BOMBARDIER

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS 2002

Dear Shareholder,

On behalf of the Board of Directors of Bombardier Inc. (the “Corporation”), notice is hereby given to you that the Annual Meeting (the “Meeting”) of the holders of Class A shares (multiple voting) (the “Class A shares”) and of the holders of Class B shares (subordinate voting) (the “Class B subordinate shares”) will be held in the premises of the International Civil Aviation Organization (ICAO), located at 999 University Street, Montréal, Province of Québec, Canada, on Tuesday, the 4th day of June 2002, at 10:00 o’clock in the morning (Montréal time), for the purposes of:

1. receiving the consolidated financial statements of the Corporation for the year ended January 31, 2002, the Auditors’ report thereon, and the report of the Directors to the Shareholders;
2. electing the Directors of the Corporation;
3. appointing the Auditors of the Corporation and authorizing the Directors of the Corporation to fix their remuneration; and
4. transacting such other business as may properly be brought before the meeting.

Montréal, Canada, this 3rd day of May 2002.

Roger Carle

Corporate Secretary

Notes: (1) **Shareholders who are unable to be present in person at the Meeting are requested to complete, sign, date and return to the transfer agent for all the shares of the Corporation, Computershare Trust Company of Canada, in the envelope provided for that purpose, or by fax at the following number (514) 982-7635, the enclosed form of proxy for Class A shares if they hold any such Class A shares and the enclosed form of proxy for Class B subordinate shares if they hold any such Class B subordinate shares, no later than 4:00 o’clock in the afternoon (Montréal time) on Monday, June 3, 2002.**

(2) **Shareholders may also return the enclosed forms of proxy to Computershare Trust Company of Canada upon registering themselves on the day of the meeting prior to its opening.**

Management Proxy Circular

Solicitation of Proxies

This Management Proxy Circular (the "Circular") is issued in connection with the solicitation by the Management of Bombardier Inc. (the "Corporation") of proxies for use at the Annual Meeting of Shareholders of the Corporation (the "Meeting") to be held on Tuesday, June 4, 2002, at 10:00 o'clock in the morning (Montréal time) in the premises of the International Civil Aviation Organisation (ICAO), located at 999 University Street, Montréal, Province of Québec, Canada, for the purposes set forth in the foregoing Notice of said Meeting and at any and all adjournments thereof.

The solicitation is made by mail, electronically, by phone or in person and the cost of solicitation is borne by the Corporation. Directors, Officers or regular employees of the Corporation may solicit proxies.

Appointment of Proxyholders

The persons named as proxyholders in the accompanying forms of proxy are Directors or Officers of the Corporation. A Shareholder has the right to appoint as proxyholder a person other than those whose names are printed as proxyholders in the accompanying forms of proxy, by striking out said printed names and inserting the name of his chosen proxyholder in the blank space provided for that purpose in the form of proxy. If the Shareholder is a legal entity, an estate or a trust, the form of proxy shall be signed by a duly authorized officer or representative. A person acting as proxyholder need not be a Shareholder of the Corporation. However, the completed proxy shall be delivered to the transfer agent for all the shares of the Corporation, Computershare Trust Company of Canada,

(i) in the envelope provided for that purpose, or by fax at the following number (514) 982-7635, no later than 4:00 o'clock in the afternoon (Montréal time) on Monday, June 3, 2002; or

(ii) at the time of registration of Shareholders prior to the opening of the meeting at which it is to be used.

Revocation of Proxies

A Shareholder giving a proxy may revoke the proxy by an instrument in writing executed by the Shareholder or by his representative duly authorized in writing or, if the Shareholder is a legal entity, an estate or a trust, by an instrument in writing signed by a duly authorized officer or representative officer, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of such Meeting on the day of the Meeting or any adjournment thereof.

Exercise of the Voting Rights by Proxy

The person named as proxyholder in the accompanying forms of proxy shall exercise the voting rights inherent to the Class A shares (multiple voting) of the Corporation (the "Class A shares") and/or the Class B shares (subordinate voting) of the Corporation (the "Class B subordinate shares") as specifically instructed.

Failing any specific instructions, the proxyholder who is a Director or an Officer of the Corporation shall exercise the voting rights inherent to the Class A shares and/or the Class B subordinate shares as follows:

- **FOR the election of all the nominees proposed as Directors by the Management of the Corporation; and**
- **FOR the appointment of Ernst & Young LLP, chartered accountants, as Auditors of the Corporation, as proposed by the Management of the Corporation.**

Failing any specific instructions, any other proxyholder shall exercise the voting rights inherent to the Class A shares and/or the Class B subordinate shares with respect to those matters as he deems appropriate.

The forms of proxy duly completed and signed grant a discretionary power to the proxyholders with respect to any change or amendment proposed to the matters set forth thereon and with respect to any other matter that may be duly raised during the Meeting. They nullify any previous proxy.

To date, the Management of the Corporation has no knowledge of any modification or any other matter that might be duly raised during the Meeting.

Voting Shares and Principal Holders Thereof

The Class B subordinate shares are restricted shares (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 ten votes and each Class B subordinate share carries one vote.

Each Class B subordinate share carries the right to a preferential but non-cumulative dividend at the rate of $ 0.0015625 per annum.

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 the majority Shareholder, namely the Bombardier family, accepts a purchase offer for Class A shares or in the event the majority Shareholder ceases holding more than 50% of the outstanding Class A shares of the Corporation.

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 o'clock in the afternoon Montréal time, on April 30, 2002 (the "Record Date"), will be entitled to vote at the Meeting and any adjournment thereof if present or represented by proxy thereat.

The Shareholder whose shares are not registered in his name but rather in the name of a broker, a trust company, another financial institution or another intermediary (the "Intermediary") does not appear by name on the list of the Shareholders of the Corporation. In order to vote, this Shareholder shall ask the Intermediary to send him the documentation relating to the Meeting, complete the voting instructions request sent by the Intermediary and, if he wishes to vote himself, simply write down his name thereon in order to be appointed proxyholder.

As at April 3, 2002, the Corporation had outstanding 342,364,204 Class A shares and 1,029,592,182 Class B subordinate shares.

To the knowledge of the Directors and Officers of the Corporation, the only persons who, as at April 3, 2002, beneficially owned or exercised control or direction over shares carrying more than 10% of the voting rights attached to all the shares of the Corporation 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 controlled indirectly through holding companies 280,386,961 Class A shares, representing in the aggregate 81.90 % of the outstanding Class A shares of the Corporation or 62.96 % of all the voting rights attached to all the shares of the Corporation.

As at April 3, 2002, the Directors of the Corporation (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and the Officers of the Corporation, as a group, owned beneficially, directly or indirectly, 4,642,948 Class A shares and 9,149,539 Class B subordinate shares, representing 1.36 % and 0.89 %, respectively, of the outstanding shares of each such class.

Election of Directors

The Articles of the Corporation provide that the Board of Directors shall consist of not less than five and not more than twenty Directors. The Directors are elected annually. It is proposed by the Management of the Corporation that thirteen Directors be elected for the current year. The term of office of each Director so elected expires upon the election of his successor unless he shall resign his office or his 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 forms of proxy will vote for the election of the nominees whose names are hereinafter set forth, all of whom are now Directors of the Corporation, except for Mrs. Jalynn H. Bennett, C.M., and Mr. John C. Kerr.

The Management of the Corporation does not contemplate that any of the nominees will be unable, or for any reason will become unwilling, to serve as a Director but, if that should occur for any reason prior to the election, the persons named in the accompanying forms of proxy reserve the right to vote for another nominee in their discretion, unless the Shareholder has specified in the form of proxy that his shares are to be withheld from voting on the election of Directors.

Approximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as at April 3, 2002.

Chairman of the Board
and of the Executive Committee
of the Corporation

Director since 1975 */***

LAURENT BEAUDOIN, C.C., FCA *(1)*

President and
Chief Executive Officer
of the Corporation

Director since 1999 *

ROBERT E. BROWN

President,
Jalynn H. Bennett & Associates Ltd.,
consulting firm in strategic planning
and organizational development

JALYNN H. BENNETT, C.M. *(2)*

President and
Co-Chief Executive Officer,
Power Corporation of Canada,
holding and management
corporation

Director since 1985 ***

ANDRÉ DESMARAIS

Vice Chairman of the Corporation

Director since 1975 */***

J.R. ANDRÉ BOMBARDIER

Vice Chairman of the Corporation

Director since 1975 */**

JEAN-LOUIS FONTAINE *(5)*

President and Governor,
J. Armand Bombardier Foundation,
charitable organization

Director since 1984

JANINE BOMBARDIER

Counsel,
McCarthy Tétrault,
barristers and solicitors

Director since 1999 **

DANIEL JOHNSON

	Class A shares	Class B subordinate shares	Deferred Stock Units
LAURENT BEAUDOIN, C.C., FCA *(1)*	482,560	7,520,384	0
ROBERT E. BROWN	0	53,789	0
JALYNN H. BENNETT, C.M. *(2)*	0	2,250	0
ANDRÉ DESMARAIS	0	126,400	4,153
J.R. ANDRÉ BOMBARDIER	*(3)*	714,697	0
JEAN-LOUIS FONTAINE *(5)*	4,097,472	75,619	0
JANINE BOMBARDIER	*(4)*	0	3,462
DANIEL JOHNSON	0	1,200	4,152

* Member of the Executive Committee
** Member of the Audit Committee
*** Member of the Compensation Committee

Nominee	Occupation	Class A shares	Class B subordinate shares	Deferred Stock Units
JEAN C. MONTY	Chairman and Chief Executive Officer, BCE Inc., telecommunications company. Director since 1998 */***	25,000	10,000	4,489
JOHN C. KERR *(6)*	Chairman and Chief Executive Officer, Lignum Limited, forestry company	0	3,000	0
JAMES E. PERRELLA	Retired Chairman and Chief Executive Officer, Ingersoll-Rand Company, diversified industrial company and components manufacturer. Director since 1999	0	10,000	3,397
PIERRE LEGRAND, Q.C.	Senior Partner, Ogilvy Renault, barristers and solicitors. Director since 1975 */***	7,168	0	0
PAUL M. TELLIER	President and Chief Executive Officer, Canadian National, transportation company. Director since 1997 *	0	8,000	3,714

* Member of the Executive Committee

** Member of the Audit Committee

*** Member of the Compensation Committee

Notes

(1) 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 69,780,740 Class A shares of the Corporation.

(2) Mrs. Jalynn H. Bennett, C.M., is a new nominee to the Board of Directors of the Corporation. Before creating her own consulting firm in 1989, she held various positions with the Manufacturers Life Insurance Company from 1965 to 1989.

(3) 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 72,644,741 Class A shares of the Corporation.

(4) 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 69,780,740 Class A shares of the Corporation.

(5) 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 68,180,740 Class A shares of the Corporation.

(6) Mr. John C. Kerr is a new nominee to the Board of Directors of the Corporation. Since 1969, he has served as Chairman and Chief Executive Officer of Lignum Limited, a privately held forestry corporation in British Columbia, Canada.

(A) No Series 2 or Series 4 preferred shares are beneficially owned by a nominee or are subject to his or her control or direction as at April 3, 2002.

(B) The Deferred Stock Unit Plan is described on page 5.

Appointment of Auditors

It is proposed by the Management of the Corporation that Ernst & Young LLP, chartered accountants, be appointed as Auditors of the Corporation and that the Directors of the Corporation be authorized to fix their remuneration.

Except where authority to vote on the appointment of the Auditors of the Corporation is withheld persons named in the accompanying forms of proxy will vote for the appointment of Ernst & Young LLP, chartered accountants, with their remuneration to be fixed by the Directors of the Corporation.

Remuneration of Directors

The Directors who are not Officers of the Corporation receive retainer fees of $2,000 per month and attendance fees of $1,500 per Board or Committee meeting. In addition, a non-executive Director receives an additional annual fee of $5,000 for presiding over a Committee of the Board of Directors of the Corporation.

Deferred Stock Unit Plan

To encourage non-executive Directors to align their interests with those of the Shareholders by having an investment in the Corporation, the Corporation has been offering them a Deferred Stock Unit Plan since April 1, 2000. A non-executive Director who wishes to participate in this Plan may thus elect to receive 50% or more of his retainer fees, his attendance fees and, if presiding over a Committee of the Board of Directors of the Corporation, his additional annual fee in the form of Directors' Deferred Stock Units ("DDSUs"), each of which has a value equal to the market value of a Class B subordinate share of the Corporation at the time DDSUs are credited to the Director. DDSUs take the form of a bookkeeping entry credited to the account of the Director which cannot be converted to cash for as long as the Director remains a member of the Board of Directors. The value of a DDSU, when converted to cash, will be equivalent to the market value of a Class B subordinate share at the time the conversion will take place. DDSUs will give right to dividends that will be paid with additional DDSUs at the same rate as the dividend paid on the Class B subordinate shares.

Stock Option Plan for the Benefit of Non-Executive Directors

A stock option plan for the benefit of non-executive Directors of the Corporation (the "Directors' Plan") provides for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 Class B subordinate shares of the Corporation. As at January 31, 2002, options for a total of 348,000 Class B subordinate shares had been granted and were outstanding.

The purchase price for the Class B subordinate shares, in respect of any 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 day of granting of such option. The purchase price is payable in full at the time of exercise of the option.

Each option shall be first exercisable at any time following the date of granting of such option until the expiration of the tenth year following the date of granting of such option, unless the Compensation Committee decides otherwise, provided, however, that an optionee shall not have purchased more than 20% of the aggregate number of shares covered by his option at the expiration of the first year following the date of granting of such option, more than 40% of the aggregate number of shares covered by his option at the expiration of the second year following the date of granting of such option, more than 60% of the aggregate number of shares covered by his option at the expiration of the third year following the date of granting of such option and more than 80% of the aggregate number of shares covered by his option at the expiration of the fourth year following the date of granting of such option. However, a Director who, at the date of statutory retirement as a Director, will have been a Director of the Corporation for at least five years, will then be entitled, during the period of six months following such retirement, to exercise his option with respect to all the shares for which such option will not then have been exercised.

During the financial year ended January 31, 2002, no options for Class B subordinate shares were granted.

Options Exercised in Last Completed Financial Year

During the financial year ended January 31, 2002, no Class B subordinate shares were purchased under the Directors' Plan by non-executive Directors of the Corporation.

Remuneration of Named Executive Officers
Summary Compensation Table

The Summary Compensation Table shows certain compensation information for the Chairman of the Board and of the Executive Committee and the four other most highly compensated corporate management executive officers (collectively, the "Named Executive Officers") for services rendered in all capacities during the financial years ended January 31, 2002, 2001 and 2000. This information includes the base salaries, bonus awards, the number of stock options granted and certain other compensations, whether paid or deferred.

Name and Principal Position	As at January 31	Annual Compensation			Long-Term Compensation			All other Compen-sation ($)
					Awards			
		Salary ($)	Bonuses ($)	Other Annual Compensation ($) (1)	Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units ($)	LTIP Payouts ($)	
Laurent Beaudoin Chairman of the Board and of the Executive Committee	2002 2001 2000	1,000,000 1,000,000 1,000,000	— — —	115,992 (2) 144,634 86,891	— — 2,000,000	— — —	— — —	— — —
Jean-Louis Fontaine Vice Chairman	2002 2001 2000	400,000 375,000 350,000	200,000 542,062 311,500	— — —	— — 200,000	— — —	— — —	— — —
Robert E. Brown President and Chief Executive Officer	2002 2001 2000	1,250,000 1,100,000 1,000,000	950,000 2,862,090 1,800,000	— — —	1,000,000 — —	— — —	— — —	— — —
Carroll L'Italien Senior Vice President	2002 2001 2000	460,000 420,000 207,692 (3)	300,000 849,954 302,900	— — —	— — 400,000	— — —	— — —	— — —
Louis Morin Senior Vice President and Chief Financial Officer	2002 2001 2000	450,000 400,000 300,000	300,000 809,480 347,245	— — —	— 80,000 120,000	— — —	— — —	— — —

(1) The value of benefits not exceeding the lesser of $50,000 or 10% of the sum of salary and bonuses has been omitted.
(2) This sum includes $83,648 for personal use of the Corporation's aircraft.
(3) For the period from July 24,1999 to January 31, 2000.

Stock Option Plan

The Stock Option Plan (the "Plan") of the Corporation provides for the granting to key employees of the Corporation and its subsidiaries of non-assignable options to purchase an aggregate number of Class B subordinate shares which could not exceed 133,782,688 outstanding Class B subordinate shares; of this number, 69,536,694 shares are available for granting.

The option price 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 day on which the option is granted. The option price is payable in full at the time of exercise of the option. Unless otherwise determined by the Board of Directors of the Corporation, the options are exercisable during periods commencing not earlier than two years following the date of granting and terminating not later than ten years after such date of granting.

Furthermore, an optionee shall not have purchased more than 25% of the aggregate number of shares covered by his option at the expiration of the third year following the date of granting of such option, more than 50% of the aggregate number of shares covered by his option at the expiration of the fourth year following the date of granting of such option and more than 75% of the aggregate number of shares covered by his option at the expiration of the fifth year following the date of granting of such option. As a general rule, the number Class B subordinate shares granted to each key employee is based on a multiple being directly related to the key employee's management level in the Corporation or one of its subsidiaries.

As at January 31, 2002, options for a total of 43,493,984 Class B subordinate shares had been granted and were outstanding.

Granting of Stock Options to the Named Executive Officers for the Financial Year Ended January 31, 2002

The following table sets forth various information with respect to stock options granted to the named Executive Officers during the financial year ended January 31, 2002.

Name	Securities under Options Granted (#)	% of Total Options Granted to Employees in the Financial Year	Exercise or Base Price ($/Security)	Market Value of Securities Underlying Options on the Date of Grant ($/Security)	Expiration Date
Laurent Beaudoin	—	—	—	—	—
Jean-Louis Fontaine	—	—	—	—	—
Robert E. Brown	1,000,000	17.2%	$22.79	$22.30	February 14, 2011
Carroll L'Italien	—	—	—	—	—
Louis Morin	—	—	—	—	—

Options Exercised in Last Completed Financial Year

The following table summarizes for each of the Named Executive Officers the number of stock options exercised during the financial year ended January 31, 2002, the aggregate value realized upon exercise and the total number and value of unexercised options held at January 31, 2002. Value realized upon exercise is the difference between the closing price of the Class B subordinate share on the exercise date and the exercise price of the option. Value of unexercised options at financial year end is difference between the closing price of the Class B subordinate share on January 31, 2002 ($14.70) and the exercise price.

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at Financial Year End		Value of Unexercised Options at Financial Year End	
			Exercisable (#)	Unexercisable (#)	Exercisable ($)	Unexercisable ($)
Laurent Beaudoin	—	—	9,300,000	1,500,000	102,597,500	6,142,500
Jean-Louis Fontaine	—	—	650,000	150,000	7,106,625	614,250
Robert E. Brown	—	—	2,000,000	2,000,000	17,837,480	7,272,500
Carroll L'Italien	—	—	100,000	300,000	348,000	1,044,000
Louis Morin	—	—	170,000	230,000	1,307,050	752,250

The number of shares indicated in the foregoing tables reflect, in part, adjustments following two-for-one stock splits which took place on July 7, 1995, July 10, 1998 and July 7, 2000.

The value of unexercised options, unlike the amounts set forth in the column "Aggregate Value Realized", has not been, and may never be, realized. The actual gains, if any, on exercise will depend on the value of the Class B subordinate shares of the Corporation on the date of exercise.

Pension Plan

Senior Officers, including the Named Executive Officers, participate in two non-contributory defined benefit pension plans. Benefits payable from the basic plan correspond to 2% of average earnings in the three continuous years of service during which they were paid their highest salary (up to a maximum salary of $86,111) times the number of years of credited service.

Since January 1, 2001, the supplemental plan provides (depending on the management level) for additional benefits of 1.75% of average earnings in excess of $86,111 times the number of years of credited service or 2.25% or 2.50% of average earnings times the number of years of credited service, less the pension payable from the basic plan and any benefits payable from other pension plans of the Corporation. Benefits are reduced by 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 credited service total 85. No benefits are payable from the supplemental plan if a participant has not completed five years of service.

The following table shows total annual benefits payable at age 60 from the basic plan and the supplemental plan computed on a percentage of 2.25%. 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 to the designated beneficiary.

All benefits payable from these plans are in addition to government social security benefits. Only base salary is taken into consideration in calculating pension benefits.

Annual Benefits Payable at the Normal Retirement Age of 60

	Years of Service			
Average remuneration	20	25	30	35
$200,000	$ 90,000	$112,500	$135,000	$157,500
$300,000	$135,000	$168,750	$202,500	$236,250
$400,000	$180,000	$225,000	$270,000	$315,000
$500,000	$225,000	$281,250	$337,500	$393,750
$600,000	$270,000	$337,500	$405,000	$472,500
$700,000	$315,000	$393,750	$472,500	$551,250
$800,000	$360,000	$450,000	$540,000	$630,000
$900,000	$405,000	$506,250	$607,500	$708,750
$1,000,000	$450,000	$562,500	$675,000	$787,500
$1,100,000	$495,000	$618,750	$742,500	$866,250
$1,200,000	$540,000	$675,000	$810,000	$945,000

Years of credited service as at January 31, 2002 for each of the Named Executive Officers hereafter mentioned are:

Robert E. Brown	15 years
Carroll L'Italien	8 years and 1 month
Louis Morin	19 years and 4 months

At the normal retirement age of 60, the three Named Executive Officers whose names appear below will have the following number of years of credited service:

Robert E. Brown	18 years and 1 month
Carroll L'Italien	11 years and 1 month
Louis Morin	34 years and 6 months

The Chairman, Laurent Beaudoin, reached the age of 60 in May 1998. Pursuant to the basic pension plan and the supplemental pension plan, he would have been entitled, should he have retired on January 31, 2002, to an allowance which would have been $1,049,479 according to average pensionable earnings in the amount of $1,083,333 as to that date. The allowance to which he will be entitled at age 65 will be based on his pensionable earnings and his years of credited service as of that date. As at January 31, 2002, Laurent Beaudoin had 38 years and 9 months of credited service. Upon his death, his wife will be entitled to a benefit equal to 60% of the benefits to which he was entitled.

The Vice Chairman, Jean-Louis Fontaine, reached the age of 60 in December 1999. Pursuant to the basic pension plan and the supplemental pension plan, he would have been entitled, should he have retired on January 31, 2002, to an allowance which would have been $354,687 according to average pensionable earnings in the amount of $375,000 as to that date. The allowance to which he will be entitled at age 65 will be based on his pensionable earnings and his years of credited service as of that date. As at January 31, 2002, Jean-Louis Fontaine had 37 years and 10 months of credited service. Upon his death, his wife will be entitled to a benefit equal to 60% of the benefits to which he was entitled.

The President and Chief Executive Officer, Robert E. Brown, will be entitled, in addition to his annual benefit as described in the chart above, to an additional allowance of 2% of his average pensionable earnings multiplied by his years of credited service from January 1, 1998.

Change-of-Control Agreement

The President and Chief Executive Officer, Robert E. Brown, and the Corporation have entered into an agreement which outlines the respective rights and obligations of each of them in respect of situations which might lead to a change in control of the Corporation. No such situation is currently pending and Management is not aware of any existing circumstances that could lead to such a situation.

In order to ensure the continued involvement of Mr. Brown in the business and affairs of the Corporation during negotiations which might lead to a change in control, Mr. Brown has agreed that, if he were to then choose to leave the employment of the Corporation, he would not do so for a period of at least four months after either an actual change in control or the date on which the discussions or negotiations relating to same would end or would be abandoned.

If, within six months following a change in control, Mr. Brown's employment were to be terminated by the Corporation (except if such termination results from death, retirement or cause), Mr. Brown would be entitled to receive from the Corporation, in addition to accrued base salary and pro rata share of his annual target bonus, an amount in cash equal to the lesser of (a) three times his annual salary and bonus (based on prior years) and (b) his base salary that would have been payable for the period from the date of termination until his normal retirement date (being, in a change of control context, Mr. Brown's 60th birthday) plus a proportionate bonus.

If, within six months following a change in control, Mr. Brown's employment were to be terminated by him (except if such termination were the result from death or retirement), Mr. Brown would be entitled to receive from the Corporation, in addition to accrued base salary and pro rata share of his annual target bonus, an amount in cash equal to the lesser of (a) the greater of (i) three times his annual salary (based on prior years) and (ii) two times his annual salary and bonus (based on prior years) and (b) his base salary that would have been payable for the period from the date of termination until the normal retirement date plus a proportionate bonus.

The amounts that would be payable to Mr. Brown after a change in control upon termination of employment where such termination would arise from disability, retirement or cause are also outlined in the agreement.

In addition to the foregoing, upon termination of Mr. Brown's employment within six months after a change in control, all options held by Mr. Brown which would not have yet vested would become fully vested and would be exercisable by him for a period of 60 days.

For the purposes of the agreement, change in control means the fact that a majority of the Directors of the Corporation cease to be nominees of the Bombardier family.

Report of the Compensation Committee

As at January 31, 2002, the Compensation Committee consisted of five Directors, two of whom are Officers of the Corporation, namely, the Chairman, Laurent Beaudoin, and one of the Vice Chairmen, J.R. André Bombardier, and three of whom are outside Directors, namely André Desmarais, Pierre Legrand and Jean C. Monty. The committee meets at least three times a year.

The aggregate compensation of the Senior Officers of the Corporation, including the Named Executive Officers, consists of three components: base salary, the incentive (short-term) plan and the stock option plan.

The Compensation Committee has responsibility for defining compensation conditions, salary classes, the extent and levels of participation in the incentive (short-term) program and the stock option plan. The Committee monitors succession planning and determines the compensation of the Senior Officers in light of annual earnings.

To assist it in achieving its goals, the Committee calls on the services of compensation consultants who are responsible for gathering information on the policies in effect in companies comparable with the Corporation. The Corporation's policy is to offer its Senior Officers competitive salaries and to hire employees who are experts in their field at their market value in order to achieve annual financial performance targets. In addition to market surveys, the Compensation Committee takes into consideration the profitability of the Corporation. Thus, growth in base salary is a function of individual performance, the results obtained by the Corporation and comparisons with the industry in general.

In addition to the base salary, the Corporation offers an incentive plan which emphasizes the creation of economic value for the Shareholders of the Corporation and which is linked to the performance objectives of each group or division. A bonus target is set as a percentage of the salary of a Senior Officer and the program allows for a maximum amount of bonuses for each group. The incentive plan encourages employees to try to outperform the earnings forecasts contained in annual operating budgets.

In the case of the Senior Officers at the Corporate Office, the incentive plan is based on the return obtained on the Shareholders' equity during a given year. For the Senior Officers to earn a bonus, such return must have exceeded 12.5% at year-end. Any percentage point in excess is multiplied by a factor which is in turn based on the management level of the Senior Officer.

The performance of the Corporation and sustained growth in the value of its shares depend on striking a balance between short and long-term considerations. To this end a stock option plan was introduced in 1986 to allow options on Class B subordinate shares of the Corporation to be granted to key employees of the Corporation and its subsidiaries. This plan is described on pages 6 and 7.

The Compensation Committee determines the number of stock options to be granted based, as a general rule, on a multiple of salary which is established according to the management level held by the key employee of the Corporation or one of its subsidiaries. The application of the formula is flexible and the Compensation Committee takes into account all relevant circumstances when making its decisions. Barring circumstances involving an exceptional contribution or a promotion, the status of each key employee as regards stock options is reviewed every three years.

The determination of the base salaries of the Chief Executive Officer and the other Senior Officers takes into account salary comparisons with positions involving similar responsibility and complexity, as per information obtained from outside consultants, and considerations of internal equity.

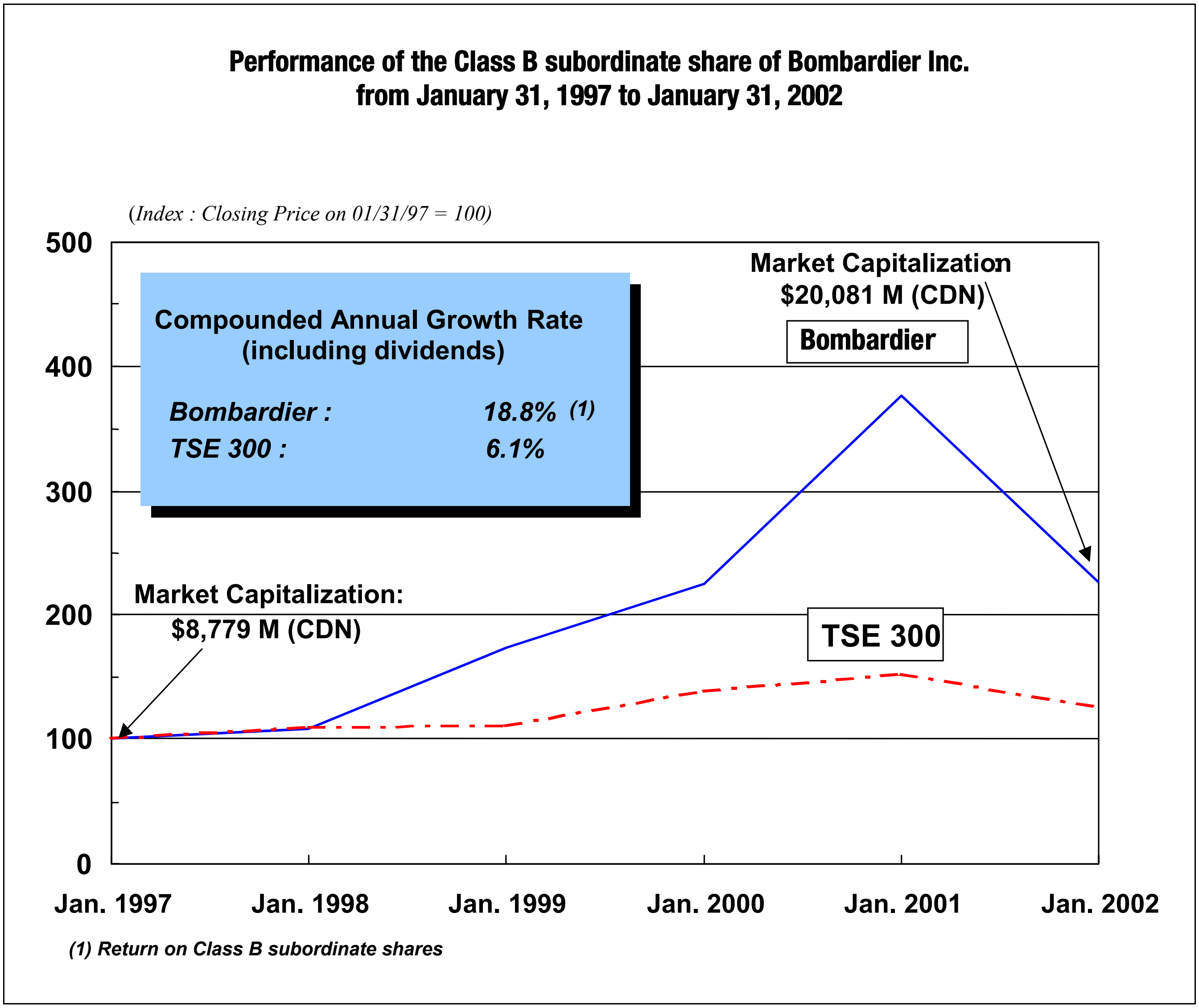
In brief, all of the Senior Officers receive a compensation that is based on their individual performance, the performance of the Corporation and market forces.

Laurent Beaudoin André Desmarais

J.R. André Bombardier Pierre Legrand

Jean C. Monty

Performance Graph



Statement of Corporate Governance Practices

The Corporation's approach to corporate governance matters is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value.

Under the rules of the Toronto Stock Exchange, the Corporation is required to disclose information relating to its system of corporate governance with reference to guidelines set out in the TSE Company Manual (the "Guidelines"). The Corporation's disclosure addressing each of the Guidelines is set out in Exhibit "A".

Directors ' and Officers ' Insurance

The Corporation purchases and maintains liability insurance for Directors and Officers. The current total amount of such insurance maintained is $150,000,000 at a cost of $676,300 per annum. Under this insurance policy, the Corporation's maximum possible liability beyond the payment of premiums is $150,000 for any particular claim.

Available Documentation

Copies of the Corporation's 2002 Annual Information Form, of the 2002 Management Proxy Circular and of the 2002 Annual Report to the Shareholders with respect to the audited consolidated financial statements of the Corporation as at January 31, 2002, as well as the quarterly financial statements filed since the date of the latest audited financial statements may be obtained on request from the Public Affairs Department of the Corporation.

Receipt of Shareholder Proposals for the 2003 Annual Meeting

Shareholders who will be entitled to vote at the 2003 annual meeting of Shareholders and who will wish to submit a proposal in respect of any matter to be raised at the 2003 meeting shall ensure that the Corporate Secretary of the Corporation receives their proposal no later than January 31, 2003.

Approval of Directors

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

Montréal, Canada, this 3rd day of May 2002.

Roger Carle
Corporate Secretary

EXHIBIT "A"
BOMBARDIER INC.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate Governance Guideline	Comments
1. The Board of the Directors should explicitly assume responsibility for stewardship of the Corporation, and specifically for:	In accordance with the *Canada Business Corporations Act*, the business of the Corporation is managed under the direction of its Board of Directors. The President and Chief Executive Officer makes recommendations to the Board of Directors with respect to matters of corporate policy after discussion, when appropriate, with the Chairman and members of Senior Management. The Board of Directors then takes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.
a. adoption of a strategic planning process	The duties of the Board of Directors includes the review on an annual basis of the five-year strategic plan for each operating group of the Corporation, a discussion of such plans with the President and Chief Executive Officer and an assessment of the risks identified.
b. identification of principal risks, and implementing risk managing systems	The Board of Directors' duties include the review of overall business risks and of the Corporation's practices and policies for dealing with these risks. In addition, the Audit Committee assesses principal risks which the Corporation faces and, where appropriate, proposes the implementation of risk management systems.
c. succession planning and monitoring senior management	The Compensation Committee reviews, reports and, where appropriate, provides recommendations to the Board of Directors on succession planning matters and, with the Audit Committee and the Board of Directors, monitors the performance of Senior Management.
d. communications policy	Each of the Board of Directors and the Audit Committee reviews and, where required, approves statutory disclosure documents prior to their distribution to Shareholders. In addition, the Corporation has a Shareholder relations process to respond to Shareholder questions and concerns. All communications from Shareholders are referred to the appropriate corporate officer for response, consideration or action. Management promptly advises the Board of Directors if any significant issues are raised by Shareholders. In addition, the Corporation communicates with its Shareholders, securities analysts and the media regularly on developments in its business and results, through the annual report, interim financial statements and reports to Shareholders, press releases and material change reports, when needed.
e. integrity of internal control and management information systems	The Board of Directors' duties include the assessment of the integrity of the Corporation's internal controls and information systems. In addition, the Audit Committee has oversight responsibility of internal controls and management information systems.

2. Majority of Directors should be "unrelated" (independent of management and free from conflicting interest) to the Corporation and the Corporation's significant Shareholder, if any	The Board of Directors is composed of thirteen persons. Of the thirteen Directors, eight are "unrelated" under the Guidelines and the five others are either Senior Officers of the Corporation or persons who have a business relationship with the Corporation. In addition, one of the eight "unrelated" Directors is related to the majority Shareholders. Hence, in addition to a majority of "unrelated" Directors, the Board of Directors is composed of eight Directors who have no business interests with the Corporation or with the majority Shareholders. The composition of the Board of Directors fairly reflects, therefore, the investment in the Corporation by the Shareholders other than the majority Shareholders.
3. Disclose for each Director whether he is related, and how that conclusion was reached	Laurent Beaudoin — related — is Chairman of the Board and of the Executive Committee of the Corporation J.R. André Bombardier — related — is Vice Chairman of the Corporation Robert E. Brown — related — is President and Chief Executive Officer of the Corporation Jean-Louis Fontaine — related — is Vice Chairman of the Corporation Pierre Legrand — related — is a senior partner with Ogilvy Renault, legal counsel to the Corporation Jalynn H. Bennett — unrelated Janine Bombardier — unrelated André Desmarais — unrelated Daniel Johnson — unrelated John C. Kerr — unrelated Jean C. Monty — unrelated James E. Perrella — unrelated Paul M. Tellier — unrelated
4. a. Appoint a Committee of Directors responsible for proposing to the full Board of Directors new nominees to the Board and for assessing Directors on an ongoing basis	The Chairman of the Board submits to the Compensation Committee candidates to fill vacancies on the Board of Directors. If the candidacy is endorsed by the Compensation Committee, it is then submitted to the approval of the Board of Directors. While there is no formal process for assessing Directors on an ongoing basis, the Directors feel free to discuss specific situations from time to time among themselves and/or with the Chairman of the Board and if need be, steps are taken to remedy the situation, which steps may include a request for resignation.
b. composed exclusively of outside (non-management) Directors, the majority of whom are unrelated	The Compensation Committee is composed of three outside Directors, one of whom is "related" and two of whom are "unrelated", and of two members of Management, being the Chairman of the Board and one of the Vice Chairmen of the Corporation.
5. Implement a process for assessing the effectiveness of the Board of Directors , its Committees and individual Directors	See response to item 4 a.
6. Provide orientation and education programs for new Directors	New Directors participate in an initial information session on the Corporation in the presence of Management representatives. In addition, they are furnished with appropriate documentation relating to the commercial activities

of the Corporation and the internal organization of the Corporation. Monthly reports detailing the commercial activities of the Corporation are supplied to all Directors. The meetings in which new Directors participate (including annual strategic planning sessions) as well as discussions with other Directors and with Management permit new Directors to familiarize themselves rapidly with the operations of Corporation.

7. Consider reducing the size of the Board of Directors, with a view to improving effectiveness

The Board of Directors is of the view that its size and composition are well suited to the circumstances of the Corporation and allow for the efficient functioning of the Board of Directors as a decision-making body.

8. The Board of Directors should review compensation of Directors in light of risks and responsibilities

The Compensation Committee of the Board of Directors reviews periodically compensation policies in light of market conditions and practice and in light of risks and responsibilities.

9. Committees of the Board of Directors should generally be composed of outside (non-management) Directors, a majority of whom are unrelated Directors

The Compensation Committee is composed of three outside Directors, one of whom is “related" and two of whom are "unrelated", and of two members of Management, being the Chairman of the Board and one of the Vice Chairmen of the Corporation. The Compensation Committee has the responsibility, upon the recommendation of the President and Chief Executive Officer, for defining salary classes and levels and extent of participation in the incentive program. In addition, this Committee determines, based on the proposal of the Chairman of the Board, the persons eligible to benefit from the stock option plan and in which proportion, according to their position. The Compensation Committee also assesses the performance of the President and Chief Executive Officer; the Committee’s recommendations in this regard are then presented to the Board of Directors. When a vacancy on the Board of Directors needs to be filled, the Chairman of the Board determines the person or persons whom he deems appropriate to fill the vacancy and submits his proposal to the Compensation Committee. The Compensation Committee can then endorse such recommendations, which, if endorsed, are presented to the Board of Directors.

The Executive Committee is composed of seven Directors, three being outside Directors, one of whom is “related”, the other two being "unrelated", with the other members of the Executive Committee being members of Senior Management of the Corporation. The Executive Committee can exercise all powers of the Board of Directors, subject to specific statutory exceptions, and does so in practice only between regularly scheduled Board meetings. Activities that are not in the ordinary course of business and that can be described as "fundamental changes" have always been decided upon by the Board of Directors.

The Retirement Committee is composed of six to eight members, including three Directors, one of whom is “unrelated”. The Committee assists the Board of Directors in carrying out its responsibilities with respect to the various pension plans of the Corporation. More particularly, this Committee determines the appointment of outside professional advisors, including pension fund managers and actuaries, for the various pension funds of the Corporation. As well, this Committee recommends to the Board of Directors appropriate investment guidelines for the pension funds of the Corporation and receives and analyses reports as to conformity of the portfolios with such guidelines and as to the quality of the investments.

Audit Committee. See item 13.

10. The Board of Directors should expressly assume responsibility for, or assign to a committee the general responsibility for, approach to corporate governance issues	The Board of Directors is responsible for developing and monitoring the Corporation's approach to governance issues and for the Corporation's response to the Guidelines.
11. a. Define limits to Management's responsibilities by developing mandates for:	
(i) the Board of Directors	The Board of Directors is, by law, responsible for managing the business and affairs of the Corporation. Any responsibility which is not delegated to either Management or a Committee remains with the Board of Directors. In general, all matters of policy 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 a Board Committee to which approval authority has been delegated.
(ii) the CEO	The corporate objectives which the President and Chief Executive Officer is responsible for meeting, with the rest of Management placed under his supervision, are determined by the strategic plans and the budget as they are approved each year by the Board of Directors. Performance of the President and Chief Executive Officer and Management is assessed against the achievement of the strategic plans and the budget.
b. the Board of Directors should approve CEO's corporate objectives	See item 11. a. (ii).
12. Establish procedures to enable the Board of Directors to function independently of Management	While there are no formal structures in place to ensure that the Board of Directors can function independently of Management, the Board of Directors of the Corporation is free to ask one or more members of Management to withdraw during certain discussions and the Directors of the Corporation would not hesitate to meet without the presence of the members of Management who are also Directors, including the President and Chief Executive Officer, if the circumstances were to so require.
13. a. Establish an Audit Committee with a specifically defined mandate	The roles and responsibilities of the Audit Committee have been specifically defined by the Audit Committee and approved by the Board of Directors and include the review of the annual and interim financial statements of the Corporation. The Audit Committee has direct communication channels with both the internal and external auditors to discuss and review specific issues as appropriate.
b. all members should be non-management Directors	The Audit Committee is composed of three outside Directors, all of whom are "unrelated", and one inside Director, who is Vice Chairman of the Corporation. The Board of Directors of the Corporation believes that the presence of a member of Management on the Audit Committee facilitates the understanding by the remaining members of the Committee of given situations.

14. Implement a system to enable individual Directors to engage outside advisors, at the Corporation's expense

Individual Directors could, if required, retain outside advisors at the Corporation's expense. Indeed, a Committee of the Board of Directors, composed of a majority of non-related Directors, has in the past, and expects to continue to do so, engaged advisors at the expense of the Corporation.