetings of the Board of Directors of Bombardier and its Committees held between February 1, 2010 and January 31, 2011 and the record

of attendance at these meetings of the 14 nominees for election to the Board of Directors who are all current directors of the Corporation.

Nominees	Board of Directors ⁽¹⁾	Audit Committee Chairman: L. Denis Desautels	Corporate Governance and Nominating Committee Chairman: Jean-Pierre Rosso	Human Resources and Compensation Committee Chairman: Jean C. Monty	Finance and Risk Management Committee Chairman: André Bérard	Individual Attendance Rate
Laurent Beaudoin	10/10	(2)	(2)	(2)	(2)	100%
Pierre Beaudoin	10/10	(2)	(2)	(2)	(2)	100%
André Bérard	10/10	7/7	—	6/6	7/7	100%
J.R. André Bombardier	10/10	—	—	—	—	100%
Janine Bombardier	10/10	—	—	—	—	100%
Martha Finn Brooks	10/10	7/7	—	6/6	—	100%
L. Denis Desautels	10/10	7/7	—	—	7/7	100%
Thierry Desmarest ⁽³⁾	10/10	—	1/2	1/2	—	86%
Jean-Louis Fontaine	8/10	—	—	—	—	80%
Daniel Johnson	10/10	7/7	—	—	7/7	100%
Jean C. Monty	9/10	—	5/5	6/6	—	95%
Carlos E. Represas	10/10	—	4/5	4/6	6/7	86%
Jean-Pierre Rosso	9/10	6/7	5/5	—	—	91%
Heinrich Weiss	8/10	—	4/5	—	—	80%
Overall Attendance Rate	96%	97%	86%	88%	96%	—

(1) Two special sessions for the review of the strategic orientation and the operating plans and budgets of the Corporation were held during the year.

(2) The Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the President and Chief Executive Officer, Mr. Pierre Beaudoin, are not members of any of the Committees of the Board of Directors of Bombardier; however, they are entitled to attend and to participate in all the meetings of the Committees, but not to vote.

(3) Mr. Thierry Desmarest became a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee on June 2, 2010.

To the knowledge of Bombardier and based upon information provided by the nominees for election to the Board of Directors, no such nominee:

- (a) is, as at the date of this Management Proxy Circular, or has been, within ten years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that:
 - (i) was the subject, while such person was acting in that capacity, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (ii) was subject to an event that occurred while that person was acting in such capacity and which resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to

bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within ten years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; except for the following:

Daniel Johnson – Mr. Johnson was a director and Chairman of the Board of Geneka Biotechnologie Inc. until March 7, 2003, approximately two months prior to the date on which this corporation was deemed to have made an assignment in bankruptcy; and

Jean C. Monty – Mr. Monty was a director or executive officer of Teleglobe Inc. and certain of its affiliates during the year preceding May 15, 2002, the date on which Teleglobe Inc. and certain of its affiliates filed for court protection under insolvency statutes in various countries, including Canada and the United States.

Appointment of the External Auditors of Bombardier

Bombardier proposes that Ernst & Young, LLP, chartered accountants, be appointed as its external auditors and that the directors of Bombardier be authorized to fix the remuneration of the external auditors.

For each of the financial years ended January 31, 2011 and 2010 Ernst & Young, LLP, billed Bombardier the following fees for their services:

Fees	Financial Year Ended January 31, 2011 (\$)	Financial Year Ended January 31, 2010 (\$)
Audit Fees	14,355,000	13,628,000
Audit-related Fees	613,000	1,279,000
Tax Fees	5,147,000	4,458,000
All Other Fees	202,000	189,000
Total Fees	20,317,000	19,554,000

In the table above, the terms in the column “Fees” have the following meanings: “Audit Fees” refers to all fees incurred in respect of audit services, being the professional services rendered by Ernst & Young, LLP, for the audit of the annual financial statements of Bombardier and those of its subsidiaries and the review of its quarterly financial statements as well as services normally provided by Ernst & Young, LLP, in connection with statutory and regulatory filings and engagements; “Audit-related Fees” refers to the aggregate fees billed for assurance and related services by Ernst & Young, LLP, that are reasonably related to the performance of the audit or review of the financial statements of Bombardier and are not reported under “Audit Fees”, including audits of the Corporation’s employee benefit plans or audits required under its banking arrangements; “Tax Fees” refers to the aggregate fees billed for professional services rendered by Ernst & Young, LLP, for tax compliance, tax advice, and tax planning, including the preparation or review of tax returns, transfer pricing documentation and assistance with tax audits rendered to the Corporation and its many subsidiaries around the world; and “All Other Fees” refers to the aggregate fees billed for products and services provided by Ernst & Young, LLP, other than “Audit Fees”, “Audit-related Fees” and “Tax Fees”, primarily translation of financial information.

The Audit Committee of Bombardier has considered whether the provision of services other than audit services is compatible with maintaining the independence of Ernst & Young, LLP, as the external auditors of the Corporation.

The Audit Committee has adopted a policy that prohibits Bombardier from engaging Ernst & Young, LLP, for “prohibited” categories of non-audit services and requires pre-approval by the Committee of audit services and other services within certain permissible categories of non-audit services.

Except where authority to vote on the appointment of the external auditors of the Corporation is withheld, the persons named in the accompanying form of proxy will vote FOR the appointment of Ernst & Young, LLP, chartered accountants, and FOR their remuneration to be fixed by the directors of the Corporation.

Audit Committee Information

Mr. L. Denis Desautels acts as Chairman of the Audit Committee of Bombardier and Mrs. Martha Finn Brooks and Messrs. André Bérard, Daniel Johnson and Jean-Pierre Rosso are its other members. Each of them is independent and financially literate within the meaning of *National Instrument 52-110 – Audit Committees*.

The education and related experience of each of the members of the Audit Committee is described below.

L. Denis Desautels (Chairman) – Mr. Desautels, F.C.A., is the Chairman of the Audit Committee since 2003. He has a Bachelor of Commerce degree from McGill University. He served as Auditor General of Canada from April 1, 1991 until March 31, 2001; he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada’s three territorial governments. At the time of his appointment, he was a senior partner in the Montréal Office of Ernst & Young, LLP, (formerly Clarkson Gordon). In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices, namely Montréal, Ottawa and Québec. He is currently Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants. He is a member of the audit committee of Laurentian Bank of Canada and Groupe Jean Coutu (PJC) Inc.

André Bérard – Mr. Bérard is a member of the Audit Committee since 2004. He has a Fellow’s Diploma of the Institute of Canadian Bankers. He attended the Special Management Program at Harvard Business School. He served as Chairman of the Board of National Bank of Canada from 2002 to 2004, after having assumed the duties of Chairman of the Board and Chief Executive Officer from 1990 to 2002, President and Chief Executive Officer in 1989 and President and Chief Operating Officer from 1986 to 1989. Between 1958 and 1986, he held various positions of increasing responsibilities at National Bank of Canada. He is a member of the audit committee of BCE Inc., BMT Group Inc. and TransForce Inc.

Martha Finn Brooks – Mrs. Martha Finn Brooks holds a B.A. in economics and political science and an M.B.A. in international business from Yale University. She was, until May 2009, President and Chief Operating Officer of Novelis Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan Inc., she was a Vice President at engine manufacturer Cummins, Inc. where she worked over 15 years in various general management, marketing and business development roles. She was a member of the audit committee of International Paper Company between 2004

and 2007. She is currently a member of the Board of Directors of Jabil Circuit Inc. and its audit committee and a member of the Board of Directors of Harley-Davidson, Inc.

Daniel Johnson – Mr. Johnson is a member of the Audit Committee since 1999. A law graduate of Université de Montréal and a member of the Québec bar since 1967, he also holds LL.M. and Ph.D. degrees from the University of London (UK), as well as an M.B.A. from Harvard Business School. He was Secretary and Vice President of Power Corporation of Canada until 1981. As a member of the Québec Government from 1985 to 1994, he was Minister of Industry and Commerce, then Chairman of the Treasury Board and Minister responsible for Administration and the Public Service. He was also Minister responsible for the Montréal region and a member of the Standing Cabinet Committees on Economic Development, on Planning, Regional Development and the Environment and of the Legislation Committee. He became Leader of the Québec Liberal Party in December 1993, was Premier of the Province of Québec until September 1994,

and Leader of the Official Opposition until May 1998. He is currently a member of the audit committee of the Bank of Canada, Victhom Human Bionics Inc. and Trow Global Holdings Inc.

Jean-Pierre Rosso – Mr. Rosso is a member of the Audit Committee since 2006. He has a B.S., Civil Engineering, from « École Polytechnique Fédérale de Lausanne (EPF) » and an M.B.A. from Wharton School of the University of Pennsylvania. He has chaired World Economic Forum USA Inc. since April 2006. He served as Chairman of CNH Global N.V., an agricultural and construction equipment manufacturer, from November 1999 until his retirement in May 2004. He was Chief Executive Officer of CNH Global N.V. from November 1999 to November 2000. He acted as Chairman and Chief Executive Officer of Case Corporation, an agricultural and construction equipment manufacturer, from March 1996 to November 1999, after having been President and Chief Executive Officer of Case Corporation from April 1994 to March 1996. Mr. Rosso was Chairman of the audit committee of Medtronic Inc. between 1998 and 2006 and he continued to be one of its members until 2009.

Non-binding Advisory Vote on Bombardier's Approach to Executive Compensation

The approach of Bombardier regarding executive compensation is to maximize the overall performance of the Corporation through the appropriate individual performance of its executives. The goals of the policy are to attract, retain and motivate executives in order to increase business performance and enhance shareholder value which supports the pay-for-performance commitment of Bombardier.

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. The Corporation's philosophy is to position the total executive compensation package at the median (50th percentile) compared with similar positions in companies that have international operations and are comparable in size and complexity to Bombardier in the relevant markets.

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 48 of this Management Proxy Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

After monitoring recent developments and emerging trends with respect to advisory, but non-binding, votes on executive compensation (otherwise known as "Say on Pay"), the Board of Directors of Bombardier has decided, during its meeting on March 30, 2011, to implement such a practice. Thus, the shareholders of the Corporation, during their annual meeting on June 1, 2011, will be called to vote **"FOR"** or **"AGAINST"** the adoption of the following resolution with respect to Bombardier's approach to executive compensation:

"RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Bombardier Inc. that the shareholders of Bombardier Inc. accept the approach to executive compensation disclosed in the Management Proxy Circular delivered in advance of the annual meeting of the shareholders of Bombardier Inc. held on June 1, 2011".

Since this is an advisory resolution, the results will not be binding on the Board of Directors of Bombardier. However, the members of its Human Resources and Compensation Committee will take into account the results of the vote when reviewing, in the future, executive compensation philosophy, policies, programs or arrangements.

The results of the vote will also be included in the report on voting results to be posted on the SEDAR website, at www.sedar.com, following the annual meeting of shareholders of Bombardier on June 1, 2011.

The Board of Directors of Bombardier recommends to its shareholders and their proxyholders to VOTE FOR the adoption of this non-binding advisory resolution on Bombardier's approach to executive compensation.

Adoption of this resolution will require a majority of the votes cast by the shareholders of Bombardier or their proxyholders, as the case may be.

Section 3: Remuneration of the Directors of Bombardier

Summary Compensation Table

The Summary Compensation Table below shows all of the annual compensation information for each of the members of the Board of Directors of Bombardier for the financial year ended January 31, 2011, with the exception of the President and Chief Executive Officer, Mr. Pierre Beaudoin, who did not receive any compensation for acting as a director of the Corporation.

As President and Chief Executive Officer, Mr. Pierre Beaudoin's remuneration is disclosed in Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 48 of this Management Proxy Circular.

Name of Board Members	Total Fees Earned ^{(1) (2)} (\$)	Pension Value ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾ (\$)	Total Compensation (\$)
Laurent Beaudoin	585,000	1,134,300	68,940	1,788,240
André Bérard	170,700	—	—	170,700
J.R. André Bombardier	102,400	296,000	51,930	450,330
Janine Bombardier	102,400	—	—	102,400
Martha Finn Brooks	162,500	—	—	162,500
L. Denis Desautels	160,900	—	—	160,900
Thierry Desmarest	130,800	—	—	130,800
Jean-Louis Fontaine	97,500	431,500	15,740	544,740
Daniel Johnson	146,300	—	34,125 ⁽⁵⁾	180,425
Jean C. Monty	141,300	—	—	141,300
Carlos E. Represas	170,000	—	25,000 ⁽⁶⁾	195,000
Jean-Pierre Rosso	157,500	—	—	157,500
Heinrich Weiss	127,500	—	—	127,500

- (1) The amounts payable to the directors who are resident of Canada namely, Mrs. Bombardier and Messrs. Beaudoin, Bérard, Bombardier, Desautels, Fontaine, Johnson and Monty are payable in Canadian dollars; they were converted from Canadian dollars to US dollars based on an average exchange rate of \$0.9750 for the financial year ended January 31, 2011. The amounts payable to the directors who are not resident of Canada namely, Mrs. Brooks and Messrs. Desmarest, Represas, Rosso and Weiss are paid in US dollars.
- (2) Please refer to the table "Fees Earned during the Financial Year ended January 31, 2011" on page 17 of this Management Proxy Circular.
- (3) Only Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are entitled to pension payments earned during their active service as senior executives of Bombardier. Please refer to the table "All Other Compensation" on page 17 of this Management Proxy Circular.
- (4) Only Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as senior executives of Bombardier. Please refer to the table "All Other Compensation" on page 17 of this Management Proxy Circular.
- (5) Mr. Daniel Johnson received total fees amounting to CAN \$35,000 (US \$34,125 based on an average exchange rate of \$0.9750 for the financial year ended January 31, 2011) for his services as Chairman of the various retirement committees for the pension plans registered with the « Régie des rentes du Québec » during the financial year ended January 31, 2011.
- (6) Mr. Carlos E. Represas received an additional amount of \$25,000 for his services as Chairman of the Mexico Advisory Board of Bombardier.

The following table provides the various fees to which the members of the Board of Directors of Bombardier were entitled during the

financial year ended January 31, 2011, with the exception, however, of Mr. Pierre Beaudoin who was not entitled to any fees:

Type of Fees ⁽¹⁾	(\$)
Annual Retainer	
Chairman of the Board of Directors ⁽²⁾	600,000
Board Members (other than the Chairman)	80,000
Audit Committee Chairman	20,000
Other Committee Chairman	10,000
Committee Members (other than the Chairman)	5,000
Fees	
Board and Committee Attendance Fees	2,500
Travel Fees ⁽³⁾	2,500

(1) A director who was a resident of Canada received his/her fees in Canadian dollars while a director who was not a resident of Canada received the same amount of fees but in US dollars.

(2) The Chairman of the Board of Directors did not receive any additional retainer or attendance fees.

(3) Every time a director had a one-way travel time of three hours or more from his/her residence, he or she was entitled to travel fees in addition to his/her regular attendance fees.

Fees Earned during the Financial Year ended January 31, 2011

The following table shows the fees earned during the financial year ended January 31, 2011 by the directors of the Corporation entitled to receive them:

Director	Annual Retainer Fees			Attendance Fees			Travel Fees ⁽³⁾ (\$)	Total Fees Earned (\$)	Total Fees Paid in Cash (\$)	Total Fees Credited in DDSUs (\$)	Number of DDSUs credited ⁽⁴⁾
	Board ⁽²⁾ (\$)	Committee (\$)	Total (\$)	Board (\$)	Committee (\$)	Total (\$)					
Laurent Beaudoin ⁽¹⁾	585,000	—	585,000	—	—	—	—	585,000	585,000	—	—
André Bérard ⁽¹⁾	78,000	19,500	97,500	24,400	48,800	73,200	—	170,700	—	170,700	38,342
J.R. André Bombardier ⁽¹⁾	78,000	—	78,000	24,400	—	24,400	—	102,400	—	102,400	21,725
Janine Bombardier ⁽¹⁾	78,000	—	78,000	24,400	—	24,400	—	102,400	—	102,400	23,871
Martha Finn Brooks ⁽³⁾	80,000	10,000	90,000	25,000	32,500	57,500	15,000	162,500	—	162,500	32,379
L. Denis Desautels ⁽¹⁾⁽⁵⁾	78,000	24,400	102,400	24,400	34,100	58,500	—	160,900	82,900	78,000	17,642
Thierry Desmarest ⁽³⁾⁽⁵⁾	80,000	5,800	85,800	25,000	5,000	30,000	15,000	130,800	50,800	80,000	16,177
Jean-Louis Fontaine ⁽¹⁾	78,000	—	78,000	19,500	—	19,500	—	97,500	—	97,500	20,723
Daniel Johnson ⁽¹⁾⁽⁶⁾	78,000	9,800	87,800	24,400	34,100	58,500	—	146,300	146,300	—	2,080
Jean C. Monty ⁽¹⁾	78,000	14,600	92,600	21,900	26,800	48,700	—	141,300	—	141,300	33,012
Carlos E. Represas ⁽³⁾	80,000	15,000	95,000	25,000	35,000	60,000	15,000	170,000	—	170,000	35,896
Jean-Pierre Rosso ⁽³⁾	80,000	15,000	95,000	22,500	27,500	50,000	12,500	157,500	—	157,500	33,695
Heinrich Weiss ⁽³⁾	80,000	5,000	85,000	20,000	10,000	30,000	12,500	127,500	—	127,500	28,653

(1) This director received his/her fees in Canadian dollars which were converted from Canadian dollars to US dollars based on an average exchange rate of \$0.9750 for the financial year ended January 31, 2011.

(2) The full amount of the annual Board retainer fees was credited in DDSUs to every director, except for (i) Mr. Laurent Beaudoin who does not participate in the "Director Deferred Stock Unit Plan" which is more fully explained on page 18 of this Management Proxy Circular and (ii) Mr. Daniel Johnson (in the case of Mr. Johnson, please refer to note 6 below).

(3) This director received his/her remuneration in US dollars and was also entitled to travel fees of \$2,500 for each meeting which he or she attended.

(4) Included in these numbers are additional DDSUs credited to a director if and when dividends on the Class B subordinate shares of Bombardier were declared payable by the Board of Directors.

(5) This director elected to receive only his annual Board retainer of \$80,000 in the form of DDSUs.

(6) Although Mr. Johnson elected to receive in cash all of his fees since February 1, 2008, he was credited with additional DDSUs with respect to those DDSUs that he accumulated in his account until February 1, 2008, when dividends on the Class B subordinate shares of Bombardier were declared payable by the Board of Directors.

All Other Compensation

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine during the financial year ended January 31, 2011. They were entitled to these compensation elements as former

senior executives of Bombardier. Details about pension benefits and perquisites are provided in Section 4: "Remuneration of the Named Executive Officers of Bombardier" on pages 21 to 48 of this Management Proxy Circular.

Director ⁽¹⁾	Pension Benefits ⁽²⁾ (\$)	Total of Other Compensation Excluding Pension Benefits ⁽³⁾ (\$)
Laurent Beaudoin	1,134,300	68,940
J.R. André Bombardier	296,000	51,930
Jean-Louis Fontaine	431,500	15,740

(1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of \$0.9750 during the year ended January 31, 2011.

(2) Details of the pension plans for executives of Bombardier are provided on page 42 of this Management Proxy Circular.

(3) Represents the estimated costs to Bombardier to provide car leasing and maintenance and premium paid for group insurance. The actual car leasing costs were added to an estimated maintenance cost taking into consideration the personal use of their respective car by Messrs. Laurent Beaudoin and J.R. André Bombardier.

Director Deferred Stock Unit Plan

To encourage the directors of Bombardier (other than Messrs. Laurent Beaudoin, Chairman of the Board of Directors, and Pierre Beaudoin, President and Chief Executive Officer) to better align their interests with those of the shareholders by having an investment in the Corporation, a Director Deferred Stock Unit Plan, or the DDSU Plan, was implemented on April 1, 2000; it was amended in 2003, 2006, 2007 and 2008. The DDSU Plan provides that the eligible directors of Bombardier are required to receive the entirety of their annual Board retainer fees in the form of Director Deferred Stock Units, or DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained on page 19 of this Management Proxy Circular) is met. Thereafter, they have the option to be paid their annual Board retainer fees in cash or to keep receiving 50% or more of such fees in the form of DDSUs. In addition, they may elect to receive 50% or more of any other remuneration (i.e., attendance fees and fees received by Committee chairs and members and travel fees) in the form of DDSUs.

DDSUs have a value equal to the weighted average trading prices of the Class B subordinate shares of the Corporation on the Toronto Stock Exchange for the five trading days immediately preceding the date when DDSUs are credited to each eligible director. DDSUs take the form of a bookkeeping entry credited to his/her account which cannot be redeemed for cash for as long as he/she remains a member of the Board of Directors. All DDSUs will, upon request by him/her, be redeemed for cash by Bombardier after he/she ceases to be a member of the Board of Directors; however, failing such request, the redemption of such DDSUs for cash will occur automatically upon the expiry of a period as determined under the DDSU Plan. The value of a DDSU, when redeemed for cash, will be equivalent to the closing price of the Class B subordinate shares on the last trading day preceding the day of the redemption. DDSUs confer the right to receive dividends paid in the form of additional DDSUs at the same rate as the dividend paid on the Class B subordinate shares of Bombardier. The DDSU plan is not dilutive.

Stock Option Plan for the Benefit of the Directors of Bombardier

Effective October 1, 2003, the stock option plan for the benefit of the non-executive directors of Bombardier, or the Directors' Plan, was abolished. It provided for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 of the Class B subordinate shares of Bombardier, subject to the limits prescribed by applicable regulatory authorities in respect of shares which may be offered for subscription and purchase under the various incentive plans of the Corporation. The Directors' Plan also provided that the maximum number of options held by any one person thereunder cannot exceed 5% of the outstanding Class B subordinate shares. Despite the fact that the Directors' Plan was abolished, it continues to apply to outstanding, unexercised options. As at January 31, 2011, options for a total of 15,000 Class B subordinate shares, which had been previously granted, were still outstanding, representing 0.0009% of all issued and outstanding Class A shares and Class B subordinate shares

combined. The purchase price for the Class B subordinate shares, in respect of any outstanding option granted under the Directors' Plan, is the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the date on which such option was granted. The purchase price is payable in full at the time the option is exercised. As of January 31, 2011, all remaining stock options were 100% vested.

Each option is first exercisable at any time following the date of granting such option until the expiration of the tenth year following the date of granting of such option, unless the Human Resources and Compensation Committee decides otherwise. Options will expire at the earlier of the expiration of the tenth year following the date of granting of such options, and the date on which the optionee ceases to act as director of the Corporation. Notwithstanding the foregoing, (1) if an optionee should resign of his duties as director, be removed of his duties as director by the shareholders of the Corporation, become disqualified to exercise his duties as director or not be re-elected as a director, he shall be entitled to exercise his rights under his options that were vested on the date of his resignation, removal, disqualification or non re-election (except upon the mandatory retirement of a director who will then have been a director of Bombardier for at least five years, in which case such director will be entitled to exercise his/her option with respect to all the shares for which such option will not then have been exercised), within one (1) year of the date of his resignation, removal, disqualification or non re-election, and (2) upon the death of an optionee, his legal representatives shall be entitled to exercise his rights under his options that were vested at the time of his death, within sixty (60) days of the later of the date of his death and the date of receipt of all required succession duty releases (if applicable). Under no circumstances, however, shall any option expire later than ten (10) years after the date of its grant.

The restrictions in the Code of Ethics and Business Conduct on the trading in any Bombardier securities as set out in Section C.1.5.4 on page 29 of this Management Proxy Circular also apply to the directors of Bombardier.

Options Exercised in the Most Recently Completed Financial Year

During the financial year ended January 31, 2011, no options were exercised by the directors of Bombardier to acquire Class B subordinate shares under the Directors' Plan and no option was cancelled or expired, as the case may be.

Outstanding Option-Based Awards for the Financial Year Ended January 31, 2011

Director	Number of Shares Acquired on Exercise	Aggregate Value Realized ⁽¹⁾ (\$)	Number of Securities Underlying Unexercised Options at Financial Year-End ⁽²⁾		Option Expiration Date	Option Exercise Price CAN (\$)	Value of Unexercised in-the-Money Options at Financial Year-End ⁽¹⁾	
			Exercisable	Unexercisable			Exercisable (\$)	Unexercisable (\$)
Janine Bombardier	—	—	5,000	—	March 27, 2012	14.58	—	—
Daniel Johnson	—	—	5,000	—	March 27, 2012	14.58	—	—
Jean C. Monty	—	—	5,000	—	March 27, 2012	14.58	—	—
Jean-Louis Fontaine ⁽²⁾	—	—	200,000	—	March 27, 2012	14.58	—	—

(1) Represents the value that would have been realized if the options under the option-based awards had been exercised on January 31, 2011 on the basis of the January 31, 2011 closing price of the Class B subordinate shares on the Toronto Stock Exchange of CAN \$5.70 converted from Canadian dollars to US dollars based on an exchange rate of \$0.9978.

(2) Mr. Jean-Louis Fontaine was granted the stock options shown above as a former senior executive of Bombardier during his years of active service with the Corporation. These options were granted under the Stock Option Plan for Executives as described on pages 28 to 29 of this Management Proxy Circular.

Minimum Shares and/or DDSUs Holding Requirement

The Board of Directors of Bombardier believes that it is important that directors demonstrate their commitment to Bombardier's growth through their respective shares and/or DDSUs holding.

On February 1, 2008, the Board of Directors implemented a minimum shares and/or DDSUs holding requirement pursuant to which each director has to hold shares and/or DDSUs having a minimum value of CAN \$400,000 (which is equal to US \$399,000 based on an exchange rate of \$0.9978 as of January 31, 2011 and to US \$380,000 based

on an exchange rate of \$0.9474 as of January 31, 2010) throughout his/her tenure as a director.

The rules of the DDSU Plan provide that until a director meets this minimum shares and/or DDSUs holding requirement, his/her Board annual retainer fees will be entirely credited to him/her in the form of DDSUs. Once the prescribed threshold is met, the director will have the option to receive his/her annual Board retainer in cash or in DDSUs.

Director Shares and/or DDSUs/DSUSOs Holding Table

The following table provides information on the number and value of the Class A shares and/or Class B subordinate shares of Bombardier and/or DDSUs/DSUSOs held by the nominees for election to the Board

of Directors of Bombardier, excluding Mr. Pierre Beaudoin who is a Named Executive Officer (in his case, please refer to page 36 of this Management Proxy Circular).

Director	Financial Year Ended January 31, ⁽¹⁾	Number of Class A Shares	Number of Class B Subordinate Shares	Total Value of Shares ⁽²⁾ (\$)	Number of DDSUs/DSUSOs	Total Value of DDSUs/DSUSOs ⁽²⁾ (\$)	Total Number of Shares and DDSUs/DSUSOs	Total Value of Shares and DDSUs/DSUSOs ⁽²⁾ (\$)	Share Ownership Threshold Met
Laurent Beaudoin ⁽³⁾	2011	13,052,944	812,500	79,119,600	1,531,816	8,712,100	15,397,260	87,831,700	Yes
	2010	13,052,944	812,500	66,206,100	1,501,844	7,171,100	15,367,288	73,377,200	Yes
	Net change	—	—	12,913,500	29,972	1,541,000	29,972	14,454,500	
André Bérard	2011	—	5,000	28,400	257,116	1,462,300	262,116	1,490,700	Yes
	2010	—	5,000	23,900	218,774	1,044,600	223,774	1,068,500	Yes
	Net change	—	—	4,500	38,342	417,700	38,342	422,200	
J.R. André Bombardier	2011	65,401,042	265,774	374,782,500	110,922 ⁽⁴⁾	630,900 ⁽⁴⁾	65,777,738	375,413,400	Yes
	2010	65,401,042	265,774	313,552,200	—	—	65,666,816	313,552,200	Yes
	Net change	—	—	61,230,300	110,922 ⁽⁴⁾	630,900 ⁽⁴⁾	110,922	61,861,200	
Janine Bombardier	2011	61,973,491	40,001	353,936,000	197,326	1,122,300	62,210,818	355,058,300	Yes
	2010	61,973,491	40,001	296,108,000	173,455	828,200	62,186,947	296,936,200	Yes
	Net change	—	—	57,828,000	23,871	294,100	23,871	58,122,100	
Martha Finn Brooks	2011	—	10,000	56,900	50,606	287,800	60,606	344,700	No ⁽⁵⁾
	2010	—	—	—	18,227	87,000	18,227	87,000	No ⁽⁵⁾
	Net change	—	10,000	56,900	32,379	200,800	42,379	257,700	
L. Denis Desautels	2011	—	10,000	56,900	125,599	714,300	135,599	771,200	Yes
	2010	—	10,000	47,700	107,957	515,500	117,957	563,200	Yes
	Net change	—	—	9,200	17,642	198,800	17,642	208,000	
Thierry Desmarest	2011	—	—	—	38,198	217,200	38,198	217,200	No ⁽⁶⁾
	2010	—	—	—	22,021	105,100	22,021	105,100	No ⁽⁶⁾
	Net change	—	—	—	16,177	112,100	16,177	112,100	
Jean-Louis Fontaine	2011	4,097,472	6,465	23,422,700	109,387 ⁽⁷⁾	622,100 ⁽⁷⁾	4,213,324	24,044,800	Yes
	2010	4,097,472	6,465	19,595,900	—	—	4,103,937	19,595,900	Yes
	Net change	—	—	3,826,800	109,387 ⁽⁷⁾	622,100 ⁽⁷⁾	109,387	4,448,900	
Daniel Johnson	2011	—	1,200	6,800	106,332	604,800	107,532	611,600	Yes
	2010	—	1,200	5,700	104,252	497,800	105,452	503,500	Yes
	Net change	—	—	1,100	2,080	107,000	2,080	108,100	
Jean C. Monty	2011	25,000	175,000	1,138,000	277,096	1,576,000	477,096	2,714,000	Yes
	2010	25,000	175,000	955,000	244,084	1,165,500	444,084	2,120,500	Yes
	Net change	—	—	183,000	33,012	410,500	33,012	593,500	
Carlos E. Represas	2011	—	—	—	153,110	870,800	153,110	870,800	Yes
	2010	—	—	—	117,214	559,700	117,214	559,700	Yes
	Net change	—	—	—	35,896	311,100	35,896	311,100	
Jean-Pierre Rosso	2011	—	—	—	164,625	936,300	164,625	936,300	Yes
	2010	—	—	—	130,930	625,200	130,930	625,200	Yes
	Net change	—	—	—	33,695	311,100	33,695	311,100	
Heinrich Weiss	2011	—	—	—	204,793	1,164,800	204,793	1,164,800	Yes
	2010	—	—	—	176,140	841,100	176,140	841,100	Yes
	Net change	—	—	—	28,653	323,700	28,653	323,700	

- (1) The number of the Class A shares, Class B subordinate shares, DDSUs or DSUSOs (please refer to note 3 below) held by each director for the financial years ended January 31, 2011 and January 31, 2010 is determined at January 31, 2011 and as of January 31, 2010 respectively.
- (2) The total value for the financial year ended January 31, 2011 is calculated on the basis of the January 31, 2011 closing prices of the Class A share and the Class B subordinate share on the Toronto Stock Exchange of CAN \$5.72 and \$5.70, respectively, converted from Canadian dollars to US dollars based on an exchange rate of \$0.9978. The total value for the financial year ended January 31, 2010 is calculated on the basis of the January 31, 2010 closing prices of the Class A share and the Class B subordinate share on the Toronto Stock Exchange of CAN \$5.04, in both cases converted from Canadian dollars to US dollars based on an exchange rate of \$0.9474.
- (3) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of Bombardier, received an annual incentive of CAN \$1,400,000, CAN \$2,285,000 and CAN \$3,675,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units for Senior Officers (DSUSOs) (CAN \$3.50 per DSUSO), 487,205 DSUSOs (CAN \$4.69 per DSUSOs) and 555,975 DSUSOs (CAN \$6.61 per DSUSO), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, with the reinstatement of the payment of dividends on the Class A shares and the Class B subordinate shares of Bombardier since June 3, 2008, Mr. Laurent Beaudoin is credited with additional DSUSOs if and when dividends are declared by the Board of Directors. As of January 31, 2011, Mr. Laurent Beaudoin holds 1,531,816 DSUSOs. Please refer the description of the Deferred Stock Unit Plan for Senior Officers on page 31 of this Management Proxy Circular for more details.
- (4) During the financial year ended January 31, 2011, Mr. J.R. André Bombardier became eligible to receive the various fees to which the members of the Board of Directors of Bombardier are entitled (please refer to the table "Fees Earned during the Financial year ended January 31, 2011" on page 17 of this Management Proxy Circular); he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 89,197 DDSUs for his past service as a member of the Board of Directors of Bombardier since the date of his retirement as a senior executive of Bombardier on March 1, 2006 until January 31, 2010.
- (5) Since Mrs. Martha Finn Brooks became a director on August 24, 2009, she has not reached the threshold yet.
- (6) Since Mr. Thierry Desmarest became a director on January 31, 2009, he has not reached the threshold yet.
- (7) During the financial year ended January 31, 2011, Mr. Jean-Louis Fontaine became eligible to receive the various fees to which the members of the Board of Directors of Bombardier are entitled (please refer to the table "Fees Earned during the Financial year ended January 31, 2011" on page 17 of this Management Proxy Circular); he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 88,664 DDSUs for his past service as a member of the Board of Directors of Bombardier since the date of his retirement as a senior executive of Bombardier on March 1, 2006 until January 31, 2010.

Section 4: Remuneration of the Executive Officers of Bombardier

A. Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee of the Board of Directors of Bombardier, or the HRCC, is comprised of the following **five independent directors**:

- Mr. Jean C. Monty (Chairman)
- Mr. André Bérard
- Mrs. Martha Finn Brooks
- Mr. Thierry Desmarest
- Mr. Carlos E. Represas

None of the HRCC members during the financial year ended January 31, 2011 was an active chief executive officer with a publicly-traded entity; Mr. Thierry Desmarest, however, was Chairman of the Board of Directors of Total S.A. until May 21, 2010. The current members each have experience in executive compensation as either (1) a former chief executive officer of a publicly-traded corporation, (2) a senior executive officer

who had executive responsibility for very sizeable businesses or (3) a member of a compensation committee of a publicly traded corporation.

The Board of Directors of Bombardier believes that the members of the HRCC collectively have the knowledge, experience and background required to fulfill their mandate.

The Chairman of the Board, Mr. Laurent Beaudoin, the President and Chief Executive Officer, Mr. Pierre Beaudoin, and the Senior Vice President, Human Resources and Public Affairs, Mr. John Paul Macdonald, attend the meetings of the HRCC. They do not have the right to vote on any matter before the HRCC. They do not participate in discussions concerning their own compensation and are required to leave the meetings when appropriate.

The HRCC held six meetings during the financial year ended January 31, 2011; the table below outlines the main activities of the HRCC during the last financial year.

Meeting	Main activities of the HRCC
February, 2010	<p>Approval of:</p> <ul style="list-style-type: none"> • the 2010-2011 annual incentive plans and the 2010-2011 mid- and long-term incentive programs and • the renewal of the mandate of Towers Watson to act as the external independent consultants for executive compensation matters for the HRCC during the 2010-2011 financial year. <p>Review of:</p> <ul style="list-style-type: none"> • the 2010-2011 annual compensation cycle, • the draft executive compensation disclosure section of the 2010 management proxy circular, • a proposal to hedge deferred share units granted to eligible senior officers of the Corporation and • the 2010-2011 total compensation, mandate and objectives of the President and Chief Executive Officer of the Corporation.
March, 2010 (2 meetings)	<p>Approval of:</p> <ul style="list-style-type: none"> • a proposal to hedge deferred share units granted to eligible senior officers of the Corporation, • the 2010-2011 salary increases for the President and Chief Executive Officer and for those senior executive officers reporting to the President and Chief Executive Officer, and the stock option and performance stock unit grants pursuant to the 2010-2011 mid- and long-term incentive programs for the senior executive officers reporting to the President and Chief Executive Officer, • the updated pension arrangements for the President and Chief Operating Officer of Bombardier Transportation, • the annual incentive payments for the 2009-2010 financial year and • the executive compensation disclosure section of the 2010 management proxy circular. <p>Review of:</p> <ul style="list-style-type: none"> • the 2010 deferred share unit plan and related normal course issuer bid (including a recommendation to the Board of Directors for their approval) and • the long-term incentive plans for the 2010-2011 financial year.
May, 2010	<p>Approval of:</p> <ul style="list-style-type: none"> • the stock option and performance stock unit grants pursuant to the 2010-2011 mid- and long-term incentive programs for the President and Chief Executive Officer. <p>Review of:</p> <ul style="list-style-type: none"> • the report on health and safety matters and • the report of Towers Watson on their independence.
September, 2010	<p>Review of:</p> <ul style="list-style-type: none"> • the process to be used in order to request proposals from, and to select, external independent consultants to be mandated to provide advisory services to the HRCC with respect to executive compensation matters.
November, 2010	<p>Approval of:</p> <ul style="list-style-type: none"> • the engagement of Meridian Compensation Partners, the new external independent consultants mandated to provide advisory services to the HRCC with respect to executive compensation matters effective as of February 1, 2011, and • an updated version of the executive compensation policy of the Corporation. <p>Review of:</p> <ul style="list-style-type: none"> • the annual benchmarking with respect to the total compensation for selected senior executive positions, • the salary scales and budget increases for the 2011 financial year (including a recommendation to the Board of Directors for their approval), • the short-term incentive plans of the Corporation, • the report on health and safety matters and • the 2010-2011 leadership and succession planning report.
On-going	<ul style="list-style-type: none"> • Appointments (total compensation and other terms and conditions) and terminations (settlements) involving senior executives. • Amendments to current pension plans. • Ethics and compliance activity report (with respect to human resources related matters only).

B. Mandate of the Human Resources and Compensation Committee

Pursuant to its charter, the HRCC has the mandate to:

- oversee the succession planning for the President and Chief Executive Officer and also for selected senior executive officers;
- ensure that succession planning systems and policies for senior executives, including processes to identify, develop and retain the qualified personnel required to meet the business objectives of Bombardier, are in place and followed;
- assess the performance of the President and Chief Executive Officer and the senior executives officers reporting to him and determine their respective total compensation;
- review and approve a total compensation policy that takes into account, among other things,
 - base salary,
 - short-term incentives,
 - mid-term and long-term incentives, and
 - pensions, benefits and perquisites;
- review the design of equity-based compensation plans with respect to the granting of performance share units, deferred share units and stock options and make appropriate recommendations to the Board of Directors for its approval;
- review the salary classes as well as the levels and degrees of participation in incentive compensation programs (such as short-term incentives or plans based on the evolution of the market performance of Bombardier's shares); and
- review twice a year occupational health and safety matters and report to the Board on them.

B.1 Independent Consultant

The HRCC has the authority to retain any independent consultants of its choice to advise its members on total executive compensation policy and related matters, and to determine the fees and the terms and conditions of the engagement of these consultants. In 2007, the HRCC conducted a search to select an outside consulting firm and as a result, Towers Perrin was retained for a mandate of three years. In 2010, Towers Perrin merged with Watson Wyatt and became known as Towers Watson.

During the financial year ended January 31, 2011, Towers Watson conducted a comprehensive review of senior executive compensation relative to the markets. They also provided their assessment with respect to the trends and practices on executive compensation to the HRCC. Towers Watson reported directly to the HRCC on these matters. The HRCC did not direct Towers Watson to perform its services in any particular manner.

The HRCC reviewed the performance of Towers Watson in 2010 and found it satisfactory. However, the decisions made by the HRCC are the responsibility of the Committee and may reflect factors and considerations other than information and recommendations provided by Towers Watson.

In accordance with the policy adopted at its meeting of April 1, 2008, the HRCC has to pre-approve additional work of a material nature assigned to Towers Watson. During the 2010-2011 financial year, the HRCC did not approve any such work that, in its view, would otherwise have compromised the independence of Towers Watson as advisor to the HRCC; the HRCC also received from Towers Watson formal confirmation that they remained independent irrespective of the other mandates performed by them. Towers Watson earned the following fees during each of the financial years ended January 31, 2011 and 2010:

Towers Watson's Mandates and Fees ⁽¹⁾	Financial Year Ended January 31, 2011 (\$)	Financial Year Ended January 31, 2010 (\$)
HRCC Mandates (executive compensation)	167,600	335,400
Bombardier Mandates (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	3,468,400	3,406,900
Total Fees	3,636,000	3,742,300

(1) Fees were converted from Canadian dollars to US dollars based on exchange rates \$0.9978 as of January 31, 2011 and \$0.9474 as of January 31, 2010.

In anticipation of the expiration of the mandate of Towers Watson on January 31, 2011, the HRCC conducted a new search to select external independent executive compensation advisors in the Fall of 2010. Formal request for proposals were thus sent to well recognized compensation consulting firms. Three consulting firms which made proposals were invited for interviews by a selection committee. The HRCC made the final selection at its November meeting based on the following criteria:

- the independence of the consulting firm;
- the availability in executive compensation databases of accurate information of relevant positions in appropriate benchmarking companies to evaluate Bombardier top management compensation programs;
- the quality of simulated benchmarking exercises that all consulting firms were requested to produce;
- the expertise and experience of the key consultants to be assigned to the services of the HRCC; and
- the estimates of the consulting fees and costs for the following three years.

Based on these criteria, the HRCC retained the services of Meridian Compensation Partners, for a three-year mandate starting on February 1, 2011.

B.2 Leadership Development and Management Succession Planning

In recognition of the importance that Bombardier places on talent management and leadership development, it has been included as one of the five top priorities of its *Way Forward* strategic initiative.

Bombardier is therefore fully committed to the continued attraction, retention and development of qualified and committed leaders at all levels of its organization to drive its long term business success. Its efforts are anchored by its performance management process (PMP) which directly links the achievement of business objectives with the personal development of leaders across the organization. The feedback and performance evaluation that leaders receive as part of the PMP become key discussion points for subsequent leadership development review and management succession sessions to identify and review (1) overall leadership quality and depth, (2) succession candidates for key positions and high potential employees and (3) progress on development plans.

The management succession plan process originates in each operating group, that is Bombardier Aerospace and Bombardier Transportation and, after a series of escalating reviews, culminates in a detailed and integrated assessment of the leadership status by Bombardier senior management. This program is further reinforced by quarterly talent reviews of the development plans of the organization's top leaders by the President and Chief Executive Officer, the respective Group Presidents and Chief Operating Officers and the Group Vice Presidents, Human Resources. Talent review sessions were held for each operating group during the financial year ended January 31, 2011 in conjunction with regularly scheduled operational reviews.

A summary of the management succession plan was presented to the Board of Directors in February 2010. The HRCC monitors progress on the action plans identified in this plan.

C. Compensation Discussion and Analysis

The HRCC has ensured that the Bombardier executive compensation disclosure and analysis presented hereunder complies with the rules of the Canadian Securities Administrators as provided for in Form 51-102 F6 "Statement of Executive Compensation".

C.1 Compensation Policy

The executive compensation policy of Bombardier is designed to maximize the overall performance of the Corporation through the appropriate individual performance of its senior executives. The overall goals of the compensation policy are to attract, retain and motivate senior executives in order to increase shareholders' value. Bombardier's executive compensation policy and practices are intended to reward senior executives based on their individual performance, at a level competitive with similar positions of peer companies. Variable compensation is directly linked to Bombardier financial results.

During the financial year ended January 31, 2011, the HRCC reviewed and approved an updated version of the executive compensation policy applicable to senior executives.

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. Each of these elements is discussed below. Overall, the HRCC is satisfied that the compensation provided supports the objective of the policy.

C.1.1 Compensation Objectives and Target Weightings

The objective of the executive compensation policy of Bombardier is to position the total compensation package at the median (50th percentile) of selected comparator groups.

Each element of the compensation package (base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites) are separately considered in the benchmarking in order to be consistent with general market practices. Each element by itself could be slightly below or above the median. However, the total target value of the compensation package comprised of all elements is positioned at the median of the benchmark results. In addition to external competitiveness, other internal factors such as the role, the incumbent within that role, and internal equity among executives are considered in setting compensation.

The table below shows the key elements of compensation and their respective form and performance period:

Elements	Component	Form	Performance Period
Base salary	Fixed	Cash	One year
Short-term incentive	Variable	Cash	One year
Mid-term incentive	Variable	Performance share units or Deferred share units	Three years
Long-term incentive	Variable	Stock options	Seven years

The following table sets forth the percentage of each component of the total compensation package for (1) the President and Chief Executive Officer, Mr. Pierre Beaudoin, (2) the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, and (3) the three other most highly compensated senior management executive officers of Bombardier, namely the President and Chief Operating Officer of Bombardier Aerospace, Mr. Guy C. Hachey, the President and Chief Operating Officer of Bombardier Transportation, Mr. André Navarri, and the Senior Vice President and General Counsel, Mr. Daniel Desjardins, (all of whom are collectively referred to as the "Named Executive Officers" or "NEOs" of Bombardier (or individually "NEO") in this Management Proxy Circular) in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended January 31, 2011. The target weightings of each element intend to emphasise the at-risk compensation of each senior executive to ensure his/her alignment with shareholders' interests. The relative weighting of each element of direct compensation is aligned with each senior executive's ability to influence the short-, mid- and long-term performance of Bombardier.

Target Weighting of Compensation Elements Based on Compensation Policy

Named Executive Officers	Base salary	Short-term incentive	Mid-term incentive	Long-term incentive	Total direct compensation ⁽¹⁾	Total at-risk compensation ⁽²⁾
Pierre Beaudoin	22%	27%	34%	17%	100%	78%
Pierre Alary	35%	31%	23%	11%	100%	65%
Guy C. Hachey	30%	28%	28%	14%	100%	70%
André Navarri	30%	28%	28%	14%	100%	70%
Daniel Desjardins	37%	33%	20%	10%	100%	63%

(1) Excluding value of pension, benefits and perquisites.

(2) Corresponds to the percentage of total direct compensation minus the percentage of base salary.

C.1.2 Benchmarking of Senior Executive Positions

Benchmarking is performed annually by the independent executive compensation consultants retained by the HRCC; they are responsible for gathering comparator information relevant to Bombardier's senior executive positions. The composition of the comparator group is reviewed and approved every year by the HRCC to ensure its continued relevance. The HRCC reviews and approves the companies included in the comparator group based on factors such as the country of the head office or of the major subsidiary, the type of industry, the annual revenues, the type of ownership (public or private), the complexity of their operations, the number of employees, or such other relevant factors.

Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, a comparator group including large North America based companies is used for North American positions. European positions are benchmarked using a combination of relevant European companies. The design of mid-term and long-term incentive programs are anchored on Canadian market practices for all executives. The 2010-2011 comparator group used for the Named Executive Officers of Bombardier is provided in the table in the right-hand column. The compensation data for these companies come from information contained in the private database of Towers Watson and also from available public disclosure documents.

	Comparator group for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins	Comparator group for Mr. André Navarri
Names of comparator companies	3M Alliant Techsystems Inc. Boeing Caterpillar Eaton Emerson Electric Ford Motor General Dynamics General Electric Goodrich Honeywell International ITT Johnson Controls L-3 Communications Holdings Lockheed Martin McDermott International Northrop Grunman Parker Hannifin Raytheon Rockwell Automation Rockwell Collins SPX Textron Timken United Technologies	Bilfinger Berger BMW Daimler Deutsche Bahn Druckmaschinen EADS (Airbus) GEA Heidelberger Henkel Klöckner & Co Linde MAN Salzgitter Siemens ThyssenKrupp

The companies selected have executive positions with responsibilities similar to those at Bombardier in terms of scope, global activities and manufacturing context. They also emphasize the fact that the recruiting pool of talents at the top executive levels is North American wide. In order to avoid any sharp annual fluctuations of results due to changes in exchange rates between USA and Canada, US compensation amounts are at par with the Canadian dollar.

The HRCC validates the introduction of new compensation programs or any significant modifications to existing ones through stress-testing processes. During the financial year ended January 31, 2011, no new plan was introduced nor significant changes were made to existing plans that would otherwise have requested any stress-testing.

C.1.3 Base Salary

For its executive positions, Bombardier uses a salary structure based on grades. Each salary grade has a mid-point defining the salary level of the position. Base salary within each grade ranges between 80% and 120% of the mid-point. Executive positions with similar responsibilities are positioned at the same salary grade in all countries of operations. In setting the specific quantum of the base salary reference is made to the results of the benchmarking in the country relevant for the position.

The actual base salary paid to any executive officer takes into consideration his/her responsibilities, current and sustained performance, skills and potential to ensure that the base salary reflects his/her actual contribution. An annual individual salary increase, if granted, is based on the review of the individual performance of the executive which includes, without limitation, his/her contribution, experience, operating group results, leadership, quality of management and sponsorship of corporate values. A base salary higher than the appropriate mid-point can only be paid if justified by sustainable higher level of individual performance.

C.1.4 Short-term Incentive Plans

Eligible management employees of Bombardier participate in short-term incentive plans designed specifically for each of its two operating groups namely, Bombardier Aerospace and Bombardier Transportation, as well as for the Corporate Office and the Flexjet division (Flexjet). The objective of these plans is to motivate eligible employees to achieve, and even surpass, the financial performance objectives approved by the Board of Directors of Bombardier at the beginning of each financial year for Bombardier Aerospace, Bombardier Transportation, Flexjet and the Corporate Office. The plans specify each of the target and maximum annual bonus as a percentage of base salary. These percentages vary based on the level of the position held.

At its meeting of February 16, 2010, the HRCC approved the operating groups' financial metrics (Earnings before Interest and Taxes, or EBIT, Average Net Utilized Assets, or ANUA, Free Cash Flow, or FCF and Earnings per Share, or EPS and their quantitative targets) for the short-term incentive plans for the financial year ended January 31, 2011. If the result for a specific objective is lower than the target, the related bonus shall not be paid.

These financial metrics are based on Bombardier's operating plans for the year as approved by the Board and take into account prior years' results and prevailing economic conditions. The Corporation estimates that these financial metrics are set at an ambitious level to promote enhanced performance over the prior year's results but are reasonably attainable provided that

the operating plans are substantially complied with and achieved by senior management. These financial metrics are not benchmarked with similar metrics from the comparator group used for the compensation policy. However, compensation policies are benchmarked against this group of companies as they represent a similar and accessible pool of talent.

The metrics used for these plans are essentially based on quarterly financial results. If quarterly targets are not met, the portion of the short-term incentive award in respect of that quarter is forfeited. If financial targets are exceeded, the payout potential can reach twice the target amount (subject to the EBIT limits mentioned below).

For Bombardier Aerospace, the HRCC approved the use of two measures of customers satisfaction that is (1) On-time Delivery and (2) Fleet Dispatch Reliability and their respective quantitative targets. For Flexjet, the HRCC also approved the use of two measures of performance and customers satisfaction that is (1) Share Retention and (2) Flawless Execution Measure of flight operations and their respective quantitative targets.

Finally, these plans also limit, for the financial year ended January 31, 2011, the total bonus envelope to predetermined percentages of 6% of EBIT for Bombardier Aerospace, 7.5% of EBIT for Bombardier Transportation and 7.5% of EBIT for Flexjet. Bonus payments are proportionally reduced if the EBIT limit is reached. Accordingly, no bonus is paid if EBIT for the year is null or negative, even if the ANUA, FCF or EPS targets and/or the measures of performance and customer satisfaction are met.

During the year, a periodic review of the activities of each operating group was made by the senior corporate management in order to monitor its financial and operational performance against the objectives that it had to meet for the year.

The following table provides a qualitative description of the objectives of the plans and the respective results of each operating group. Quantitative results are not provided because they contain commercially sensitive information the public disclosure of which would seriously prejudice Bombardier's interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which both Bombardier Aerospace and Bombardier Transportation operate. The disclosure of these quantitative objectives and results would provide highly sensitive data to competitors of both Bombardier Aerospace and Bombardier Transportation as well as key strategic information, that are not publicly disclosed and that could also potentially provide inappropriate market guidance. The HRCC assesses the actual results compared with the pre-established targets to determine the quantum of the payout.

Group	Target Objectives ⁽¹⁾	Target Bonus	Results	Aggregate Results
Bombardier Aerospace	Earnings before Interest and Taxes (EBIT)	33.33%	25%	108.33%
	Average Net Utilized Assets ⁽²⁾ (ANUA)	33.33%	16.67%	
	On-time Delivery ⁽³⁾	16.67%	33.33%	
	Fleet Dispatch Reliability ⁽⁴⁾	16.67%	33.33%	
Flexjet	Earnings before Interest and Taxes (EBIT)	33.33%	33.33%	115%
	Average Net Utilized Assets ⁽²⁾ (ANUA)	33.33%	43.33%	
	Share Retention ⁽⁵⁾	16.67%	19.17%	
	Flawless Execution Measure of flight operations ⁽⁶⁾	16.67%	19.17%	
Bombardier Transportation ⁽⁷⁾	Earnings before Interest and Taxes (EBIT)	33.33%	38.61%	111.97%
	Free Cash Flow (FCF)	66.67%	73.36%	
Corporate Office	Bombardier Aerospace objectives	33.33%	36.11%	107.76%
	Bombardier Transportation objectives	33.33%	37.32%	
	Flexjet objectives	3.33%	3.83%	
	Earnings Per Share (EPS)	30%	30.50%	
President and Chief Executive Officer ⁽⁸⁾	Bombardier Aerospace objectives	24%	29.11%	105.49%
	Bombardier Transportation objectives	24%	29.27%	
	Flexjet objectives	2.40%	2.91%	
	Earnings Per Share (EPS)	21.60%	24.20%	
	Value added projects: The Board of Directors has defined specific strategic targets to: <ul style="list-style-type: none"> • improve the business performance of the Corporation • optimize its capital structure, and • leverage its portfolio. 	20%	16%	
	<i>Way Forward</i> execution metric	8%	4%	

- (1) EBIT, ANUA, FCF and EPS were selected as measures for the short term incentive plans to assure that they would reflect Bombardier success in achieving its targets for profitability and return for shareholders.
- (2) Net Utilized Assets are based on the net segmented assets as set forth in Bombardier's financial statements.
- (3) On-time Delivery represents the percentage of aircraft delivered to the customers on or before the customer original or amended contract date.
- (4) Fleet Dispatch Reliability reports the number of successful aircraft take-offs free of mechanical issues.
- (5) Share Retention represents the total number of partial shares of ownership of aircrafts sold to partial owners and kept at year-end either through renewal contract or contract extension.
- (6) Flawless Execution Measure of flight operations is an index representing the quality of execution of each leg of flight operated for an owner of Flexjet aircraft. A quality score is granted for each of the following elements of the flight: charter and booking, delay due to maintenance, crew services, catering, ground transportation, aircraft condition and amenities.
- (7) Results were limited to 7.5% of EBIT.
- (8) There is no possibility of overachievement on value added projects and the *Way Forward* execution metric. Overachievement is calculated as if the bonus target was entirely based on the objectives of Bombardier Aerospace, Flexjet, Bombardier Transportation and EPS.

The following table provides the minimum, target and maximum bonus payable to the Named Executive Officers according to the short-term incentive plans as well as the actual payout earned for the financial year ended January 31, 2011 expressed as a percentage of base salary.

Named Executive Officers	Minimum	Target	Maximum	Actual Results
Pierre Beaudoin	0%	125%	250%	132%
Pierre Alary	0%	90%	180%	97%
Guy C. Hachey	0%	90%	180%	97%
André Navarri	0%	90%	180%	101%
Daniel Desjardins	0%	90%	180%	97%

C.1.5 Mid-term and Long-term Incentive Plans

The objectives of the Bombardier mid-term and long-term incentive plans are to align its management's interest with shareholder value growth and to retain key talent. Bombardier uses a combination of performance shares units, or PSUs, deferred share units, or DSUs, and stock options as mid-term and long-term incentives.

The HRCC reviews annually the provisions of the mid-term and long-term incentive plans and, if required, makes appropriate recommendations to the Board of Directors to modify them.

Since 2009, the emphasis on stock options has been reduced. Prior to June 2009, the value of the mid-term and long-term grants was equally allocated in the form of PSUs and stock options. Starting in June 2009, the HRCC decided to provide 66 2/3% of the value of the grant in the form of PSUs or DSUs and 33 1/3% in the form of stock options. This change in policy means that for those executives still eligible to receive stock options, fewer options will be granted while more PSUs or DSUs will be offered. The grant of stock options is also offered to fewer levels of management. The dilution effect will therefore be reduced.

The HRCC believes that these plans fulfill the executive compensation policy objectives because:

- they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
- they promote management retention since the grants vest over a certain number of years;
- the value of the grants depends on the future value of the Bombardier Class B subordinate shares;
- it limits the dilution effect on shareholders since the Class B subordinate shares paid upon vesting of PSUs are only purchased on the secondary market; and
- in the case of PSUs, the cost to Bombardier is known in advance since the target level of PSUs granted each year are acquired up front.

The HRCC determines the size of grants to be awarded by the Board of Directors to executives. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data. The number of PSUs, DSUs and stock options granted to each participant is based, among other considerations, on a grant

guideline that is related to the employee's management level within Bombardier. The executive's individual performance is considered to determine the grant. Eligibility to participate in the mid-term and long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the actual grant made to an executive in any subsequent financial year.

C. 1.5.1 Performance Share Unit Plan (PSU) and Deferred Share Unit Plan (DSU)

The objective of both the PSU Plan and the DSU plan is to reward key employees of the Corporation who particularly contribute to the creation of economic value for Bombardier and its shareholders. The HRCC fixes the target objectives for each mid-term incentive plan based on Bombardier's financial goals. These incentive plans are designed to motivate executives to exceed Bombardier's financial targets through the application of thresholds for payments and increased payments in case of overachievement.

Only key employees, as approved by the HRCC or senior management, depending on the management level of the employees, may be granted PSUs.

Only executives as approved either by the HRCC or by the senior management, as the case may be, depending, in each case, on their respective salary grade level, may elect to receive DSUs instead of PSUs. The election must be made on the date of the grant and the choice is irrevocable. For the senior executives subject to the Stock Ownership Guidelines, DSUs constitute the default alternative of selection for mid-term incentives in countries where DSUs are allowed.

The main rules of the PSU Plan and DSU Plan are summarized below:

- a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate shares of Bombardier if the pre-determined Return on Equity, or ROE, targets are attained during the vesting period;
- the settlement of PSUs in shares is made at the end of the vesting period;
- the settlement of vested DSUs in shares is made only upon the participant's termination of employment, death or retirement;
- the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
- the ROE targets are determined at the date of the grant by the HRCC and shall not be modified during the vesting period;
- the number of Class B subordinate shares delivered on the vesting date may be eliminated, reduced or increased depending on the actual results of the average ROE during the vesting period:

Three-year Vesting Based on Three-year Average ROE	
Vesting Percentage ⁽¹⁾	Average ROE
0%	2% ⁽²⁾ below target
70%	Target minus 2% ⁽²⁾
100%	Target
150%	More than 5% above target

(1) Interpolation between 70% and 150%.

(2) Target minus 4% in respect of 2008-2009 grants.

- the PSU Plan confers the right to receive dividends to be paid either in the form of additional PSUs or in cash at the same rate as the dividend paid on Class B subordinate shares of Bombardier; the form of payment of these dividends is determined by the HRCC; these dividends are paid at the end of the three-year vesting period in accordance with the vesting rules;
- under the DSU Plan, dividends could only be settled as additional units of DSUs;
- DSUs granted prior to June 2010 are delivered upon settlement as Class B subordinate shares purchased on the secondary market or in cash;
- DSU granted on or after June 2010 are delivered upon settlement as Class B subordinate shares issued from treasury or purchased on the secondary market; and
- please refer to Section F “Termination and Change of Control Provisions” on pages 45 to 47 of this Management Proxy Circular for the treatment of PSUs and DSUs in such cases.

At the end of each financial year, the HRCC approves the results of previous years mid-term incentive plans in order to authorize the payouts of plans reaching the settlement date during the period. The following table shows the impact of the financial results of Bombardier on the PSU grants of senior executives which vested during the financial year ended January 31, 2011:

PSUs Granted in 2007-2008			
3-Year Average ROE ⁽¹⁾ Return	Vesting Percentage	Average ROE ⁽¹⁾ Results Achieved	Vesting Percentage Achieved
Below 12%	0%	21.1%	150%
12%	70%		
13%	85%		
14%	100%		
15%	110%		
16%	120%		
17%	130%		
18%	140%		
19%	150%		

(1) ROE is calculated considering that “Net income” is before special items and that “Equity” excludes cash flow hedges and AFS (available for sale) financial assets.

C.1.5.2 Restrictions on PSUs/DSUs Trading

Following each grant, each PSU participant has to give irrevocable written instructions to the PSU Plan trustee, in accordance with the terms and conditions of the PSU Plan, to deliver to him/her either Class B subordinate shares or an equivalent amount in cash at the end of the vesting period, if the vesting conditions are met. The amount in cash represents the value of the shares sold by the Plan trustee on behalf of the PSU participant on the market shortly after the vesting date. Since the decision to receive the shares or the cash is made at the beginning of the vesting period, the decision is independent of any undisclosed material information the PSU participant may be aware of at the end of the vesting periods.

No restrictions on DSUs trading are required since when each DSU participant terminates employment for any reason, he or she receives Class B subordinate shares (or as cash equivalent for DSUs granted before June 2010 at the discretion of the HRCC). Actual settlements of DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

C.1.5.3 Stock Option Plan

The objective of the Stock Option Plan of Bombardier is to reward executives with an incentive to enhance shareholder value by providing them with a form of compensation that is tied to increases in the market value of the Class B subordinate shares.

The granting of stock options is subject to the following rules:

- the granting of non-assignable options to purchase Class B subordinate shares may not exceed 133,782,688;
- the annual grant of stock options is made within a 1% dilution limit;
- the number of shares reserved for issuance shall not exceed 10% of all the issued and outstanding Class A shares and Class B subordinate shares combined;
- no single person may hold options to acquire more than 5% of all issued and outstanding Class A and Class B subordinate shares combined;
- in any given one-year period, insiders and their associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class A and Class B subordinate shares combined; and
- as of April 30, 2003, the number of Class B subordinate shares reserved for issuance to insiders was fixed at 26,910,324.

As of March 30, 2011, 35,945,555 Class B subordinate shares had been issued and 62,307,625 Class B subordinate shares remained issuable under future option grants. These numbers represent respectively 2.05% and 3.55% of all issued and outstanding Class A shares and Class B subordinate shares combined. In addition,

35,529,508 Class B subordinate shares are issuable under options already granted (i.e. unexercised options that have neither expired nor been cancelled), representing 2.03% of all issued and outstanding Class A shares and Class B subordinate shares combined.

The main rules of the Stock Option Plan are as follows:

- a grant of stock options represents the right to purchase an equal number of Class B subordinate shares of Bombardier at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the day on which an option is granted;
- stock options granted prior to June 2003 are conventional options with a term of ten years vesting at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant;
- all remaining stock options granted prior to June 2003 are 100% vested;
- stock options granted since June 2003 and before June 2009 are performance options with a term of seven years; they vest at a rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant if the performance vesting criteria is met;
- the performance criteria for the stock options granted since June 2003 and before June 2009 are based on the price of the Bombardier Class B subordinate shares; the weighted average trading price of these shares has to reach the target price established at the time of the grant for at least 21 consecutive trading days in each year following the grant date. If the target price is not reached in a given year, the exercise of the grant is carried forward to the following year at the target price of the following year;
- stock options granted since June 2009 are conventional time-vested options with a term of seven years vesting at a rate of 100% at the end of the third anniversary of the date of grant. The 3-year vesting period was selected to align the vesting rules of the long-term incentive plan to the vesting schedule of the mid-term incentive plan; and
- please refer to Section F “Termination and Change of Control Provisions” on pages 45 to 47 of this Management Proxy Circular for the treatment of stock options in such cases.

The following table shows the impact of the financial performance of Bombardier on the stock option grants made to the senior executives prior to June 2009:

Performance Vesting Requires that the Target Price Threshold for Class B Subordinate Shares Reach:	Results
CAN \$4.50 for stock options granted in 2006-2007	Target price threshold attained
CAN \$6.00 for stock options granted in 2007-2008	Target price threshold attained
CAN \$8.00 for stock options granted in 2008-2009	Target price threshold not yet attained

C.1.5.4 Restrictions on the Exercise of Stock Options

The Code of Ethics and Business Conduct of Bombardier provides the following restrictions on the trading in any Bombardier securities:

- employees shall only trade in Bombardier shares within predetermined trading periods which start on the fifth working day following the publication of the Bombardier’s quarterly or annual financial statements and end 25 calendar days later; these trading periods are internally published and communicated to all employees who shall not trade in Bombardier shares if they have knowledge of undisclosed material information;
- employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier shares, including “puts” and “calls”;
- employees shall not sell Bombardier securities that they do not own (a “short sale”); and
- employees holding stock options are not authorized to monetize them at any time.

C.1.5.5 Right to Amend the Stock Option Plan

The Board of Directors of Bombardier may, subject to receiving the required regulatory approvals, amend, suspend or terminate the Stock Option Plan; however, no such amendment or termination shall affect the terms and conditions applicable to unexercised stock options previously granted without the consent of the relevant optionees, unless the rights of such optionees shall have been terminated or exercised at the time of the amendment or termination.

The Stock Option Plan allows the Board of Directors to make the following amendments to the Plan and any outstanding stock option without obtaining the prior approval of the shareholders. However, the Board must obtain, where necessary, the prior consent of applicable regulatory authorities and stock exchanges. Without limiting the generality of the foregoing, the Board may decide to:

- wind up, suspend or terminate the Stock Option Plan;
- terminate an option granted under the Stock Option Plan;
- modify the eligibility for, and limitations on, participation in the Stock Option Plan;
- modify periods during which the options may be exercised;
- modify the terms on which the options may be granted, exercised, terminated, cancelled and adjusted;
- amend the provisions of the Stock Option Plan to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;
- amend the provisions of the Stock Option Plan to modify the maximum number of Class B subordinate shares which may be offered for subscription and purchase under the Stock Option Plan following the declaration of a stock dividend, a subdivision, consolidation, reclassification, or any other change with respect to the Class B subordinate shares;
- amend the Stock Option Plan or an option to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and
- amend a provision of the Stock Option Plan relating to the administration or technical aspects of the Stock Option Plan.

However, the following amendments to the Stock Option Plan or to outstanding options must be approved by the shareholders:

- an amendment allowing the issuance of Class B subordinate shares to an optionee without the payment of a cash consideration, unless provision has been made for a full deduction of the underlying Class B subordinate shares from the number of Class B subordinate shares reserved for issuance under the Stock Option Plan;
- a reduction in the purchase price for the Class B subordinate shares in respect of any option or an extension of the expiration date of any option beyond the exercise periods provided by the Stock Option Plan;
- the inclusion, on a discretionary basis, of non-employee directors of the Corporation as participants in the Stock Option Plan;

- an amendment allowing an optionee to transfer options other than by will or pursuant to the laws of succession;
- the cancellation of options for the purpose of issuing new options;
- the grant of financial assistance for the exercise of options;
- an increase in the number of Class B subordinate shares reserved for issuance under the Stock Option Plan; and
- any amendment to the method for determining the purchase price for the Class B subordinate shares, in respect of any option.

C.1.5.6 Stock Ownership Guidelines

Upon the exercise of any options granted prior to June 2009, the stock options holder shall remain the direct owner of at least 25% of the number of shares so acquired for a period of at least one year following the respective date of each such exercise. This requirement was eliminated for options granted on or after June 2009.

Following recommendation from the HRCC, the Board has introduced effective June 10, 2009, Stock Ownership Guidelines (SOG) for senior executives in order to link more closely their interests with those of the shareholders. The SOG requirements apply to the following group of senior executives:

- the President and Chief Executive Officer,
- the President and Chief Operating Officer of Bombardier Aerospace,
- the President and Chief Operating Officer of Bombardier Transportation,
- the Senior Vice Presidents of the Corporate Office and
- the senior executives reporting directly to the President and Chief Operating Officer of Bombardier Aerospace and Bombardier Transportation, as the case may be, and who are members of their leadership teams.

Each senior executive is required to build and hold a portfolio of Class A or Class B subordinate shares of Bombardier with a value equal to at least the applicable multiple of his base salary as described in the following table:

Position Held	Multiple of Base Salary
President and Chief Executive Officer	5 x
Bombardier Aerospace or Bombardier Transportation President and Chief Operating Officer	4 x
Other Senior Executives	3 x or 2 x depending on salary grade

The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on January 31st of each calendar year. The portfolio may result from shares acquired through exercise of options, from the vesting of PSUs or DSUs, obtained through participation in the Bombardier Share Purchase Plan or bought on the open market.

Since the Bombardier shares are traded only in Canadian dollars, the actual base salary is used at par for executives paid in Canadian or US dollars. For senior executives paid in other currencies, the base salary at the mid-point of the Canadian salary scale for their equivalent position in Canada is used as the basis to determine their stock ownership target.

There is no prescribed period to reach the stock ownership target. However, senior executives are not allowed to cash in their PSUs or stock options granted on or after June 2009 or after senior executives become subject to the SOG until they have reached their individual target, except in order to cover the cost of acquiring the shares and the applicable local taxes. DSUs may not be disposed of until the senior executive terminates his employment, retires or dies.

The senior executives may voluntarily decide to keep the shares acquired through the exercise of options granted before June 2009 or prior to senior executives become subject to the SOG or following vesting of PSUs granted prior to June 2009.

The following table presents the target and ratio of actual values of shares owned by the NEOs as of January 31, 2011 over their base salary at that date:

Name of NEOs	Target Multiple of Base Salary	Actual Multiple of Base Salary as of January 31, 2011 ⁽¹⁾
Pierre Beaudoin	5 x	0.3 ⁽²⁾
Pierre Alary	3 x	0.4
Guy C. Hachey	4 x	0.1
André Navarri	4 x	0.9
Daniel Desjardins	3 x	0.3

(1) The Stock Ownership Guidelines came into effect on June 10, 2009.

(2) Mr. Pierre Beaudoin agreed that only the shares he acquires on or after June 10, 2009 will be taken into account to determine the attainment of his stock ownership target. Shares already held by Mr. Pierre Beaudoin before June 10, 2009 (please refer to page 36 of this Management Proxy Circular) are not considered in the multiple disclosed above.

C.1.6 Deferred Stock Unit Plan for Senior Officers

Under the Deferred Stock Unit Plan for Senior Officers, or the DSUSO Plan, designated senior officers are given the opportunity to receive all or a portion of the cash bonus awarded to them in respect of a financial year, if any, in the form of Deferred Stock Units, or DSUSOs. The number of DSUSOs credited to a senior officer who elects to participate in this plan is based on the value of the Class B subordinate shares of Bombardier as determined in accordance with the terms of the plan. In addition,

when Bombardier pays out dividends on the Class B subordinate shares, additional DSUSOs are credited to the account of the participating senior officer. The DSUSO plan is not dilutive.

Upon the senior officer ceasing to be a senior officer (as a result of retirement, death, permanent disability or termination), the DSUSOs are automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the last trading day preceding the date on which the senior officer ceases to be a senior officer. As of January 31, 2011, no executives, with the exception of the Chairman of the Board of Directors, Mr. Laurent Beaudoin, held DSUSOs.

C.1.7 Share Purchase Plan

All Bombardier employees are allowed to participate in the Bombardier Share Purchase Plan to the extent that it is offered in their country of employment. Employees may, each year, contribute up to the lesser of 20% of their base salary or CAN \$30,000 with Bombardier contributing an additional amount of 20% of such employee's actual contribution. Employees' and Bombardier's contributions are used to purchase Bombardier Class B subordinate shares on the secondary market.

C.1.8 Pension Plans, Benefits and Perquisites

The objective of Bombardier is to provide pension, benefits and perquisites at the median of the comparator group. Benefits programs for senior executives are, as a general rule, similar to those of non-unionized employees, except however that higher limits would apply to life insurance, long-term disability, medical services and dental care coverage.

Bombardier offers a limited number of perquisites such as car lease, complete medical check-up and financial counselling.

- The amount allocated for the leasing of a company provided car depends on the level of responsibility of senior executives; they are allowed to exceed it but they then have to contribute through payroll deductions. Bombardier reimburses reasonable expenses for the use and maintenance of the car.
- All senior executives are entitled to have an annual complete medical check-up.
- Bombardier assumes the annual fees incurred by senior executives for financial counselling up to a maximum amount of CAN \$3,000.
- As a general rule, Bombardier does not reimburse any fitness club, sport club or business club membership fees.
- The President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and the President and Chief Operating Officer of Bombardier Transportation are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of corporate aircraft incurred by senior executives for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for

each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed by the Named Executive Officer is included in the amounts required to be disclosed as perquisites, as applicable, under the column "All Other Compensation", in the "Summary Compensation Table" on page 37 of this Management Proxy Circular.

More details about the executive pension plans are provided in Section E. "Pension Plans" on page 42 of this Management Proxy Circular.

C.1.9 Supplemental Information

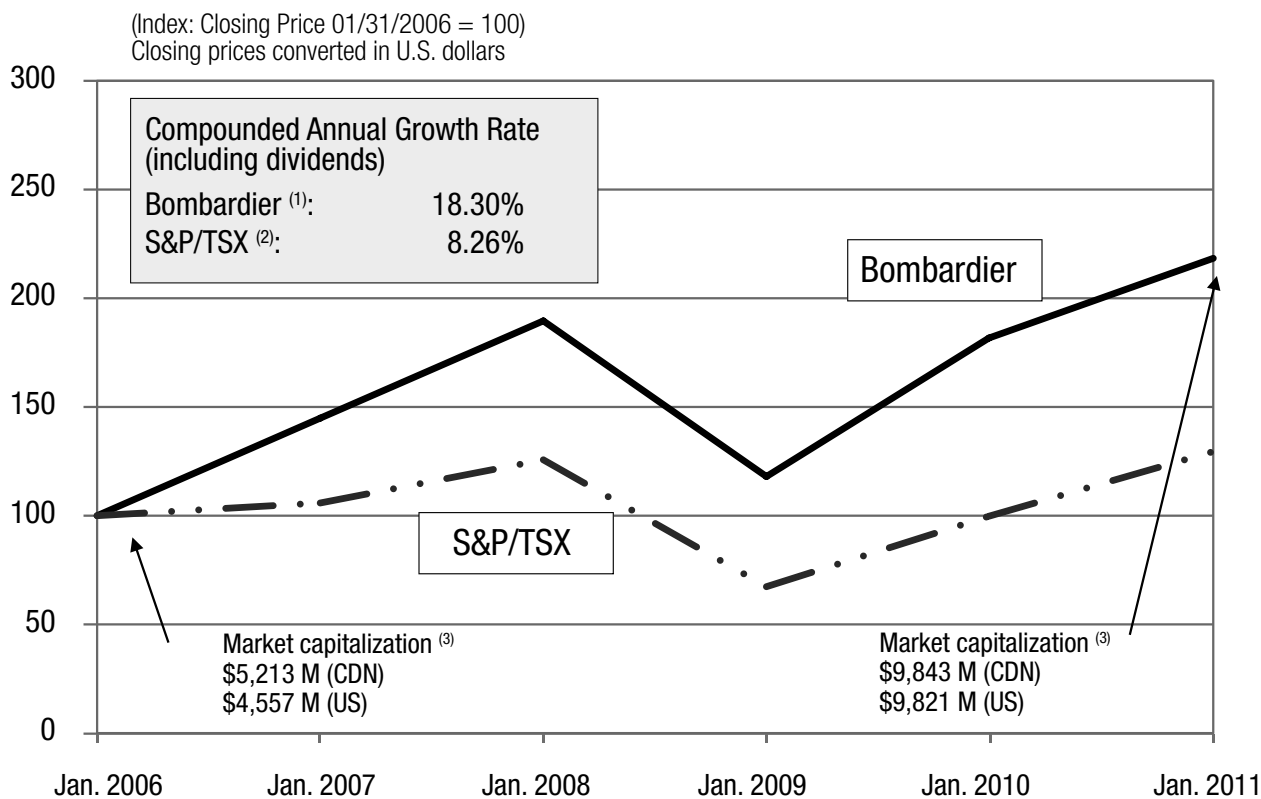
Since Bombardier has a policy of not granting loans to any of its employees, there is no outstanding loan for the financial year ended January 31, 2011.

C.2 Performance Graphs

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years assuming that an amount of \$100 was invested

on January 31, 2006 in the Class B subordinate shares of Bombardier and in the S&P/TSX Composite Index.

Performance of the Class B subordinate shares of Bombardier from January 31, 2006 to January 31, 2011

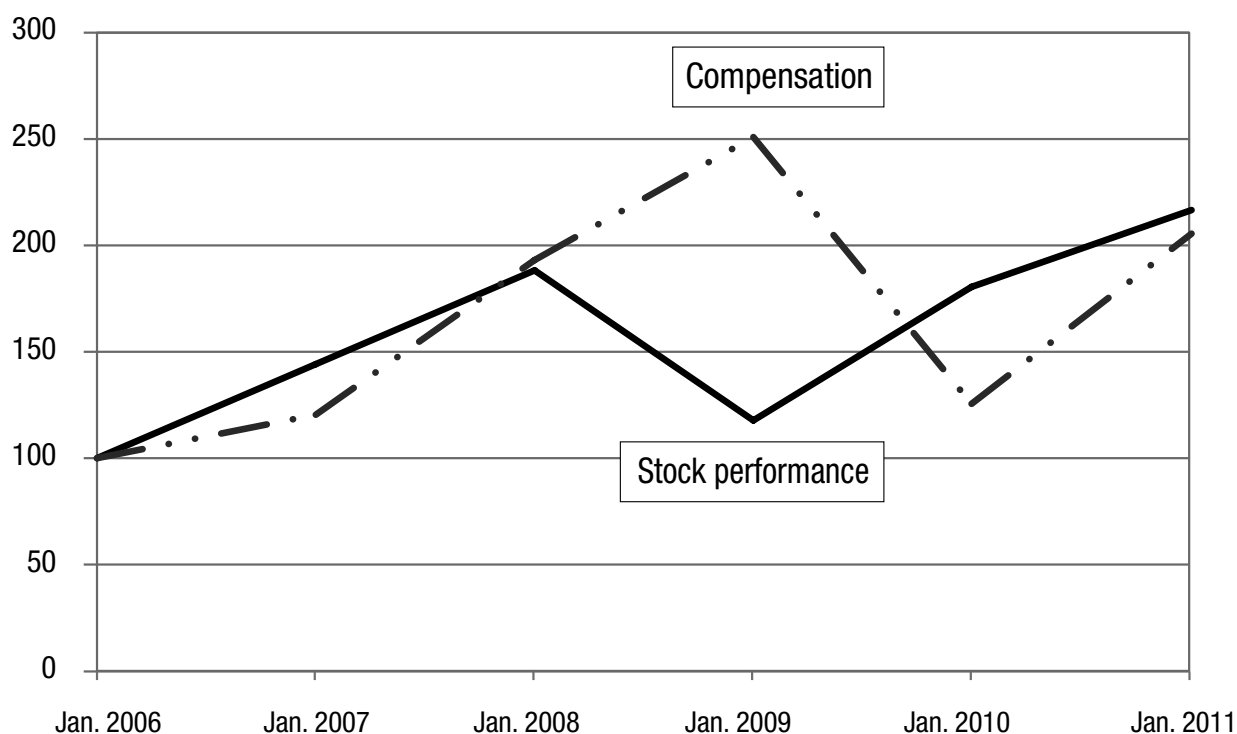


- (1) Return on Class B subordinate shares converted to U.S. dollars, including dividends reinvested
- (2) Return on S&P/TSX index converted to U.S. dollars, including dividends reinvested
- (3) Market capitalization is based on 319,260,212 Class A shares and 1,425,772,756 Class B shares as at January 31, 2006 and on 316,109,537 Class A shares and 1,409,538,220 Class B shares as at January 31, 2011.

The following graph illustrates the total compensation earned by the Named Executive Officers (NEO) in each year of the five-year period ending on January 31, 2011. This graph shows that there is very little correlation between the Bombardier's share price performance and the total compensation of its NEOs. The non-correlation is mainly explained by the following: the total compensation of the NEOs includes base salary and at-risk compensation elements (as shown in the "Target Weighting of Compensation Elements Based on Compensation Policy" on

page 24 of this Management Proxy Circular); and the graph illustrates the shares' performance using the closing price of the shares on the last day of its fiscal year while the compensation line represents the total compensation for the full financial year. Furthermore, as the stock price performance can be affected by trends unrelated to the fundamentals of the Corporation, Bombardier is still of the opinion that the true comparison should be the compensation at risk versus earnings before interest and taxes (EBIT) as illustrated in the next graph.

Performance of the Class B subordinate share compared with NEO total compensation from January 31, 2006 to January 31, 2011

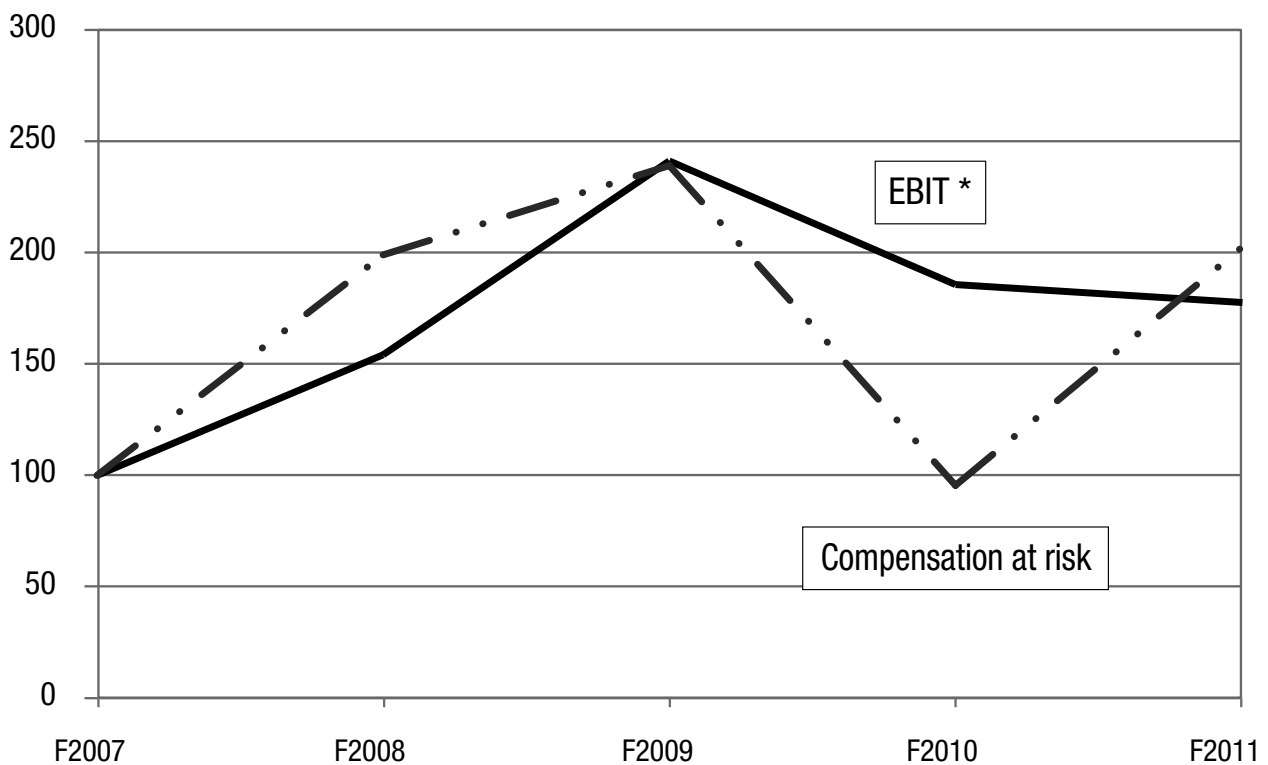


(Index : Closing Price January 31, 2006 = 100 and Total NEO Compensation for the fiscal year ending January 31, 2006 = 100)
Closing prices converted in U.S. dollars; total compensations for the NEO is based on the fiscal year prior to the closing stock price.

Bombardier's incentive compensation (that is, the short-term incentive plans and the mid-term and long-term incentive plans referred to in pages 25 to 31 of this Management Proxy Circular) is linked to the achievement of targeted results. EBIT being a common key performance indicator for both groups, it is the better measurement on a consolidated basis to represent the total performance of Bombardier.

The graph below shows a link between the compensation at risk of the NEOs and Bombardier's performance, as measured by EBIT. While it is important to align pay and performance, stock price performance can be affected by trends unrelated to the fundamentals of Bombardier and as such, does not properly reflect the company's performance.

Bombardier's EBIT* compared with NEO's compensation at risk from February 1, 2006 to January 31, 2011



* EBIT: EBIT from continuing operations before special items

Index : EBIT and NEO adjusted compensation for fiscal year ending January 31, 2007 = 100

D. Executive Compensation

D.1 Total Compensation Value Table for Pierre Beaudoin, President and Chief Executive Officer of Bombardier

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, as established by the HRCC for the financial years ended January 31, 2011, January 31, 2010 and January 31, 2009. It also provides a summary of the aggregate holding and value of shares, PSUs, DSUs and

stock options held by him as at January 31, 2011, January 31, 2010 and January 31, 2009. Since Mr. Pierre Beaudoin was named President and Chief Executive Officer of Bombardier on June 4, 2008, this table also includes his compensation as President and Chief Operating Officer of Bombardier Aerospace prior to that date.

Compensation for the Year Ended January 31	2011 (\$)	2010 (\$)	2009 (\$)
Salary ⁽¹⁾	1,317,300	1,162,900	1,049,000
Performance Share Units (PSUs) ⁽²⁾	Nil	Nil	1,853,400
Deferred Share Units (DSUs) ⁽²⁾	2,289,300	1,027,800	Nil
Stock Options ⁽³⁾	1,059,600	528,600	2,251,900
Annual Incentive ⁽¹⁾	1,736,900	870,200	1,104,300
Pension Value ⁽⁴⁾	283,700	184,600	1,486,100
All Other Compensation ⁽⁵⁾	154,200	131,500	81,200
Total Compensation	6,841,000	3,905,600	7,825,900

Aggregate Holding and Value of Shares, PSUs, DSUs and Stock Options

As at January 31	2011		2010		2009	
	Number	\$	Number	\$	Number	\$
Shares ⁽⁶⁾						
Class A	512,859	2,927,100	512,859	2,448,800	512,859	1,597,000
Class B Subordinate	68,897	391,800	1,312	6,300	1,312	4,000
PSUs ⁽⁷⁾	240,000	1,365,000	390,000	1,862,200	490,000	1,505,900
DSUs ⁽⁷⁾	880,000	5,005,000	350,000	1,671,200	Nil	Nil
Stock Options ⁽⁸⁾						
Exercisable	1,500,000	2,001,600	1,362,500	1,302,000	1,287,500	328,700
Unexercisable	2,333,000	2,235,100	2,057,500	1,320,100	1,882,500	172,200
Total	5,534,756	13,925,600	4,674,171	8,610,600	4,174,171	3,607,800

(1) Please refer to the table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.

(2) Please refer to the table D.3 "Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2011, January 31, 2010 and January 31, 2009" on page 38 of this Management Proxy Circular.

(3) Please refer to the table D.4 "Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2011, January 31, 2010 and January 31, 2009" on page 39 of this Management Proxy Circular.

(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended January 31, 2011" on page 43 of this Management Proxy Circular, to the table E.2 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular and to the table E.3 "Supplemental Pension Disclosure for the financial year ended January 31, 2009" on page 44 of this Management Proxy Circular.

(5) Please refer to note (5) of the table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.

(6) The market value of shares was determined with (i) a closing price for Class A shares of CAN \$5.72 and a closing price for Class B subordinate shares of CAN \$5.70 both converted from Canadian dollars to US dollars on an exchange rate of \$0.9978 as of January 31, 2011, (ii) a closing price for Class A shares of CAN \$5.04 and a closing price for Class B subordinate shares of CAN \$5.04, both converted from Canadian dollars to US dollars based on an exchange rate of \$0.9474 as of January 31, 2010 or (iii) a closing price for Class A shares of CAN \$3.85 and a closing price for Class B subordinate shares of CAN \$3.80, both converted from Canadian dollars to US dollars based on an exchange rate of \$0.8088 as of January 31, 2009, as applicable.

(7) Please refer to the table D.6 "Vested and Unvested PSUs and DSUs for the Financial Year ended January 31, 2011" on page 41 of this Management Proxy Circular.

(8) Please refer to the table D.5 "Outstanding Option-Based Awards for the Financial Year ended January 31, 2011" on page 40 of this Management Proxy Circular.

D.2 Summary Compensation Table *

The Summary Compensation Table shows the annual compensation information for each of the Named Executive

Officers of Bombardier for the financial years ended January 31, 2011, January 31, 2010 and January 31, 2009.

Name and Principal Position	Financial Year Ended January 31	Salary (\$)	Share-based Awards (PSUs or DSUs) ⁽¹⁾ (\$)	Option-based Awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation		Pension Value ⁽⁴⁾ (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plan ⁽³⁾ (\$)	Long-term Incentive Plan			
Pierre Beaudoin President and Chief Executive Officer	2011	1,317,300	2,289,300	1,059,600	1,736,900	0	283,700	154,200 ⁽⁵⁾	6,841,000
	2010	1,162,900	1,027,800	528,600	870,200	0	184,600	131,500 ⁽⁵⁾	3,905,600
	2009	1,049,000	1,853,400	2,251,900	1,104,300	0	1,486,100	81,200 ⁽⁵⁾	7,825,900
Pierre Alary Senior Vice President and Chief Financial Officer	2011	640,200	462,200	212,600	620,800	0	144,300	61,700 ⁽⁵⁾	2,141,800
	2010	561,200	196,800	102,200	260,000	0	161,400	46,400 ⁽⁵⁾	1,328,000
	2009	520,300	347,500	422,200	486,000	0	166,400	39,900	1,982,300
Guy C. Hachey President and Chief Operating Officer of Bombardier Aerospace	2011	911,900	976,200	445,900	889,100	0	508,000	50,100	3,781,200
	2010	805,300	434,600	224,400	302,000	0	402,200	47,000	2,215,500
	2009	556,100 ⁽⁶⁾	1,544,500	1,876,600	548,200	0	294,600	53,100	4,873,100
André Navarri President and Chief Operating Officer of Bombardier Transportation	2011	1,253,600	976,200	445,900	1,260,300	0	487,200	69,700 ⁽⁵⁾	4,492,900
	2010	1,299,500	434,600	224,400	714,700	0	344,800	38,400 ⁽⁵⁾	3,056,400
	2009	1,312,400	965,300	1,016,500	1,126,100	0	361,500	23,200	4,805,000
Daniel Desjardins Senior Vice President and General Counsel	2011	534,000	319,600	143,800	517,800	0	125,800	52,700 ⁽⁵⁾	1,693,700
	2010	468,400	132,100	67,000	216,900	0	140,900	32,400 ⁽⁵⁾	1,057,700
	2009	435,600	270,300	281,500	406,300	0	90,200	34,500	1,518,400

(1) Please refer to the table D.3 "Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2011, January 31, 2010 and January 31, 2009" on page 38 of this Management Proxy Circular.

(2) Please refer to the table D.4 "Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2011, January 31, 2010 and January 31, 2009" on page 39 of this Management Proxy Circular.

(3) The bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.

(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended January 31, 2011" on page 43 of this Management Proxy Circular, to the table E.2 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular and to the table E.3 "Supplemental Pension Disclosure for the financial year ended January 31, 2009" on page 44 of this Management Proxy Circular.

(5) Included in this amount is the sum of \$32,746 for the financial year ended January 31, 2011, of \$76,267 for the financial year ended January 31, 2010 and \$40,665 for the financial year ended January 31, 2009 which represents the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Mr. Pierre Beaudoin and the costs that he reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.

Included in this amount for the financial year ended January 31, 2011 is the sum of \$44,580, \$17,830, \$44,580 and \$14,860 respectively for Messrs. Pierre Beaudoin, Pierre Alary, André Navarri and Daniel Desjardins for the equivalent of dividends paid in cash on June 5, 2010 for PSUs that vested on that date.

Included in this amount for the financial year ended January 31, 2010 is the sum of \$13,590, \$6,800, \$13,590 and \$5,440 respectively for Messrs. Pierre Beaudoin, Pierre Alary, André Navarri and Daniel Desjardins for the equivalent of dividends paid in cash on June 7, 2009 for PSUs, that vested on that date.

(6) Mr. Guy C. Hachey was appointed President and Chief Operating Officer of Bombardier Aerospace on May 12, 2008; his annual base salary rate was CAN \$900,000.

* All compensation amounts are paid in Canadian dollars to Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins and in Euros to Mr. Navarri. The salary and annual incentive plan amounts are converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of CAN \$0.9750 and Euro 1.3202 respectively for the financial year ended January 31, 2011, CAN \$0.8918 and Euro 1.4018 respectively for the financial year ended January 31, 2010 and on the average exchange rates of Can \$0.8534 and Euro 1.2428 respectively for the financial year ended January 31, 2009. The exchange rates used for the share-based awards and option-based awards are provided in the notes to the tables D.3 and D.4. The exchange rates used for the pension value are provided in the notes to the tables E.1 and E.2.

D.3 Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years Ended January 31, 2011, January 31, 2010 and January 31, 2009

The following table provides information with respect to the PSUs or DSUs granted to each of the Named Executive Officers of

Bombardier during the financial years ended January 31, 2011, January 31, 2010 and January 31, 2009.

Named Executive Officers	Financial Years Ended January 31	Number of PSUs or DSUs Granted ⁽¹⁾ (#)	% of Total PSUs or DSUs Granted to Employees in the Financial Years Ended January 31	Performance Period ending on	Estimated Future Market Value of Grants under the PSU or DSU Plan ⁽⁵⁾		
					At Threshold Level of 70% of Target ⁽⁶⁾ (\$)	Target ⁽⁶⁾ (\$)	At Maximum Level of 150% of Target ⁽⁶⁾ (\$)
Pierre Beaudoin	2011	530,000 ⁽²⁾	5.29%	June 9, 2013	1,602,500	2,289,300	3,433,900
	2010	350,000 ⁽³⁾	5.63%	June 10, 2012	719,500	1,027,800	1,541,700
	2009	240,000 ⁽⁴⁾	4.10%	June 10, 2011	1,297,400	1,853,400	2,780,100
Pierre Alary	2011	107,000 ⁽²⁾	1.07%	June 9, 2013	323,500	462,200	693,300
	2010	67,000 ⁽³⁾	1.08%	June 10, 2012	137,700	196,800	295,100
	2009	45,000 ⁽⁴⁾	0.77%	June 10, 2011	243,300	347,500	521,300
Guy C. Hachey	2011	226,000 ⁽²⁾	2.25%	June 9, 2013	683,300	976,200	1,464,300
	2010	148,000 ⁽³⁾	2.38%	June 10, 2012	304,200	434,600	651,900
	2009	200,000 ⁽⁴⁾	3.41%	June 10, 2011	1,081,200	1,544,500	2,316,800
André Navarri	2011	226,000 ⁽²⁾	2.25%	June 9, 2013	683,300	976,200	1,464,300
	2010	148,000 ⁽³⁾	2.38%	June 10, 2012	304,200	434,600	651,900
	2009	125,000 ⁽⁴⁾	2.13%	June 10, 2011	675,700	965,300	1,448,000
Daniel Desjardins	2011	74,000 ⁽²⁾	0.74%	June 9, 2013	223,700	319,600	479,500
	2010	45,000 ⁽³⁾	0.72%	June 10, 2012	92,500	132,100	198,200
	2009	35,000 ⁽⁴⁾	0.60%	June 10, 2011	189,200	270,300	405,400

- (1) For the financial year ended January 31, 2009, only PSUs were granted. For the financial years ended January 31, 2011 and January 31, 2010, DSUs were granted to Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins and PSUs were granted to Mr. André Navarri due to fiscal restrictions in France. The value of the PSU and DSU grants as of January 31, 2011 is shown in the table D.6 "Vested and Unvested PSUs and DSUs for the Financial Year ended January 31, 2011" on page 41 of this Management Proxy Circular. The closing price of the Class B subordinate shares on the Toronto Stock Exchange on January 31, 2011 was CAN \$5.70.
- (2) The PSU or DSU grants to each of the NEOs in the above table were made on June 9, 2010 on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN \$4.49. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of \$0.9620 as of June 9, 2010.
- (3) The PSU or DSU grants to each of the NEOs in the above table were made on June 10, 2009 on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN \$3.26. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of \$0.9008 as of June 10, 2009.
- (4) The PSU grants to each of the NEOs in the above table were made on June 10, 2008 on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN \$7.91. The value of the grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of \$0.9763 as of June 10, 2008.
- (5) Following the June 10, 2008 grant of PSUs, participants elected to receive payment of vested PSUs at the end of the vesting period in cash or in Class B subordinate shares. Following the June 10, 2009 and the June 9, 2010 grants of PSUs, participants must receive payment of vested PSUs at the end of the vesting period in Class B subordinate shares. Following the June 10, 2009 and the June 9, 2010 grants of DSUs, participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier.
- (6) The vesting of all PSU or DSU grants is conditional on the attainment of Bombardier's ROE targets. The estimated target, threshold and maximum values are illustrated. The PSUs may also vest at 0% as indicated on page 28 of this Management Proxy Circular. The estimations do not take into consideration possible future dividend payments.

D.4 Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years Ended January 31, 2011, January 31, 2010, and January 31, 2009.

The following table provides information with respect to stock options granted to each of the Named Executive Officers of Bombardier

during the financial years ended January 31, 2011, January 31, 2010 and January 31, 2009.

Named Executive Officers	Financial Years Ended January 31	Grant Date	Number of Options Granted	% of Total Options Granted to Employees in the Financial Year	Option Exercise Price ⁽¹⁾ (CAN \$)	Global Market Value of Securities Underlying Options on the Date of Grant (\$)	Expiration Date
Pierre Beaudoin	2011	June 9, 2010	663,000	17.13%	4.71	1,059,600 ⁽²⁾	June 9, 2017
	2010	June 10, 2009	450,000	17.18%	3.45	528,600 ⁽³⁾	June 10, 2016
	2009	June 10, 2008	720,000	11.80%	8.53	2,251,900 ⁽⁴⁾	June 10, 2015
Pierre Alary	2011	June 9, 2010	133,000	3.44%	4.71	212,600 ⁽²⁾	June 9, 2017
	2010	June 10, 2009	87,000	3.32%	3.45	102,200 ⁽³⁾	June 10, 2016
	2009	June 10, 2008	135,000	2.21%	8.53	422,200 ⁽⁴⁾	June 10, 2015
Guy C. Hachey	2011	June 9, 2010	279,000	7.21%	4.71	445,900 ⁽²⁾	June 9, 2017
	2010	June 10, 2009	191,000	7.29%	3.45	224,400 ⁽³⁾	June 10, 2016
	2009	June 10, 2008	600,000	9.84%	8.53	1,876,600 ⁽⁴⁾	June 10, 2015
André Navarri	2011	June 9, 2010	279,000	7.21%	4.71	445,900 ⁽²⁾	June 9, 2017
	2010	June 10, 2009	191,000	7.29%	3.45	224,400 ⁽³⁾	June 10, 2016
	2009	June 10, 2008	325,000	5.33%	8.53	1,016,500 ⁽⁴⁾	June 10, 2015
Daniel Desjardins	2011	June 9, 2010	90,000	2.33%	4.71	143,800 ⁽²⁾	June 9, 2017
	2010	June 10, 2009	57,000	2.18%	3.45	67,000 ⁽³⁾	June 10, 2016
	2009	June 10, 2008	90,000	1.48%	8.53	281,500 ⁽⁴⁾	June 10, 2015

- (1) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the Toronto Stock Exchange on the five trading days before the grant was made. The exercise price is shown in Canadian dollars. The actual market values as of January 31, 2011 of all stock options held by the NEOs are shown in table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2011" on page 40 of this Management Proxy Circular.
- (2) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 9, 2010 of CAN \$4.49, a Black-Scholes value of 0.37 and a conversion from Canadian dollars to US dollars based on an exchange rate of \$0.9620 as of June 9, 2010.
- (3) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 10, 2009 of CAN \$3.26, a Black-Scholes value of 0.40 and a conversion from Canadian dollars to US dollars based on an exchange rate of \$0.9008 as of June 10, 2009.
- (4) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 10, 2008 of CAN \$7.91, a Black-Scholes value of 0.405 and a conversion from Canadian dollars to US dollars based on an exchange rate of \$0.9763 as of June 10, 2008.

D.5 Outstanding Option-Based Awards for the Financial Year Ended January 31, 2011

Named Executive Officers	Number of Shares Acquired on Exercise	Aggregate Value Realized ⁽¹⁾ (\$)	Number of Securities Underlying Unexercised Options at Financial Year-End		Option Expiration Date	Option Exercise Price (CAN \$)	Value of Unexercised in-the-Money Options at Financial Year-End ⁽³⁾	
			Exercisable	Unexercisable ⁽²⁾			Exercisable (\$)	Unexercisable ⁽²⁾ (\$)
Pierre Beaudoin	—	—	500,000	—	March 27, 2012	14.58	—	—
	62,500	72,500	—	—	June 22, 2010	3.93	—	—
	—	—	—	400,000	June 21, 2011	4.32	—	551,000
	—	—	300,000	—	June 10, 2012	2.51	955,000	—
	—	—	400,000	—	June 7, 2013	3.22	989,800	—
	—	—	300,000	100,000	June 5, 2014	5.51	56,800	18,900
	—	—	—	720,000	June 10, 2015	8.53	—	—
	—	—	—	450,000	June 10, 2016	3.45	—	1,010,500
	—	—	—	663,000	June 9, 2017	4.71	—	654,700
	Pierre Alary	—	—	50,000	—	June 21, 2011	22.58	—
25,000		29,700	—	—	June 22, 2010	3.93	—	—
—		—	—	250,000	June 21, 2011	4.32	—	344,400
—		—	100,000	—	June 10, 2012	2.51	318,300	—
—		—	125,000	—	June 7, 2013	3.22	309,300	—
—		—	112,500	37,500	June 5, 2014	5.51	21,300	7,100
—		—	—	135,000	June 10, 2015	8.53	—	—
—		—	—	87,000	June 10, 2016	3.45	—	195,400
—		—	—	133,000	June 9, 2017	4.71	—	131,300
Guy C. Hachey		—	—	—	600,000	June 10, 2015	8.53	—
	—	—	—	191,000	June 10, 2016	3.45	—	428,900
	—	—	—	279,000	June 9, 2017	4.71	—	275,500
André Navarri	—	—	59,500	178,500	April 20, 2011	6.85	—	—
	—	—	—	150,000	June 21, 2011	4.32	—	206,600
	75,000	217,000	—	—	June 10, 2012	2.51	—	—
	—	—	200,000	—	June 7, 2013	3.22	494,900	—
	—	—	300,000	100,000	June 5, 2014	5.51	56,800	18,900
	—	—	—	325,000	June 10, 2015	8.53	—	—
	—	—	—	191,000	June 10, 2016	3.45	—	428,900
	—	—	—	279,000	June 9, 2017	4.71	—	275,500
	Daniel Desjardins	—	—	70,000	—	April 20, 2011	22.79	—
31,250		34,700	—	—	June 22, 2010	3.93	—	—
—		—	—	150,000	June 21, 2011	4.32	—	206,600
—		—	100,000	—	June 10, 2012	2.51	318,300	—
—		—	100,000	—	June 7, 2013	3.22	247,400	—
—		—	82,500	27,500	June 5, 2014	5.51	15,600	5,200
—		—	—	90,000	June 10, 2015	8.53	—	—
—		—	—	57,000	June 10, 2016	3.45	—	128,000
—		—	—	90,000	June 9, 2017	4.71	—	88,900

- (1) The value represents the closing price of the Bombardier Class B subordinate shares on the Toronto Stock Exchange on the date of exercise, less the exercise price of the options converted from Canadian dollars to US dollars using an average exchange rate of \$0.9750.
- (2) Stock options may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on page 29 of this Management Proxy Circular. Options granted before June 10, 2003 and options granted on or after June 10, 2009 vest only based on time. Please refer to page 29 of this Management Proxy Circular.
- (3) The value of unexercised in-the-money options as of January 31, 2011 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. The values of the options as of January 31, 2011 held by each NEO are based on the closing price of the Class B subordinate shares on January 31, 2011 of CAN \$5.70 converted from Canadian dollars to US dollars using an exchange rate of \$0.9978 as of January 31, 2011.

D.6 Vested and Unvested PSUs and DSUs for the Financial Year Ended January 31, 2011

Named Executive Officers	Number of PSUs Vested	Aggregate Value Realized ⁽¹⁾ (\$)	Number of PSUs/DSUs that Have Not Vested at the End of the Financial Year ⁽²⁾	Expiration Date	Market Value of PSUs that Have Not Vested at the End of the Financial Year		
					At 70% of Target ⁽³⁾ (\$)	At 100% of Target ⁽³⁾ (\$)	At 150% of Target ⁽³⁾ (\$)
Pierre Beaudoin	225,000	1,016,300	—	June 5, 2010	—	—	—
	—	—	240,000	June 10, 2011	955,500	1,365,000	2,047,500
	—	—	350,000	June 10, 2012	1,393,400	1,990,600	2,985,900
	—	—	530,000	June 9, 2013	2,110,000	3,014,400	4,521,500
Pierre Alary	90,000	406,500	—	June 5, 2010	—	—	—
	—	—	45,000	June 10, 2011	179,200	255,900	383,900
	—	—	67,000	June 10, 2012	266,700	381,100	571,600
	—	—	107,000	June 9, 2013	426,000	608,600	912,800
Guy C. Hachey	—	—	200,000	June 10, 2011	796,200	1,137,500	1,706,200
	—	—	148,000	June 10, 2012	589,200	841,700	1,262,600
	—	—	226,000	June 9, 2013	899,800	1,285,400	1,928,000
André Navarri	225,000	1,018,400	—	June 5, 2010	—	—	—
	—	—	125,000	June 10, 2011	497,700	710,900	1,066,400
	—	—	148,000	June 10, 2012	589,200	841,700	1,262,600
	—	—	226,000	June 9, 2013	899,800	1,285,400	1,928,000
Daniel Desjardins	75,000	338,800	—	June 5, 2010	—	—	—
	—	—	35,000	June 10, 2011	139,300	199,100	298,600
	—	—	45,000	June 10, 2012	179,200	255,900	383,900
	—	—	74,000	June 9, 2013	294,600	420,900	631,300

- (1) Either the cash amount paid to the NEOs on June 5, 2010 calculated by multiplying the number of PSUs which vested during the financial year ended January 31, 2011 by the value of the Class B subordinate shares as determined pursuant to the fiscal laws applicable to each NEO or the market value of the Class B shares actually remitted to each NEO. Please refer to pages 27 and 28 of this Management Proxy Circular for more information on the settlement of PSUs on the vesting date. The aggregate value realized was converted from Canadian dollars to US dollars based on an exchange rate of \$0.9509 on June 5, 2010.
- (2) Only Mr. André Navarri received a grant of PSUs as of June 10, 2009 and as of June 9, 2010. All other Named Executive Officers received DSUs. In previous years, all Named Executive Officers received PSUs.
- (3) Based on the closing price of the Class B subordinate shares on January 31, 2011 of CAN \$5.70 assuming 70%, 100% or 150% of target of plan reached and converted from Canadian dollars to US dollars based on an exchange rate of \$0.9978 as of January 31, 2011. The PSUs may also vest at 0% as indicated on page 28 of this Management Proxy Circular.

D.7 Incentive Plan Awards – Value Vested or Earned during the Financial Year ended January 31, 2011

Named Executive Officers	Option-based Awards – Value Vested during the Year ⁽¹⁾ (\$)	Share-based Awards – Value Vested during the Year ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned during the Year ⁽³⁾ (\$)
Pierre Beaudoin	118,600	1,016,300	1,736,900
Pierre Alary	37,100	406,500	620,800
Guy C. Hachey	—	—	889,100
André Navarri	118,600	1,018,400	1,260,300
Daniel Desjardins	29,700	338,800	517,800

- (1) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. The value is equal to the difference between the closing market price of Class B subordinate shares on the vesting date and the exercise price. The closing market prices are CAN \$4.75 on June 5, 2010 and CAN \$4.47 on June 7, 2010. Values are converted from Canadian dollars to US dollars based on the exchange rate as of the vesting date namely, on June 5, 2010, \$0.9509 and on June 7, 2010, \$0.9488.
- (2) The value is equal to the aggregate realized value of PSUs as disclosed in the table D.6 "Vested and Unvested PSUs and DSUs for the Financial Year ended January 31, 2011" above. No DSUs vested in the financial year ended January 31, 2011.
- (3) The value is the amount of the annual incentive plan payout for the financial year ended on January 31, 2011 disclosed in table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.

D.8 Securities Authorized for Issuance under the Stock Option Plan

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (CAN \$)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans [Excluding Securities Reflected in Column (a)]
Equity compensation plans approved by security holders	35,896,189	5.94	62,004,694
Equity compensation plans not approved by security holders	—	—	—
Total	35,896,189	5.94	62,004,694

E. Pension Plans

The executives of Bombardier, including the Named Executive Officers, participate in two defined benefit pension plans to which executives do not contribute.

Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the executives are paid their highest salary (up to the maximum earnings according to the *Income Tax Act* (Canada) which for 2011 is CAN \$127,611) multiplied by the number of years of credited service.

The supplemental plan provides for additional benefits, depending on the management level, of:

- 2% of average base salary up to CAN \$127,611 plus 1.75% of average base salary in excess of that amount, or
- 2.25% of average base salary, or
- 2.50% of average base salary,

multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan.

Bonuses and any other compensation are not considered in the computation of pension benefits.

Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Daniel Desjardins are entitled to an accrual rate of pension of 2.50%. Upon employment, Mr. Guy C. Hachey was granted

the right to accrue a pension at double the annual accrual rate, or 5.0%, for each year of service completed for his first seven years of employment. The HRCC has granted to Mr. André Navarri the right to accrue, starting on April 1, 2010, his pension at an additional rate of 1.5% of the annual accrual, or 4%, for the next six years of his employment.

Benefits are reduced by $\frac{1}{3}$ of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age plus his years of service total 85.

No benefits are payable from the supplemental plan if a participant has not completed 5 years of service, except for Mr. Guy C. Hachey who has an immediate right to his accrued pension upon termination.

Upon the death of a participant, the spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and/or to the designated beneficiary.

All pension benefits payable from these plans are in addition to government social security benefits.

E.1 Supplemental Pension Disclosure for the Financial Year Ended January 31, 2011 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named

Executive Officers of Bombardier between February 1, 2010 and January 31, 2011.

Name	Number of Years of Credited Service		Annual Benefits Payable ⁽²⁾		Accrued Obligation as of January 31, 2010 ⁽³⁾ (\$)	Change in Obligation During Year		Accrued Obligation as of January 31, 2011 ⁽⁶⁾ (\$)
	January 31, 2011	Age 65 ⁽¹⁾	January 31, 2011 (\$)	Age 65 (\$)		Compensatory Changes ⁽⁴⁾ (\$)	Non Compensatory Changes ⁽⁵⁾ (\$)	
Pierre Beaudoin	25.4	40.0	821,200	1,293,100	9,049,600	283,700	2,624,300	11,957,600
Pierre Alary	12.4	23.8	195,600	375,200	1,887,200	144,300	567,800	2,599,300
Guy C. Hachey	2.7	12.0	122,700	433,000	806,200	508,000	314,200	1,628,400
André Navarri	6.9	14.1	231,800	543,100	2,213,700	487,200	264,200	2,965,100
Daniel Desjardins	12.8	22.5	168,600	296,300	1,696,800	125,800	473,300	2,295,900

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on January 31, 2011 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of \$0.9978 and €1.3715 respectively as of January 31, 2011.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9474 and €1.387 respectively as of January 31, 2010.

(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of CAN \$0.9750 and €1.3202 respectively.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9978 and €1.3715 respectively as of January 31, 2011.

* Pension obligations shown above are based on the assumptions used for their valuation as of the plans measurement date used in Bombardier's financial statements.

E.2 Supplemental Pension Disclosure for the financial Year ended January 31, 2010 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named

Executive Officers of Bombardier between February 1, 2009 and January 31, 2010.

Name	Number of Years of Credited Service		Annual Benefits Payable ⁽²⁾		Accrued Obligation as of January 31, 2009 ⁽³⁾ (\$)	Change in Obligation During Year		Accrued Obligation as of January 31, 2010 ⁽⁶⁾ (\$)
	January 31, 2010	Age 65 ⁽¹⁾	January 31, 2010 (\$)	Age 65 (\$)		Compensatory Changes ⁽⁴⁾ (\$)	Non Compensatory Changes ⁽⁵⁾ (\$)	
Pierre Beaudoin	24.4	40.0	701,100	1,149,200	6,248,000	184,600	2,617,000	9,049,600
Pierre Alary	11.4	23.8	164,800	343,000	1,188,100	161,400	537,700	1,887,200
Guy C. Hachey	1.7	12.0	72,900	405,500	209,500	402,200	194,500	806,200
André Navarri	5.9	14.1	183,100	438,300	1,573,500	344,800	295,400	2,213,700
Daniel Desjardins	11.8	22.5	142,100	270,000	1,088,600	140,900	467,300	1,696,800

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on January 31, 2010 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of CAN \$0.9474 and €1.387 respectively as of January 31, 2010.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.8088 and €1.2803 respectively as of January 31, 2009.

(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of CAN \$0.8918 and €1.4018 respectively.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9474 and €1.387 respectively as of January 31, 2010.

* Pension obligations shown above are based on the assumptions for their valuation as of the plans measurement date used in Bombardier's financial statements.

E.3 Supplemental Pension Disclosure for the Financial Year Ended January 31, 2009 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named

Executive Officers of Bombardier between February 1, 2008 and January 31, 2009.

Name	Number of Years of Credited Service		Annual Benefits Payable ⁽²⁾		Accrued Obligation as of January 31, 2008 ⁽³⁾ (\$)	Change in Obligation During Year		Accrued Obligation as of January 31, 2009 ⁽⁶⁾ (\$)
	January 31, 2009	Age 65 ⁽¹⁾	January 31, 2009 (\$)	Age 65 (\$)		Compensatory Changes ⁽⁴⁾ (\$)	Non Compensatory Changes ⁽⁵⁾ (\$)	
Pierre Beaudoin	23.4	40.0	533,800	912,300	7,960,400	1,486,100	(3,198,500)	6,248,000
Pierre Alary	10.4	23.8	122,900	282,300	1,628,400	166,400	(606,700)	1,188,100
Guy C. Hachey	0.7	12.0	25,900	346,200	0	294,600	(85,100)	209,500
André Navarri	4.9	14.1	135,700	387,900	1,363,800	361,500	(151,800)	1,573,500
Daniel Desjardins	10.8	22.5	106,000	221,600	1,511,700	90,200	(513,300)	1,088,600

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on January 31, 2009 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of \$0.8088 and €1.2803 respectively as of January 31, 2009.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9978 and €1.4840 respectively as of January 31, 2008.

(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of CAN \$0.9294 and € 1.4695 respectively.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.8088 and €1.2803 respectively as of January 31, 2009.

* Pension obligations shown above are based on the assumptions for their valuation as of the plans measurement date used in Bombardier's financial statements.

The amounts presented in the three tables above are estimates based on assumptions and employment conditions that can change over time. The assumptions used for the individual calculations are the same as those used for the computation of pension benefits obligations under the accounting principles used to prepare Bombardier's financial statements.

The method used to determine any estimated amounts may differ from that used by other companies and, for that reason, comparing the estimated amounts of Bombardier's pension benefits obligations with those of other companies is of limited use and any such comparison should be used with caution.

F. Termination and Change of Control Provisions

Pursuant to the current employment practices of Bombardier, the compensation of each of the Named Executive Officers is revised and set on an annual basis by the HRCC as described in the Section C. "Compensation Discussion and Analysis" on pages 23 to 35 of this Management Proxy Circular.

As a general rule, Bombardier does not sign employment contracts with its senior executives. As a result, when the employment of a senior executive has to be or is terminated, any termination settlement to which he/she might be entitled according to the circumstances at hand would then be determined either in accordance with the applicable law or jurisprudence or by mutual agreement. As part of any termination agreement with a senior executive, Bombardier requests the inclusion of non-solicitation, non-disclosure and non-compete provisions for the duration of the severance period.

However, Bombardier has an employment agreement with Mr. Navarri which is governed by French law. As a result, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of his base salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Navarri's employment been terminated on January 31, 2011, he would have been entitled to a cash lump sum payment of \$4,987,500 ⁽¹⁾.

In the case of Mr. Hachey, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his base salary and target

bonus in the event that his employment is terminated by the Corporation. Had Mr. Hachey been terminated on January 31, 2011, he would have been entitled to a cash lump sum payment of \$2,675,900 ⁽¹⁾. In order to compensate Mr. Hachey for part of the loss of his accumulated pension with his previous employer, the following additional amount would be paid if his employment is terminated by Bombardier for reasons other than cause:

Age at Termination	Additional Amount ⁽¹⁾
55	\$2,195,200
56	\$1,995,600
57	\$1,796,000
58	\$1,396,900

(1) Amounts are converted from Canadian dollars (for Mr. Guy C. Hachey) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of CAN \$0.9978 and €1.3715 respectively as of January 31, 2011.

This additional amount would also be paid to his spouse in the event of his death during that same period.

As of the date of this Management Proxy Circular, there are no other termination or severance agreements or arrangements, including change-of-control arrangements, between Bombardier and any of the other Named Executive Officers.

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs

assuming the event took place on January 31, 2011. As a general rule, no incremental benefits are paid. Only the accrued and vested benefits are paid under each of the compensation programs.

Type of Termination from Active Employment	Severance Payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs)	Pension Plan	Benefits and Perquisites
Retirement	None	Entitled to pro-rata of bonus for portion of financial year prior to retirement date.	Upon normal retirement (in accordance with pension plan rules), stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. Upon early retirement (in accordance with pension plan rules), only stock options already vested on retirement date could be exercised within the following year ⁽¹⁾ . Exception: for stock options granted on or after June 10, 2009 upon early retirement (in accordance with pension plan rules), the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. Exception for options granted before March 21, 2002: options already vested must be exercised within one year of normal or early retirement.	If retirement on or after age 55 with 5 or more years of service, PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. If retirement on or after age 60 with 5 or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting performance objectives ⁽²⁾ .	Upon retirement, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of retirement.	Pension benefits start being paid according to plan rules.	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement.
Termination without cause	Will be based on common or civil law requirements ⁽³⁾ .	None ⁽³⁾	Stock options terminate immediately unless otherwise determined by the Board. Exception: for stock options granted on or after June 10, 2009, the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period.	The PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period, subject to meeting performance objectives.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination.	Value of pension benefits payable in accordance with local legal requirements ⁽⁴⁾ .	All benefits and perquisites expire immediately or after a minimal period of a few months.

Type of Termination from Active Employment	Severance Payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs)	Pension Plan	Benefits and Perquisites
Death	None	Entitled to pro-rata of bonus for portion of financial year prior to the date of death.	Already vested stock options could be exercised within the following 60 days.	The size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting performance objectives.	Upon death, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of death.	Value of pension benefits payable in accordance with local legal requirements ⁽⁶⁾ .	All benefits expire immediately or after a minimal period of a few months (24 months if executive is survived by a spouse in Canada). Perquisites expire upon death.
Voluntary resignation or termination with cause	None	None	All options expire immediately.	All PSUs expire immediately.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination.	Value of pension benefits payable in accordance with local legal requirements.	All benefits and perquisite expire immediately.
Change of control	Bombardier has no change of control agreement with any of its NEOs.						

(1) The same applies in the case of authorized leave of absence for sickness or other reasons.

(2) The same applies if the individual becomes disabled.

(3) Mr. André Navarri is entitled to 24 months of base salary and target bonus. Mr. Guy C. Hachey is entitled to 18 months of base salary and target bonus.

(4) To compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Bombardier will pay him the additional amounts specified on page 45 of this Management Proxy Circular should his employment be terminated by Bombardier for reasons other than cause.

(5) Should Mr. Guy C. Hachey die before age 59, the additional amounts payable in respect of his lost accumulated pension with his previous employer as described in note 4 above would be paid to his spouse.

The following table sets forth estimates of the amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on January 31, 2011. Bombardier's practices according to its various compensation plan rules are strictly to provide the NEOs the compensation amounts or awards already accrued and vested on the date of the event. Therefore, no incremental payments are

normally payable following voluntary resignation or termination with cause. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees and do not discriminate in favor of executive officers. No perquisites are payable upon any types of termination from active employment.

Supplementary Amounts Payable upon the Following Events Assumed to Occur on January 31, 2011

Name	Retirement (\$)	Termination without Cause (\$)	Death ⁽²⁾ (\$)
Pierre Beaudoin	—	— ⁽¹⁾	160,800
Pierre Alary	—	— ⁽¹⁾	30,100
Guy C. Hachey	2,195,200 ⁽³⁾	4,871,100 ^{(3) (4)}	2,329,200 ⁽³⁾
André Navarri	—	4,987,500 ⁽⁵⁾	1,471,400
Daniel Desjardins	—	— ⁽¹⁾	23,400

(1) Will be based on civil law requirements.

(2) Payments of all PSUs granted prior to the date of death would occur only on the vesting date and would be computed with the actual performance results. Performance of 100% of eventual targets was assumed. Please refer to Table D.6 "Vested and Unvested PSUs and DSUs for the Financial Year Ended January 31, 2011" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2011.

(3) Including an additional amount of \$2,195,200 based on Mr. Hachey's age on January 31, 2011 and contract of employment. Please refer to page 45 of this Management Proxy Circular.

(4) Including a lump sum amount equal to 18 months of base salary and target bonus. Please refer to page 45 of this Management Proxy Circular.

(5) Lump sum amount equal to 24 months of base salary and target bonus. Please refer to page 45 of this Management Proxy Circular.

G. Summary

The HRCC is satisfied that Bombardier's current executive compensation policies, programs and levels of compensation are aligned with Bombardier's performance and reflect competitive market practices.

The HRCC is confident that these policies and programs allow Bombardier to attract, retain and motivate talented executives while adding shareholder value.

The HRCC fully understands the long-term implications of these executive compensation policies and programs and the limitations that they may impose on the total compensation results.

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the annual meeting of shareholders, on Wednesday, June 1, 2011.

Submitted on March 29, 2011, by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman

André Bérard
Thierry Desmarest

Martha Finn Brooks
Carlos E. Represas

Section 5: Additional Information

Statement of the Corporate Governance Practices of Bombardier

Bombardier has always believed in the importance of applying good corporate governance practices to ensure the proper management of its business because it creates sustained profitability and, therefore, enhances shareholder value.

As more fully described below, Bombardier has corporate governance policies and practices which comply with and, in certain instances, even surpass, the requirements of *National Instrument 52-110 Audit Committees*, or NI 52-110, which sets out rules regarding the composition and responsibilities of public company audit committees, *National Policy 58-201 Corporate Governance Guidelines*, or NP 58-201, and *National Instrument 58-101-Disclosure of Corporate Governance Practices*, or NI 58-101, as well as amendments to NI 52-110 to ensure that the definition of "independence" is consistent with each of NI 58-101 and NI 52-110.

In addition, Bombardier continuously monitors the coming into effect of new regulatory requirements and the evolution of best practices so as to be able to adjust its policies and practices accordingly, but always in light of its own specificity.

Bombardier is convinced that being among the leaders in matters of corporate governance ultimately benefits its shareholders.

Board of Directors of Bombardier

Composition

- As of the date of this Management Proxy Circular, the Board of Directors of Bombardier is composed of 14 directors. Detailed information on each of the 14 nominees proposed to be re-elected as directors of the Corporation for the current year is found on pages 6 to 12 and 15 to 20 and their respective attendance records at Board and Committee meetings is found on page 12 of this Management Proxy Circular.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin.

Director independence

- The Corporate Governance and Nominating Committee has determined that nine of the 14 current directors and nominees proposed for re-election as directors of the Corporation are independent, thus representing a majority of the members of the Board of Directors, based on the following analysis:

Director	Management	Independent	Not Independent
Laurent Beaudoin	Chairman of the Board of Directors of Bombardier		<p>(1) Husband of Mrs. Claire Bombardier Beaudoin who, through holding corporations which she controls, either directly or in concert with Mr. J.R. André Bombardier, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine, holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.</p> <p>(2) Father of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier.</p> <p>(3) Brother-in-law of Mr. J.R. André Bombardier, Vice Chairman, Mr. Jean-Louis Fontaine, Vice Chairman, and Mrs. Janine Bombardier, a director of the Corporation.</p>
Pierre Beaudoin	President and Chief Executive Officer of Bombardier		<p>(1) Son of Mr. Laurent Beaudoin, Chairman of the Board of Directors, and Mrs. Claire Bombardier Beaudoin.</p> <p>(2) Nephew of Mrs. Janine Bombardier, a director of the Corporation, of Mr. J.R. André Bombardier, Vice Chairman, and of Mr. Jean-Louis Fontaine, Vice Chairman.</p>
André Bérard		✓	
J.R. André Bombardier	Vice Chairman of Bombardier		<p>(1) Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors and of Mr. Jean-Louis Fontaine, Vice Chairman.</p> <p>(2) Brother of Mrs. Janine Bombardier, a director of the Corporation.</p> <p>(3) Uncle of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier.</p> <p>(4) Through holding corporations which he controls, either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine, Mr. J.R. André Bombardier holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.</p>
Janine Bombardier			<p>(1) Sister-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman.</p> <p>(2) Sister of Mr. J.R. André Bombardier, Vice Chairman.</p> <p>(3) Aunt of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier.</p> <p>(4) Through holding corporations which she controls, either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Huguette Bombardier Fontaine and Mr. J.R. André Bombardier, Mrs. Janine Bombardier holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.</p>
Martha Finn Brooks		✓	

Director	Management	Independent	Not Independent
L. Denis Desautels		✓	
Thierry Desmarest		✓	
Jean-Louis Fontaine	Vice Chairman of Bombardier		<p>(1) Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors, of Mr. J.R. André Bombardier, Vice Chairman and of Mrs. Janine Bombardier, a director of the Corporation.</p> <p>(2) Uncle of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier.</p> <p>(3) Husband of Mrs. Huguette Bombardier Fontaine who, through holding corporations which she controls, either directly or indirectly with Mr. J.R. André Bombardier, Mrs. Claire Bombardier Beaudoin and Mrs. Janine Bombardier, holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.</p>
Daniel Johnson		✓	
Jean C. Monty		✓	
Jean-Pierre Rosso		✓	
Carlos E. Represas		✓	
Heinrich Weiss		✓	

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at Schedule “B” to this Management Proxy Circular on pages 62 and 63 and also on the website of Bombardier at www.bombardier.com.
- **Stewardship of Bombardier** In accordance with the *Canada Business Corporations Act* (the “CBCA”) and as stated in its mandate, the role of the Board of Directors of Bombardier is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

It is the role of the corporate management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategic plans, operating plans and budgets approved by the Board of Directors. In this context, the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, makes

recommendations to the Board of Directors with respect to matters of corporate strategy and policy. The Board of Directors then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.

The Board of Directors decides all matters coming under its jurisdiction pursuant to the CBCA, Bombardier’s articles of incorporation and by-laws, any applicable legislation, the policies of Bombardier or the mandate of the Board of Directors and the charter of its four Committees. It also acts in accordance with the Code of Ethics and Business Conduct of Bombardier. The Board of Directors may assign to one of its four Committees the prior review of any issues for which the Board is responsible. The recommendations of a Committee remain, however, subject to the approval of the Board of Directors.

Any responsibility which is not delegated to either corporate management or a Committee of the Board of Directors remains with the Board of Directors. In general, all matters or policies and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board of Directors or of one of its four Committees to which approval authority is delegated.

- **Strategic planning** Every year, the President and Chief Executive Officer of Bombardier together with the President and Chief Operating Officer of Bombardier Aerospace, the President and Chief Operating Officer of Bombardier Transportation and senior executives from the Corporate Office present, during two separate special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of its Board of Directors. As provided for under its mandate, the duties of the Board of Directors include adopting a strategic plan presented by corporate management and updating it, on at least an annual basis, by taking into account, among other things, the opportunities and risks of the business of Bombardier and the emerging trends. The Board of Directors' duties also include monitoring the implementation of the strategic plan by corporate management.

The Board of Directors also adopts each year appropriate operating plans and budgets and reviews them on a quarterly basis.

- **Risk Management** Pursuant to its charter, the Finance and Risk Management Committee, assists the Board of Directors in fulfilling its oversight responsibilities with respect to
 - risk management matters,
 - financing activities,
 - retirement plan fund management,
 - environmental matters, and
 - any other matters delegated to this Committee by the Board of Directors.

More information on this Committee is provided on page 53 of this Management Proxy Circular.

- **Human Resources** In accordance with its charter, the Human Resources and Compensation Committee reviews, reports and, where appropriate, submits recommendations to the Board of Directors regarding the succession planning for the position of President and Chief Executive Officer of Bombardier.

In addition, it ensures that the President and Chief Executive Officer, Mr. Pierre Beaudoin, has put in place and is monitoring succession planning systems and policies for senior executives.

The internal process to deal with the leadership development and the management succession planning is described on pages 22 and 23 of this Management Proxy Circular.

The Committee reviews and recommends to the Board of Directors the appointment of the President and Chief Executive Officer and those senior executive officers reporting to him.

The Committee assesses the performance of the President and Chief Executive Officer against his objectives set at the beginning of each financial year and in light of such factors deemed appropriate and in the best interests of Bombardier, and it then submits its recommendations to the Board of Directors.

The Committee also reviews the performance assessment of other senior executives and reports its findings and conclusions to the Board of Directors.

- **Communications policy** The objective of the corporate disclosure policy is to ensure that communications to the investing public about Bombardier are (1) timely, factual and accurate, and (2) disseminated in a fair and impartial manner in accordance with all applicable legal and regulatory requirements.

Among other matters, the policy outlines how Bombardier should interact with analysts, investors, the media and other people and contains measures intended to ensure compliance with its timely disclosure obligations and avoid making selective disclosure of information. The Audit Committee has the responsibility, under its charter, of monitoring this policy and updating it, when needed.

Each of the Board of Directors and the Audit Committee reviews and, where required, approves all major communications about Bombardier, including annual and quarterly financial statements and related management's discussion and analysis, financing documents and press releases in relation thereto or significant matters or issues affecting the Corporation as a whole prior to their dissemination and/or filing.

In addition, there is also an internal process to respond to questions and concerns raised by shareholders and other stakeholders. All communications from shareholders and other stakeholders are referred to the appropriate corporate senior executive for response, consideration or action. If and when significant issues are raised, corporate management will in a timely manner advise the Board of Directors of such matters.

Bombardier communicates with its shareholders and other stakeholders, securities analysts and the media regularly on developments in its businesses and results, through its annual report, financial statements and, when needed, reports to shareholders, press releases and material change reports.

- **Financial reporting** The Board of Directors has delegated to the Audit Committee the responsibility of monitoring and assessing the quality and integrity of Bombardier's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems. For this purpose, the Audit Committee reviews various presentations made periodically by the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management or the external auditors, Ernst & Young, LLP, as the case may be.

Committees of the Board of Directors

- The Board of Directors of Bombardier has four Committees.

The charter of each Committee provides a position description for its respective chair. Essentially, the chair provides leadership to enhance the effectiveness of the Committee. The chair also sets the agenda, ensures that the conduct of meetings provides adequate time for discussion of relevant issues and ensures that the outcome of meetings is reported to the Board of Directors.

- **Audit Committee** It consists of five directors, all of whom are independent. They are also all financially literate as required by NI 52-110.

Mr. L. Denis Desautels is its Chairman and Mrs. Martha Finn Brooks and Messrs. André Bérard, Daniel Johnson, and Jean-Pierre Rosso are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2010 and January 31, 2011 and the attendance records of its members.

The Charter of the Audit Committee is reproduced at Schedule "C" attached to this Management Proxy Circular on pages 64 to 67 and also on the website of Bombardier at www.bombardier.com.

Pursuant to its charter, the objectives of the Committee are (1) to help the directors meet their responsibilities with respect to accountability, (2) to assist in maintaining good communication between the directors and the external auditors of Bombardier, Ernst & Young, LLP, (3) to assist in maintaining the independence of Ernst & Young, LLP, (4) to maintain the credibility and objectivity of the financial reports of Bombardier, and (5) to investigate and assess any issue that raises significant concerns with the Committee.

The Committee periodically monitors the adequacy and effectiveness of the disclosure controls and systems of internal control of Bombardier through the reports provided by the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management, and Ernst & Young, LLP, as the case may be.

As a general rule, all meetings of the Committee are attended by the Chairman of the Board, the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, and the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management, as well as by the representatives of Ernst & Young, LLP, the external auditors of Bombardier. During such meetings, the Committee also holds private sessions with each of the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management and the external auditors to discuss various topics of interest.

- **Human Resources and Compensation Committee** It consists of five directors, all of whom are independent.

Mr. Jean C. Monty acts as its Chairman and Mrs. Martha Finn Brooks and Messrs. André Bérard, Thierry Desmarest (since June 2, 2010 only) and Carlos E. Represas are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by the Committee between February 1, 2010 and January 31, 2011 and the attendance records of its members.

Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), this Committee has the mandate to oversee the succession planning for the President and Chief Executive Officer and a number of selected senior executive positions. The corporate process supporting this responsibility of the Committee with respect to the leadership development and the management succession planning is discussed on pages 22 and 23 of this Management Proxy Circular.

In addition, the Committee assesses the performance of the President and Chief Executive Officer, Mr. Pierre Beaudoin, and the senior executive officers reporting to him and determines their compensation.

The Committee reviews and approves a total executive compensation policy that takes into account, among other things, (1) base salary, (2) short-term incentives, (3) mid-term and long-term incentives and (4) pension, benefits and perquisites. It reviews the design of equity-based compensation plans with respect to the granting of stock options and PSUs or DSUs and makes appropriate recommendations to the Board of Directors for its approval.

The Committee reviews the salary classes as well as the levels and degrees of participation in incentive compensation programs whether bonuses or plans based on the evolution of the market performance of Bombardier's shares.

The Committee, twice a year, reviews occupational health and safety matters and reports to the Board on them.

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 48 of this Management Proxy Circular provides more information on Bombardier's executive compensation policy and practices.

- **Corporate Governance and Nominating Committee** It consists of five directors, all of whom are independent.

Mr. Jean-Pierre Rosso chairs this Committee and Messrs. Thierry Desmarest (since June 2, 2010 only), Jean C. Monty, Carlos E. Represas and Heinrich Weiss are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2010 and January 31, 2011 and the attendance records of its members.

The charter of this Committee (which is available on the website of Bombardier at www.bombardier.com) provides that it has the responsibility to monitor the selection criteria for candidates as directors and the credentials of nominees for election or re-election as members of the Board of Directors, the composition of the Board of Directors and its Committees as well as their performance and the remuneration of the Chairman of the Board, Mr. Laurent Beaudoin, as well as of the directors.

The Committee also oversees the evolution of Bombardier's corporate governance practices and policies, including its Code of Ethics and Business Conduct to ensure that Bombardier continues to comply with high standards of corporate governance.

- **Finance and Risk Management Committee** It consists of four directors, all of whom are independent.

Mr. André Bérard is its Chairman and Messrs. L. Denis Desautels, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2010 and January 31, 2011 and the attendance records of its members.

Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), the Committee reviews (1) Bombardier's material risks of a financial nature and the steps that management takes to monitor, control and manage these risks, and (2) the adequacy of policies, procedures and controls designed by management to assess and manage these risks. It reviews and monitors, as the case may be, any significant or unusual transactions or projects related to Bombardier's ongoing activities, significant business opportunities, mergers, acquisitions, divestitures, significant asset sales or purchases or equity investments. It goes over various matters or activities related to or involving the financial situation of Bombardier such as, for example, its capital structure, its long-term debt repayment profile, its compliance with covenants under credit facilities, its customer financing activities and programs, its foreign exchange hedging policies, procedures and controls, or its insurance program coverage and related risks.

The Committee periodically reviews the fulfillment of Bombardier's obligations under its various retirement plans and the investment of the assets of such plans. It also monitors periodically environmental matters.

Lead Director

The Board of Directors has an independent Lead Director, considering that the Chairman of the Board of Directors, Mr. Laurent Beaudoin, is not an independent director. The Lead Director, Mr. André Bérard, chairs the meetings of the independent directors of Bombardier as further explained below.

Meetings of the Independent Directors

A formal structure enables the Board of Directors to function independently of the management of Bombardier.

As a general rule, the directors who are not part of corporate management and/or the majority shareholder, namely the Bombardier family, will, if they consider that it would be appropriate to do so, meet privately under the chairmanship of Mr. André Bérard, in his capacity of Lead Director, after a regular meeting of the Board of Directors. They have, however, no decision-making power. The Lead Director transmits to the Chairman of the Board of Directors, Mr. Laurent Beaudoin, and/or the President and Chief Executive Officer, Mr. Pierre Beaudoin, as the case may be, any comments, questions or suggestions raised during such meetings.

Given this context, between February 1, 2010, and January 31, 2011, the independent directors decided to hold four private meetings.

Recruitment and Election of Directors

The Corporate Governance and Nominating Committee, composed of five independent members, has the responsibility of (1) annually reviewing the credentials of nominees for election or re-election as members of the Board of Directors, (2) monitoring the size and composition of the Board of Directors and its Committees to ensure an effective decision-making process and (3) submitting its recommendations to the Board. As a result of the most recent assessment of the performance of the Board of Directors by its members, the Corporate Governance and Nominating Committee and the Board of Directors are of the view that its size and composition as well as the mix of talents, quality and skills are well suited to Bombardier's current circumstances and needs and allow for its efficient functioning as a decision-making body and promote sound governance.

In consultation with the Chairman of the Board of Directors, Mr. Laurent Beaudoin, the Committee determines appropriate selection criteria, including any additional skill sets deemed to be beneficial, when considering Board candidates, by taking into account Bombardier's current circumstances and needs, whenever new directors have to be recruited.

Taking a strategic approach in connection with the Board of Directors succession process, the members of the Committee focus their attention on (1) better assessing the skills, functional expertise and experience of the current members of the Board of Directors of the Corporation; (2) determining and anticipating the future needs of the Board of Directors based on the evolution of the business of the Corporation and its external environment; and (3) identifying the most suitable candidates in order to be in a position to fill an opening on the Board of Directors, given the then prevailing and projected circumstances for the Corporation. To assist them in their analysis, they rely on a "Directors' Skills and Experience Matrix"; it provides an overall periodic assessment of the skills, expertise and experience of

the members of the Board of Directors (1) as being or having been Chairman, Chief Executive Officer or senior executive officer of a publicly listed corporation or a significant private international corporation and (2) having experience, expertise or a strong understanding in areas relevant to the Corporation, such as manufacturing activities, managing and leading growth and innovation, doing business internationally, financial accounting and reporting, internal financial controls, corporate finance, mergers and acquisitions, human resources and compensation, etc.

Once potential candidates as directors are identified, the members of the Committee examine such candidacies and make appropriate recommendations to the Board of Directors. Prior to agreeing to join the Board of Directors of Bombardier, a candidate is fully informed of the workload and time commitment requirements.

Majority Voting Policy with respect to the Election of Directors

Bombardier has a majority voting policy with respect to the election of the members of its Board of Directors. It stipulates that if the votes in favour of the election of a director nominee at a shareholders' meeting represents less than a majority of the shares voted and withheld, the nominee would, as a result, submit his/her resignation promptly after the meeting, for the Corporate Governance and Nominating Committee's consideration. The Committee would then make a recommendation to the Board of Directors after reviewing the matter, and the Board's decision to accept or reject the resignation offer would be disclosed to the public through a press release. The nominee would not participate in any Committee or Board deliberations on the resignation offer. The policy would not, however, apply in circumstances involving contested director elections.

Compensation of Directors

The Corporate Governance and Nominating Committee has the responsibility to review periodically the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. It reviews the types of compensation and the amounts paid to directors of comparable publicly traded companies in North America and makes appropriate recommendations to the Board of Directors. Any such review covers the members of the Board, (excluding however those who are officers of the Corporation), as well as the Committee members and Chairs.

The Committee also reviews periodically director share ownership guidelines.

The compensation received by the directors between February 1, 2010 and January 31, 2011 is found in Section 3: "Remuneration of the Directors of Bombardier" on pages 15 to 20 of this Management Proxy Circular.

Assessment of the Directors

Each year, the members of the Corporate Governance and Nominating Committee conducts an evaluation of the performance and effectiveness of the Board of Directors and its Committees. During 2010, they implemented a new three-year assessment process: (1) every first and

second year, the Corporate Secretary interviews each member of the Board of Directors in order to obtain his/her comments or recommendations about the performance of (i) the Board of Directors or (ii) as the case may be, each Committee on which he/she sits and (2) every third year, each member of the Board of Directors is asked to complete a detailed questionnaire submitted by the Corporate Secretary to assess the performance of (i) the Board of Directors and (ii) as the case may be, each Committee on which he/she sits. A summary of the results of each evaluation is submitted to the review of the Corporate Governance and Nominating Committee and the Chairman of the Board of Directors and subsequently presented to the members of the Board of Directors for their review.

Directors also meet periodically with both the Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the Chairman of the Corporate Governance and Nominating Committee, Mr. Jean-Pierre Rosso, to discuss their respective performance and any matter or issue they wish.

The Corporate Governance and Nominating Committee periodically assesses with the Chairman of the Board of Directors, Mr. Laurent Beaudoin, the operation and strategic direction of the Board and its Committees, their respective size, composition and structure, the performance of the directors both as a group as well as individually, the adequacy of information given to the directors, the communication between the Board and the corporate management and the processes related to the Board and its Committees. The Corporate Governance and Nominating Committee presents its findings and conclusions to the Board of Directors. The members of the Board of Directors and those of each Committee also receive a summary of the results of their respective evaluations for their review.

The annual assessment of the performance of the Board of Directors and its four Committees also provides an opportunity to periodically review, and if deemed appropriate, revise their respective mandates.

Retirement Age Policy for Directors

Under the retirement age policy for the directors of the Corporation, any director who turns 72 years of age prior to the next annual shareholders meeting has to submit his/her resignation by the February Board meeting to the Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the members of the Corporate Governance and Nominating Committee. They then evaluate whether to accept this resignation depending on the needs of the Board and circumstances of Bombardier at that time. If the resignation is not accepted, each subsequent year, it will again be evaluated. If accepted, however, the resignation will become effective the day before the annual meeting of shareholders.

Mandates of the Chairman of the Board of Directors and the President and Chief Executive Officer

The Board of Directors adopted formal mandates which set out specific responsibilities for both the Chairman of the Board of Directors and the President and the Chief Executive Officer.

Mandate of the Chairman of the Board of Directors

Mr. Laurent Beaudoin is mainly responsible for ensuring that the Board of Directors carries out its responsibilities effectively and clearly. His specific responsibilities include:

- managing the Board and setting the agenda in consultation with the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin;
- providing leadership to enhance Board effectiveness and ensuring that the Board works as a cohesive team;
- working with the Corporate Governance and Nominating Committee to ensure Board quality and continuity by:
 - reviewing the performance of the Board, its Committees and individual directors;
 - making sure the skills and competencies of individual directors are incremental to the Board as a whole; and
 - ensuring that the Board develops clear position descriptions for the Chairman and the chair of each Board Committee.

Mandate of the President and Chief Executive Officer

Mr. Pierre Beaudoin is responsible for the management and execution of Bombardier's strategic and operating plans. His specific responsibilities include:

- executing the Board's resolutions and policies;
- providing long-term strategic orientation in the form of a strategic plan and a business plan;
- managing Bombardier's commercial and internal affairs by:
 - assuming responsibility for capital management and financial management;
 - implementing decisions with respect to acquisitions, divestitures, financings and similar activities, subject to prior approval of the Board;
 - ensuring that Bombardier has effective disclosure controls and procedures and internal controls in place; and
 - identifying, assessing and managing the risks involved in the course of business; and
- representing Bombardier to external groups.

The corporate objectives which the President and Chief Executive Officer, Mr. Pierre Beaudoin, is responsible for meeting are determined pursuant to the operating plans and budgets approved each year by the Board of Directors; he is assessed against the achievement of the operating plans and the budgets and he may also be assessed, in part, in relation to specific objectives that have been fixed for him by the Board of Directors upon the recommendation of the Human Resources and Compensation Committee.

As a result of the most recent annual assessment of the performance of the Board of Directors done in October 2010, a new practice was introduced on December 1, 2010; at the beginning of each regular meeting of the Board of Directors, a private session is held involving only the President and Chief Executive Officer, Mr. Pierre Beaudoin,

and the members of the Board of Directors in order to allow them to review and discuss various topics of interest according to the then prevailing circumstances.

Orientation and Continuing Programs

- **Orientation programs for new directors** Bombardier has an orientation program for new directors, which enables them to participate in an initial information session on the Corporation in the presence of some of its senior executives to learn about, among other matters, its business, financial situation and strategic planning.

In addition, new directors are furnished with appropriate documentation, including a director's manual, providing them with information about, among other matters, the corporate governance practices of Bombardier, the structure of the Board of Directors and its Committees, its history, its current commercial activities, its corporate organization, the charters of the Board and its Committees setting forth their respective roles and responsibilities, Bombardier's articles of incorporation and by-laws, the Code of Ethics and Business Conduct and relevant corporate policies.

The meetings in which new directors participate (including the annual sessions for the review of the strategic orientation, operating plans and budgets) as well as discussions with other directors and with Bombardier's senior executives also permit new directors to familiarize themselves rapidly with Bombardier's operations.

- **Continuing Education Program for Directors** Bombardier encourages its directors to pursue continuing education activities which could provide them with information as to the best practices associated with boards and committees and as to emerging trends that may be relevant to their role as directors.

In addition Bombardier's corporate management periodically makes presentations to the directors on various topics, trends and issues related to Bombardier's activities during the meetings of the Board or its Committees, as the case may be, which helps the directors to constantly improve their knowledge about Bombardier and its businesses.

Visits to Bombardier's various facilities are also arranged, from time to time, for the Board of Directors, and individual visits on request. Between February 1, 2010 and January 31, 2011, the members of the Board of Directors had the opportunity to visit the facilities of Bombardier Aerospace, in Belfast, Northern Ireland, in the United Kingdom.

Ethical Business Conduct

- Bombardier has a Code of Ethics and Business Conduct translated in 14 languages. In addition to being available on the SEDAR website at www.sedar.com, it may also be consulted on the website of Bombardier at www.bombardier.com in each of the 14 languages.

- A Corporate Ethic and Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the members of the Board of Directors of Bombardier and to all of its employees and managers. Bombardier's suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code when dealing with or acting on behalf of Bombardier.
- The Code explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier's values and reputation.
- The Code outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code.
- Senior managers are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; this process also (1) helps integrate the Code into Bombardier's governance system, (2) ensures that the Code is a top priority with leadership and (3) promotes integrity as a core value.
- Consistent with its commitment and strategic approach to corporate responsibility, Bombardier has deployed a Supplier Code of Conduct. This Code essentially promotes adherence by suppliers to the ten principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.

Conflict of Interest

In order to allow the members of the Board of Directors of the Corporation to exercise independent judgment in considering a particular transaction or agreement in which a director or executive officer has a material interest, the following principles apply: (1) a director or executive officer is required to inform his/her colleagues of any potential conflict of interest he/she may have in connection with a particular transaction or agreement before it is brought to the attention of his/her colleagues for discussion

and/or decision; and (2) he/she will then be required, depending on the transaction or agreement under consideration, to either leave the meeting while his/her colleagues review the matter at hand or while remaining present during the meeting, refrain from participating in any manner in the discussion involving his/her colleagues or the decision that they make.

Hiring of Outside Advisors

With the prior authorization of the Corporate Governance and Nominating Committee, each director may, when needed, retain the services of outside advisors at the expense of Bombardier. The Audit Committee, the Finance and Risk Management Committee and the Human Resources and Compensation Committee, each have the authority to do so. Between February 1, 2010 and January 31, 2011, no outside advisor was retained by a director.

Ernst & Young, LLP, are currently the external auditors of Bombardier and work closely with the Audit Committee. Towers Watson provided various services on executive compensation matters to the Human Resources and Compensation Committee during the 2010-2011 financial year. They also provided services to the management of Bombardier on various matters, mainly on actuarial valuation for funding and accounting purposes related to pension and benefit plans.

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is \$240,000,000 per occurrence and in the aggregate per year, at a cost of \$1,274,450 per annum. The deductible applicable to the Corporation is \$2,500,000 for any insured occurrence.

Available Documentation

Copies of the 2011 Annual Information Form, the 2011 Management Proxy Circular and the Annual Report of Bombardier that includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended January 31, 2011, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on January 31, 2011.

Shareholder Proposals

Schedule "A" attached to this Management Proxy Circular on pages 58 to 61 sets out the four shareholder proposals that have been submitted for consideration at the annual meeting of shareholders of Bombardier to be held on June 1, 2011.

Shareholders of Bombardier who will be entitled to vote at the 2012 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Corporate Secretary of Bombardier no later than January 16, 2012.

Approval of the Board of Directors of Bombardier

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors of Bombardier.

Montréal, April 15, 2011

Roger Carle

(signed)

Roger Carle

Corporate Secretary

SCHEDULE “A” BOMBARDIER INC. SHAREHOLDER PROPOSALS

The following four shareholder proposals have been submitted by the Mouvement d'éducation et de défense des actionnaires (MÉDAC), 82 Sherbrooke Street West, Montréal, Québec H2X 1X3 for consideration at the annual meeting of shareholders of Bombardier to be held on Wednesday, June 1, 2011 or at any adjournment thereof. They have each been submitted in French and translated by Bombardier into English.

Proposal 1 – Critical mass of qualified women on the Board

Studies show that businesses with a critical mass of women on their boards of directors are more successful. Bearing in mind that institutions renew their boards of directors over a period of between 5 and 10 years, it is proposed that the board of directors adopt a policy to achieve equal representation within no more than ten years.

Argument

The following are some of the competitive advantages mentioned by numerous studies on the presence of women on boards of directors. It should be borne in mind that all these studies showed that the benefits increase as the number of women on the board increases.

- **better performance in financial crises**, especially when such crises are caused by excessive risk taking. Studies have shown that women's management style differs from that of men. Women tend to be more cautious, particularly as regards risk taking, and thus make decisions that are less risky and adopt more prudent positions;
- **better governance**: according to a Conference Board study, boards that have more women directors place greater importance on management of conflicts of interest, audit and risk oversight and control and the maintenance of good relations with investors and other stakeholders;
- **better decision making** as a result of discussions that allow different points of view to be debated. Studies show that men appear to give more weight to the short term in decision making, while women favour the long term, giving rise to a productive exchange of opinion and better-informed decisions;
- **better financial performance**: according to a McKinsey study, businesses with women directors average better performances than their peers in terms of return on equity and results of operations;
- **better perception among investors**: it should be noted in this regard that the representation of women on boards of directors is one of the criteria used by *The Globe and Mail's* “Board Games” to assess organizational performance and by *Corporate Knights* to rate corporate social accountability.

Recognizing that the rate of renewal of boards of directors is slow, and desirous, as investors, that the selection of women directors be made in compliance with the charter of directors' competencies, we are proposing that the board of directors adopt a policy of equal representation, to be achieved within no more than ten years.

The Board of Directors of Bombardier recommends to its shareholders and their proxyholders to VOTE AGAINST this proposal.

The Board of Directors of Bombardier is really at a loss to understand the persistence of MÉDAC in bringing back one more time, for the fourth time, over the last five years, another shareholder proposal about the presence of women on board of directors. MÉDAC did so in 2007, 2008 and 2009 and each time, the shareholders of Bombardier voted massively against each proposal submitted by MÉDAC (96.97% in 2007, 97.83% in 2008 and 96.38% in 2009).

The views expressed by the Board of Directors in 2007, 2008 and 2009 are still the same today because the context that prevailed in 2007, 2008 and 2009 still remains the same in 2011.

The Board of Directors reiterates again that it has always recognized, and will continue to recognize, the importance of the role that women could play and the contributions that they could make in its activities. This is why when there is a need to recruit potential candidates to be considered to fulfill a seat on the Board of Directors of Bombardier, **one fundamental element of the candidate profile has been, and will continue to be, the emphasis put on identifying qualified women, with the skills, functional expertise and experience required considering the then prevailing circumstances and needs of Bombardier.**

The Board of Directors remains firmly convinced that it is of the utmost importance, for both Bombardier and its shareholders, that the most qualified individual with the optimal skills, functional expertise and experience always be selected in order to be proposed to the shareholders of Bombardier as a nominee for election to its Board of Directors.

To conclude, the Board of Directors of Bombardier is more committed than ever to increase, over time, the presence of women among its members. However, it does not believe that any arbitrary requirements, be it percentages or timelines, should be imposed on, or dictate, its conduct in pursuing this objective.

Proposal 2 – Pay ratio

The compensation of the most senior officer should be justifiable relative to the employees who contribute to the most senior officer's success and the success of the business. It is proposed that the board of directors adopt a policy stipulating an internal pay ratio that it deems “ethically acceptable” and that this be justified in the management circular.

Argument

At the annual general meetings in 2010, we brought to the attention of shareholders the difference between the most senior officer's compensation and average employee compensation. At the banks, the difference varies between 28 times, a ratio which we consider reasonable, and 156 times, an unacceptable ratio.

In their book entitled *Plaidoyer pour un nouveau capitalisme* [French adaptation of *Black Markets and Business Blues*], authors Yvan Allaire and Mihaela Firsrotu point out that it is important for [Translation] "boards of directors to fully assume their fiduciary obligations in this area and to set compensation policies that are in the long-term interests of the business and not merely in the short-term interests of the shareholders. Boards of directors must carefully weigh how team spirit, solidarity and mutual trust within the company will be furthered or jeopardized by corporate compensation policies. Boards of directors must be concerned that the forms and levels of executive compensation do not compromise the political and social legitimacy of their own business and, more generally, the system of free enterprise."

In addition, given that the major part of CEO compensation varies as a function of short-term objectives and the share price and that this type of compensation rewards excessive risk taking and short-term performance, a very high pay ratio is a source of concern since the future of the business and the shareholders' equity are ultimately endangered.

During the past year, the injustice of the most senior officer's compensation relative to that of employees has been addressed in various ways:

- by the tabling of a bill by Senator Céline Hervieux Payette proposing that the compensation of presidents and CEOs not exceed 20 times the average annual industrial wage in Canada, as calculated by Statistics Canada;
- by the U.S. financial reform adopted in July 2010, whereby businesses will in future be required to disclose the median compensation of their employees so that shareholders can assess the justification for the gap between employees' and most senior officers' pay;
- by publication in the *Globe and Mail* of *Corporate Knights Inc.*'s responsible investing scores for Canadian businesses, which use the concept of internal equity to assess an organization's "social" performance.

It is urgent that the board of directors set a ceiling on total compensation paid to executive officers (salaries, short-term and long-term bonuses, retirement premiums, etc.) in the form of a multiple of the employees' median compensation.

The Board of Directors of Bombardier recommends to its shareholders and their proxyholders to VOTE AGAINST this proposal.

The Board of Directors of Bombardier underlines that this new shareholder proposal presented by MÉDAC is part of an ongoing exchange of views that first took place in 2007 and was subsequently repeated

in 2008 and 2010. Each time, the shareholders voted quite strongly against each proposal of MÉDAC (99.09% in 2007, 97.95% in 2008 and 96.23% in 2010).

The Board of Directors emphasizes, here again as in the case of Proposal 1, that the circumstances which dictated its position in 2007, 2008 and 2010, have not changed in 2011.

The Board of Directors reiterates again, as it did last year, that, considering (1) the size, complexity and variety of the operations of Bombardier across the world and (2) its workforce of more than 65,000 employees scattered throughout 23 countries, the pay ratio requested by MÉDAC would have no value or relevance in developing any kind of informed and sound judgment on the executive compensation policy of Bombardier.

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 48 of this Management Proxy Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

Bombardier's executive compensation policy is designed to maximize the overall performance of the Corporation through the appropriate individual performance of its executives. The overall goals of the policy are to attract, retain and motivate senior executives in order to increase business performance and enhance shareholder value which supports the pay-for-performance commitment of Bombardier.

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. Each of these components is considered in the benchmarking of the senior executive positions in order to be in line with general market practices. The Corporation's philosophy is to position the total executive compensation package at the median (50th percentile) compared with similar positions in companies that have international operations and are comparable in size and complexity to Bombardier in the relevant markets.

A benchmarking of the Bombardier's senior executive positions is performed every year by independent external consultants (in 2010 Towers Watson and in 2011, Meridian Compensation Partners). In addition, the composition of the comparator group is reviewed every year to ensure its continued relevance.

Bombardier's philosophy is to link its incentive plans for its employees to the overall performance of the Corporation and business units. The objective of its short-term incentive plan is to motivate its employees to achieve and surpass the financial objectives approved by the Board of Directors at the beginning of each financial year. The metrics used for this plan are essentially based on financial results. Its mid-term and long-term incentive plans objectives are to align its management's interests with shareholder value growth and to retain key talent. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data of the comparator group and on individual executive performance.

The pension, benefits and perquisites are also at the median of its comparator group. Bombardier offers a limited number of perquisites, such as a company provided car and financial counselling to certain executives.

The relative weighting of each element of direct compensation is aligned with each executive's ability to influence the short-term and long-term performance of Bombardier.

Proposal 3 – Additional information regarding peer comparisons of compensation

It is proposed that the compensation committee give shareholders more information regarding the benchmark group used to compare the competitiveness of its executive compensation and the importance placed on such comparisons in setting compensation.

Argument

Studies show that compensation disclosure has had the perverse effect of encouraging a constant increase in executive compensation. More particularly, a recent study shows that 50% of the increases in the compensation of presidents and CEOs in the United States between 1992 and 2006 were the result of rivalry created by the benchmarking system. Other researchers have shown that businesses tend to use comparator groups for which executive compensation is frequently higher than that of their own executive officers.

This manner of operating imperils the healthy relationship that should exist between compensation and organizational performance. In this regard, we take the liberty of paraphrasing the words of the Canadian Coalition for Good Governance which warned against placing too much reliance on peer comparisons in setting executive compensation: [Translation]“Regardless, one should be careful not to exaggerate the importance of comparisons with the benchmark group in structuring compensation.”

Currently, shareholders have little information about the choice of comparators or the positioning of the business relative to its peers:

- rank of the business among those identified as comparable by the compensation committee for each component of compensation and for the total compensation of the five most senior executive officers;
- rank of the business relative to its peers based on various measures of financial performance.

Shareholders also have very little access to information about the weight placed by the compensation committee on the following data in setting compensation: choice of the comparators (national or international), percentile(s) targeted and in respect of which components of compensation.

Therefore, we believe it is essential that this information be included in the disclosure accompanying the compensation policy. As a well-known compensation consultant recently remarked, [Translation]“the companies in the comparator group will influence your compensation policy more than any other data. It is therefore essential to put the necessary effort into choosing the right comparator group.”

MÉDAC believes that it is crucial to understand the effects of such a tool in the executive compensation setting process and that it be kept in check by an ethically and socially acceptable internal pay ratio.

The Board of Directors of Bombardier recommends to its shareholders and their proxyholders to VOTE AGAINST this proposal.

The Board of Directors is of the opinion that Section 4: “Remuneration of the Executive Officers of Bombardier” on pages 21 to 48 of this Management Proxy Circular already provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier, including a review of the annual benchmarking process of senior executive positions as well as the lists of all the companies selected to be part of the two comparator groups for the Named Executive Officers of Bombardier, (please refer to Section C.1.2 on page 24). Section 4 is prepared by corporate management in accordance with the most recent regulatory requirements and consistent with current best practices. It is subsequently reviewed and approved by the members of the Human Resources and Compensation Committee.

The Board of Directors emphasizes that the shareholders of Bombardier, each year, elect its members with the mandate to oversee the management of the business and affairs of Bombardier.

One of the key responsibilities of the Board of Directors is to monitor the executive compensation policy of Bombardier which is designed to reward the creation of shareholder value and reflect an appropriate balance between the short-term, mid-term and the long-term performance of Bombardier.

This responsibility is delegated by the Board of Directors to its Human Resources and Compensation Committee. This Committee is composed of five independent directors. It retains a firm of independent external consultants to provide advice on current trends and best practices with respect to executive compensation matters.

The review and approval of the executive compensation policy by the Committee takes into account, among others, (a) base salary, (b) short-term incentives, (c) mid-term and long-term incentives, and (d) pension benefits and perquisites. Each of these components is considered in the benchmarking of the senior executive positions in order to be in line with general market practices. Bombardier's philosophy is to position the total executive compensation package at the median (50th percentile) compared with similar positions in companies that have international operations and are comparable in size and complexity to Bombardier in the relevant markets.

Benchmarking is performed annually by independent external consultants retained by the Committee (in 2010, Towers Watson and in 2011, Meridian Compensation Partners), who are responsible for the gathering of comparator information relevant to Bombardier's senior executive positions. The composition of the comparator group is also reviewed every year to ensure its continued relevance.

Considering the foregoing, the Board of Directors of Bombardier concludes that the proposal of MÉDAC significantly interferes with its mandate to oversee the management of the business and affairs of Bombardier and, in particular, its monitoring of the executive compensation policy.

Proposal 4 – Multiple voting shares

It is proposed that the Board of Directors adopt rules of governance that provide assurance that minority shareholders can have a reasonable influence on the business's destiny and good governance.

Argument

Multiple voting shares raise important legal and economic questions as well as issues of good governance for the minority shareholders represented by MÉDAC, as illustrated by the recent missteps in Magna.

MÉDAC acknowledges that dual class share structures have been – and continue to be – a positive element in the growth of the Quebec/Canadian economy and its “founding family” owned businesses. As Professor Yvan Allaire, President of The Institute for Governance of Private and Public Organizations (“IGOPP”), put it so well in a study published on November 17, 2006¹, such structures [Translation]“foster continuity and long-term commitment by the officers who are the founders of the business and report better financial results than other forms of business”.

However, MÉDAC wishes to ensure that minority shareholders are not mere onlookers and can use their votes to influence the business's fortunes. We believe, as the Canadian Coalition for Good Governance has stated, that “any corporate governance regime is suspect if all the structures, protections and processes can be negated by a voting interest well beyond the economic interest²”. We would point, for example, to the results obtained with respect to our proposal for an advisory vote at Bombardier, where, despite the fact that we obtained almost 50% of the shareholder vote, this shareholder request was not retained by management.

In the spirit of the principles advocated by IGOPP, MÉDAC is proposing the following rules of governance:

1. A shareholder (or several related shareholders) should not have absolute control (more than 50% of the votes) without holding at least 20% of the business's share capital.
2. The positions of Chairman of the Board and President/ CEO should be split, with the position of Chairman of the Board being held by an independent director.
3. At least one third of the directors elected by the minority shareholders. It would be up to the Governance Committee of the Board to prepare a description of the experience and

competencies sought in nominees for director and to prepare a list of nominees that meet the independence criteria developed by regulatory bodies.

4. A policy stipulating that if a director does not obtain a majority of the votes of holders of subordinate voting shares, such director must immediately tender his or her resignation to the Chairman of the Board, who must accept it.
5. Voting equality (one share = one vote) on shareholder proposals and the advisory vote on executive compensation.

The Board of Directors of Bombardier recommends to its shareholders and their proxyholders to VOTE AGAINST this proposal.

The Board of Directors of Bombardier reminds its shareholders, as well as potential investors and other stakeholders, that a fundamental and indelible feature of Bombardier is that it has, and will continue to have, two classes of common shares:

- (1) the Class A shares (multiple voting), and
- (2) the Class B shares (subordinate voting),

both of which are succinctly described on page 3 of this Management Proxy Circular.

This is a reality that will not be changed nor tampered with in any fashion by adopting, in whole or in part, the five rules of governance proposed by MÉDAC.

Bombardier has, and will continue to have, one majority shareholder: the Bombardier family who has always stood behind the Corporation since its original creation and after it became publicly listed on the stock exchanges in Montréal and Toronto and, it is worth remembering, through its most difficult and challenging periods. Also, one must not ignore that the ever complete and unfailing commitment of the Bombardier family and its long-term vision have been determining factors over time behind the growth and success of the Corporation. This is why Bombardier has become, and continues to be, a solid and well respected global leader and manufacturer of innovative transportation solutions from commercial aircraft and business jets to rail transportation equipment, systems and services, with revenues of US \$ 17,7 billion for the financial year ended January 31, 2011.

¹ “Dual-class share structures in Canada: Review and recommendations” Policy paper #1, The Institute for Governance of Public and Private Organizations (“IGOPP”), October 2006, http://www.igopp.ca/IMG/pdf/2006-11-16_Allaire-Policy_Paper_1.pdf, October 2006, http://www.igopp.ca/IMG/pdf/2006-11-16_Allaire-Policy_Paper_1.pdf

² http://www.ccg.ca/site/ccgg/assets/pdf/CBCA_Amendments_from_CCGG.pdf

SCHEDULE “B”

BOMBARDIER INC.

MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER INC.

Mandate of the Board

The role of the Board is to supervise the management of Bombardier’s business and affairs with the objective of increasing profitability and, therefore, enhancing shareholder value.

The directors, in exercising their powers and discharging their duties, shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Management’s role is to conduct the day-to-day operations in a way that is consistent with the business plan approved by the Board.

The Board decides all matters expressly stated herein to be under its jurisdiction or provided for under the *Canada Business Corporations Act* (“CBCA”) or other applicable legislation or Bombardier’s articles of incorporation or by-laws (subject always to the power of the Board to delegate to a Committee or to individual directors or officers any part of its authority which it may lawfully so delegate). The Board may assign to any Board Committee the prior review of any issues the Board is responsible for. Board Committee recommendations are subject to Board approval. The Board is to be informed of any Board Committee decisions at the regular Board meeting next following such decision.

As part of its stewardship responsibility, the Board advises management on significant business issues and has the following responsibilities:

A. Approving Bombardier’s Strategy

- adopting a strategic plan, updating it on at least an annual basis, taking into account, among other things, the opportunities and risks of the business, and monitoring the implementation of the strategic plan by management.
- adopting, on an annual basis, an appropriate business plan which reflects the implementation of the first year of the strategic plan, and reviewing it on a quarterly basis;

B. Monitoring Financial Matters and Internal Controls

- through the work and recommendations of the Audit Committee, monitoring the quality and integrity of Bombardier’s accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:
 - (a) the integrity and quality of Bombardier’s financial statements and other financial information and the appropriateness of their disclosure;
 - (b) external auditors’ independence and qualifications;

- (c) the performance of Bombardier’s internal audit function and of Bombardier’s external auditors; and
 - (d) Bombardier’s compliance with its own Code of Ethics and Business Conduct and all applicable legal and regulatory requirements;
- except to the extent delegated by the Board, the responsibility of all decisions involving a minimum amount, as provided in the Administration Policy pertaining to the various levels of authority;
 - based on the recommendations of the Audit Committee, recommending to the shareholders of Bombardier the appointment of its external auditors;
 - through the work and recommendations of the Finance and Risk Management Committee, ensuring that an appropriate risk assessment process is in place to identify, assesses and manage the principal risks of Bombardier’s business;
 - adopting communications policies and monitoring Bombardier’s investor relations programs; Bombardier’s communications policies (i) address how Bombardier interacts with analysts, investors, other key stakeholders and the public, (ii) contain measures for Bombardier to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) are reviewed at least annually.

C. Monitoring Pension Fund Matters

- through the work and recommendations of the Finance and Risk Management Committee, monitoring and reviewing Bombardier’s pension fund investment policies and practices, in the context of pension plan liabilities.

D. Monitoring Environmental Matters

- Through the work and recommendations of the Finance and Risk Management Committee, monitoring and reviewing, as appropriate, Bombardier’s environmental policies and practices and overseeing their compliance with applicable legal and regulatory requirements.

E. Monitoring Occupational Health and Safety Matters

- through the work and recommendations of the Human Resources and Compensation Committee, monitoring and reviewing, as appropriate, Bombardier’s occupational health and safety policies and practices and overseeing their compliance with applicable legal and regulatory requirements.

F. Assessing and Overseeing the Succession Planning of the Chief Executive Officer and Senior Executives through the Work and Recommendations of the Human Resources and Compensation Committee:

- choosing the Chief Executive Officer, approving the appointment of senior executives (as defined in the charter of the Human Resources and Compensation Committee) and monitoring the Chief Executive Officer's and senior executives' performance;
- ensuring that an appropriate portion of the Chief Executive Officer and senior executives' compensation is tied to both the short and longer-term performance of Bombardier;
- ensuring that processes are in place for the recruitment, training, development and retention of senior executives who exhibit high standards of integrity and competence.

G. Monitoring Corporate Governance Issues through the Work and Recommendations of the Corporate Governance and Nominating Committee:

- monitoring the size and composition of the Board to ensure effective decision-making;
- overseeing management in the competent and ethical operation of Bombardier;
- monitoring Bombardier's approach to governance issues and monitoring and reviewing, as appropriate, Bombardier's Corporate Governance Manual and policies;

- reviewing, from time to time, Bombardier's Code of Ethics and of Ethics and Business Conduct applicable to Bombardier's directors, officers, and employees;
- ensuring the annual performance assessment of the Board, Board committees, board and committee chairs and individual directors and determining their remuneration;
- recommending to the Board (i) the Board nominees for election at the annual meeting of shareholders or (ii) up to two nominees to be appointed by the Board as additional directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders or (iii) the nominees to fill Board vacancies.

H. The Lead Director

- prior to or after each regular meeting of the Board, if required, the independent directors will meet under the chairmanship of the Lead Director who is appointed annually by the members of the Board;
- additional meetings may be held at the request of any independent director;
- thereafter, the Lead Director will transmit to the Chairman of the Board and Chief Executive Officer, any comment, question or suggestion of independent directors;
- independent directors have no decision-making power;
- independent directors may provide for their own procedure such as secretariat, notices of meeting, minutes and similar matters;
- their quorum is composed of a majority of the independent directors.

SCHEDULE “C”

BOMBARDIER INC.

CHARTER OF THE AUDIT COMMITTEE OF BOMBARDIER INC.

Audit Committee

1.1 Membership and Quorum

- A minimum of four directors who shall all be independent.
- All the members of the Audit Committee shall be financially literate or shall become financially literate within a reasonable period of time after their appointment to the Audit Committee; a member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Bombardier’s financial statements.
- Quorum: a majority of the members.

1.2 Frequency and Timing of Meetings

- Normally, in conjunction with Bombardier Board meetings.
- At least four times a year and as necessary.

1.3 Chairman of the Audit Committee

One of the members of the Audit Committee shall act as its Chairman. The responsibilities of the Chairman of the Audit Committee include the following:

- A. PROVIDING LEADERSHIP TO ENHANCE THE AUDIT COMMITTEE’S EFFECTIVENESS
- ensuring that the Audit Committee works as a cohesive team and providing the leadership essential to achieve this;
 - ensuring that the resources available to the Audit Committee (in particular timely and relevant information) are adequate to support its work.
- B. MANAGING THE AUDIT COMMITTEE
- setting the agenda of the Audit Committee, in consultation with the Senior Vice President and Chief Financial Officer, and prior to the meeting of the Audit Committee, circulating the agenda to the members of the Audit Committee;
 - adopting procedures to ensure that the Audit Committee can conduct its work effectively and efficiently, overseeing the Audit Committee structure and composition, scheduling and management of meetings;

- ensuring that the conduct of the Audit Committee meetings provides adequate time for serious discussion of relevant issues;
- ensuring that the outcome of the meeting of the Audit Committee and any material matters reviewed at such meeting are reported to the Board at its next regular meeting.

1.4 Mandate of the Audit Committee

A. PURPOSE

The Audit Committee is a Committee of the Board formed to assist it in overseeing the financial reporting process.

B. OBJECTIVES

The objectives of the Audit Committee are:

- to help the directors meet their responsibilities with respect to accountability;
- to assist in maintaining good communication between the directors and the external auditor;
- to assist in maintaining the external auditor’s independence;
- with the assistance of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, to ensure that an appropriate system of internal accounting and financial controls is maintained in view of the major business risks facing Bombardier;
- to maintain the credibility and objectivity of financial reports;
- to investigate and assess any issue that raises significant concern to the Audit Committee, with the assistance, if so required by the Audit Committee, of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, and/or the external auditor.

C. MEETINGS

- Any member of the Audit Committee or the external auditor or the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management may request a meeting of the Committee.
- The Chairman of the Board, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer shall attend all meetings of the

Audit Committee, except such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Audit Committee.

- The President and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management's discussion and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.
- The Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management shall have direct access to the Audit Committee and shall receive notice of and attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The external auditor shall have direct access to the Audit Committee and shall receive notice of and have the right to attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management or any other representative of management whose presence is requested by the Chairman of the Audit Committee or any of the Audit Committee members, and the external auditor shall meet separately with the Audit Committee, in a private session held during the course of a meeting, at least once annually.
- Minutes of the meetings of the Audit Committee shall be kept by the Corporate Secretary. Supporting documents reviewed by the Audit Committee shall be kept by the Corporate Secretary. A copy of the minutes of any meeting or of any supporting document shall be made available for examination by any director of Bombardier upon request to the Corporate Secretary.

D. DUTIES AND RESPONSIBILITIES

- As they relate to the Board and financial reporting
 - (a) Assist the Board in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to Bombardier's financial statements and its financial reporting practices and the system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of Bombardier's financial statements and the compliance by Bombardier

with laws and regulations and its own Code of Ethics and Business Conduct.

- (b) Maintain a free and open line of communication with the management of Bombardier, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management and the external auditor.
- (c) Review, before their disclosure, Bombardier's quarterly consolidated financial statements, the related management's discussion and analysis and the press release on the quarterly financial results and, if appropriate, recommend to the Board their approval and disclosure.
- (d) Review, before their disclosure, Bombardier's annual audited consolidated financial statements, the related management's discussion and analysis, and the press release on the annual consolidated financial results and, if appropriate, recommend to the Board their approval and disclosure.
- (e) Review the presentation and impact of significant, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or reserves included in any financial statements.
- (f) Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.
- (g) Review any litigation, claim or other contingency, including tax assessments and environmental situations, that could have a material adverse effect upon the financial position or operating results of Bombardier, and the manner in which these matters are disclosed in the financial statements.
- (h) Review the appropriateness of the accounting policies used in the preparation of Bombardier's financial statements, and consider recommendations for any material change to such policies.
- (i) To the extent not previously reviewed by the Audit Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in the prospectus and other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.
- (j) Review the statement of management's responsibility for the financial statements as signed by the management of Bombardier and included in any published document.
- (k) Ensure that adequate procedures are in place for the review of Bombardier's public disclosure of financial information extracted or derived from Bombardier's financial statements, other than the public disclosure referred to in paragraph (c) or (d) above, and periodically assess the adequacy of those procedures.

- (l) Ensure that procedures are in place for
 - (i) the receipt, retention and treatment of complaints received by Bombardier regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of Bombardier of concerns regarding questionable accounting or auditing matters.
- (m) Where there is to be a change of external auditor, review all issues related to the change, including any differences between Bombardier and the external auditor that relate to the external auditor's opinion or a qualification thereof or an external auditor's comment.
- (n) Monitor the application of, and, if need be, review and make appropriate recommendations to management in order to update the Corporate Disclosure Policy of Bombardier.
- As they relate to the external auditor
 - (a) Explicitly affirm that the external auditor is independent and accountable to the Board and the Audit Committee, and in that context, work constructively with the external auditor to build an effective relationship that allow for full, frank and timely discussion of all material issues, with or without management as appropriate in the circumstances.
 - (b) Recommend to the Board a firm of external auditors for submission to the shareholders of Bombardier.
 - (c) Review and make recommendations to the Board with respect to the fees payable for the external audit.
 - (d) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the terms of the external auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chairman of the Audit Committee.
 - (e) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the scope of the (i) annual audit and of other audit related services and (ii) the quarterly review services to be rendered by the external auditor; in that context, ensure that the external auditor has access to all books, records, facilities and personnel of Bombardier.
 - (f) Review with the external auditor the contents of its report with respect to the annual consolidated financial statements of Bombardier and the results of the external audit, any significant problems encountered in performing the external audit, any significant recommendations further to the external audit and management's response and follow-up in that context and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.
 - (g) Review any significant recommendations by the external auditor to strengthen the internal accounting and financial controls of Bombardier.
 - (h) Review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of Bombardier.
 - (i) To the extent practicable, assess the performance of the external auditor at least once a year.
 - (j) Ensure that the external auditor shall not provide the following services to Bombardier:
 - bookkeeping or other services related to the accounting records or financial statements of Bombardier;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - management functions;
 - human resources;
 - broker or dealer, investment adviser, or investment banking services;
 - legal services; and
 - expert services unrelated to the audit.
 - (k) All non-audit services shall require the prior approval of the Audit Committee in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee.
 - (l) Review and approve Bombardier's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Bombardier.
- As they relate to the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management
 - (a) At least four times a year, in conjunction with Bombardier Board meetings, review the report of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management on the results of the work that the Corporate Audit Services and Risk Assessment function has performed and with respect to its organization, staffing, and independence.

- (b) Review and, if appropriate, approve the annual Corporate Audit Services and Risk Assessment plan.
- (c) Assess the Corporate Audit Services and Risk Assessment reporting lines and make such recommendations as are necessary to preserve the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management independence.
- (d) Review significant Corporate Audit Services and Risk Assessment findings and recommendations and management's responses thereto.
- (e) Once a year, assess the performance of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management and if the circumstances so warrant, review and recommend the removal of the then current incumbent and the appointment of his successor and report the findings and conclusions of the Audit Committee to the Human Resources and Compensation Committee and the President and Chief Executive Officer of the Corporation.
- (f) Once a year, review the terms of the charter of the Corporate Audit Services and Risk Assessment to ensure that they continue to be relevant and, if need be, make any appropriate modifications thereto.

- As they relate to the Audit Committee's terms of reference
Each year, review the Charter of the Audit Committee in order to ensure that it continues to be relevant and make recommendations to the Corporate Governance and Nominating Committee regarding its responsibilities therein.

1.5 Miscellaneous

If required, the Audit Committee may obtain advice and assistance from outside legal, accounting or other advisors, and is provided with the appropriate funding for payment of the external auditors and any advisors retained by it.

While the Audit Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Audit Committee to plan or conduct audits or to determine that Bombardier's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such matters are the responsibility of management, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and the external auditor.

Nothing contained in the above mandate is intended to transfer to the Audit Committee the Board's responsibility to ensure Bombardier's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Audit Committee.

