

BOMBARDIER

■ **Notice of
Annual Meeting
of Shareholders**

■ **Management
Proxy
Circular**

2007

BOMBARDIER INC.

Notice of Annual Meeting of Shareholders 2007

Date: Tuesday, May 29, 2007
Time: 9:30 a.m. (Montréal time)
Place: Hyatt Regency Montréal
(Grand Salon)
1255 Jeanne-Mance 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 Thursday, April 5, 2007, 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"
(signature)

Roger Carle
Corporate Secretary

Montréal, Québec, Canada, April 13, 2007

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended January 31, 2007 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization of the directors of Bombardier Inc. to fix their remuneration;
4. Consideration and, if deemed advisable, approval of the proposed amendments to the Bombardier Inc. 1986 Stock Option Plan set out in Schedule "A" to the Management Proxy Circular;
5. Consideration and, if deemed advisable, approval of the five shareholder proposals set out in Schedule "B" 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** 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 the transfer agent for all the shares of Bombardier Inc., Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Monday, May 28, 2007. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular. **Non-registered shareholders should refer to page 4 of the Management Proxy Circular for information on how to submit a proxy.**

2007 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 Tuesday, May 29, 2007, at 9:30 a.m. (Montréal time) at the Hyatt Regency Montréal (Grand Salon), 1255 Jeanne-Mance Street, Montréal, Québec, Canada, and at any and all adjournments thereof. As used in this Management Proxy Circular, all references to “Bombardier”, the “Corporation”, “we”, “us”, “our” or similar terms are to Bombardier Inc., and unless otherwise indicated, all dollar amounts are in Canadian currency.

Section 1: Voting Information

Who is soliciting my proxy?

The management of Bombardier is soliciting your proxy for use at our Annual Meeting of the holders of our Class A shares and/or Class B subordinate shares.

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 5 to 15);
- the appointment of Ernst & Young, LLP, chartered accountants, as the auditors of the Corporation (see pages 12 and 13);
- the proposed amendments to the Bombardier Inc. 1986 Stock Option Plan set out in Schedule “A” to this Management Proxy Circular (see pages 36 and 37); and
- each of the five shareholder proposals set out in Schedule “B” attached to this Management Proxy Circular (see pages 38 to 40).

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?

Our Class B subordinate shares 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, 2007, 31.14% of the voting rights attached to all of our issued and outstanding voting securities.

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 the majority shareholder ceases to hold more than 50% of our 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 Thursday, April 5, 2007, 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 27, 2007, there were 316,962,157 of our Class A shares and 1,433,511,061 of our Class B subordinate shares issued and outstanding.

To the knowledge of our directors and officers, the only persons who, as at March 27, 2007, beneficially owned or exercised control or direction over shares carrying more than 10% of the voting rights attached to all of our issued and outstanding 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. The four persons mentioned above indirectly controlled, through holding companies, 249,199,909 Class A shares and 1,118,275 Class B subordinate shares, representing in the aggregate 78.62% of our outstanding Class A shares and 0.08% of our Class B subordinate shares, respectively, and 54.16% of all the voting rights attached to all of our issued and outstanding shares.

As at March 27, 2007, our directors (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and officers as a group, beneficially owned, directly or indirectly, 15,779,302 Class A shares and 3,496,721 Class B subordinate shares, representing 4.98% and 0.24%, respectively, of the outstanding shares of each such class.

How do I vote?

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

If your shares are held in the name of a nominee, please see 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 4.

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, J.R. André Bombardier and Jean-Louis Fontaine, are directors and officers of Bombardier. However, you may choose another person to act as your proxyholder, including someone who is not a holder of our shares, 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 our management will be voted:

FOR the election of all the nominees proposed as directors by the management of the Corporation;

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

FOR the proposed amendments to the Bombardier Inc. 1986 Stock Option Plan set out in Schedule "A"; and

AGAINST each of the five shareholder proposals set out in Schedule "B".

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 must complete, date and sign the form of proxy. It must then be returned to the transfer agent for our shares, 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 May 28, 2007.

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 us and provide the 5-digit Control Number, the 11-digit Holder Account Number and the 5-digit Proxy Access 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.computershare.com/proxy.

Registered shareholders must then follow the instructions and refer to the form of proxy received from us which contains a 6-digit Control Number, an 11-digit Holder Account Number and a 5-digit Access Number located on the form of proxy. Voting instructions are then conveyed electronically by the shareholder over the Internet.

Non-registered shareholders, or persons whose shares are held in "nominee" name, usually banks, trust companies, securities dealers or brokers or other financial institutions, will be provided with voting instructions by their nominee. Please see further instructions below under the heading "As a non-registered shareholder, how do I vote?" (page 4).

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, our management is not aware that any other matter is to be presented for action 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 by stating clearly, in writing, that you wish to revoke your proxy and by delivering this written statement to our transfer agent, 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 our shares.

Is my vote confidential?

Our transfer agent, Computershare, preserves the confidentiality of individual shareholder votes, except (a) where the 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?

Management requests that you sign and return the form of proxy to ensure your votes are exercised at the meeting. The solicitation of proxies will be primarily by mail. However, our directors, officers and regular employees may also solicit proxies by telephone, over the Internet, in writing or in person.

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

If you are an employee 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 our employees in Canada and in the United States is 1-866-732-VOTE (8683) and for our employees outside Canada and the United States 312-588-4290) or over the Internet at www.computershare.com/proxy.

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 by the management of the Corporation;

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

FOR the proposed amendments to the Bombardier Inc. 1986 Stock Option Plan set out in Schedule "A"; and

AGAINST each of the five shareholder proposals set out in Schedule "B".

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?

If your shares are not registered in your own name, they are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution. 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 form of proxy or voting instruction form. 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?

Since we and/or our transfer agent, Computershare, do not have at all times a record of the names of our non-registered shareholders, if you are a non-registered shareholder and you attend the meeting, we will have no knowledge of your shareholdings or your entitlement to vote, unless your nominee has appointed you as proxyholder. Therefore, if you are a non-registered shareholder and wish to vote in person at the meeting, please 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, our transfer agent?

You can communicate with Computershare, our transfer agent, 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 Directors

Our articles of incorporation provide that our Board of Directors shall consist of not less than five and not more than 20 directors. Our directors are elected annually. **It is proposed by our management that 15 directors be elected for the current year.** The term of office of each director so elected expires upon the election of his or her successor unless he or she shall resign or his or 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 form of proxy will vote for the election of the 15 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier.

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 form 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 or her shares are to be withheld from voting on the election of directors.

LAURENT BEAUDOIN, C.C., F.C.A. (A)		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Chairman of the Board and Chief Executive Officer of Bombardier Westmount, Québec, Canada Age: 68 Director since 1975 Not independent</p>	2007	11,126,951	2,738,493	400,000 (C)
	2006	9,626,951	4,238,493	0
	Change	1,500,000	(1,500,000)	400,000 (C)


Mr Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He began his career in 1961 with Beaudoin, Morin, Dufresne & Associés, Chartered Accountants. In 1963, he joined Bombardier Limited as Comptroller. He was appointed General Manager in 1964 and, in 1966, became President. In 1979, he was appointed Chairman and Chief Executive Officer of Bombardier Inc. On February 1, 1999, he became Chairman of the Board and of the Executive Committee until June 10, 2003, when he was appointed Executive Chairman of the Board. Since December 13, 2004, he has assumed the responsibilities of Chairman of the Board and Chief Executive Officer of Bombardier and he has headed the Office of the President, whose members also include Mr. Pierre Beaudoin, President and Chief Operating

Officer of Bombardier Aerospace and Executive Vice President of Bombardier, and Mr. André Navarri, President of Bombardier Transportation and Executive Vice President of Bombardier. He holds honorary doctorates from various universities and has 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 June 2000, he has been on the Advisory Board of Lazard Canada. 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.

PIERRE BEAUDOIN		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>President and Chief Operating Officer of Bombardier Aerospace Executive Vice President of Bombardier Westmount, Québec, Canada Age: 44 Director since 2004 Not independent</p>	2007	512,859	1,312	0
	2006	512,859	1,312	0
	Change	—	—	—


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 joining Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and Mr. André Navarri, President of Bombardier Transportation, in the Office of the President and he also then became a member of the Board of Directors of Bombardier. He is a member of the Boards of Directors of Power Corporation of Canada and Bombardier Recreational Products Inc.

ANDRÉ BÉRARD		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Montréal, Québec, Canada Age: 66 Director since 2004 Chairman of the Retirement Pension Oversight Committee Member of the Audit Committee Independent</p>	2007	0	5,000	106,032
	2006	0	5,000	68,960
	Change	—	—	37,072


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., Tembec Inc. and Transforce Income Fund.


J.R. ANDRÉ BOMBARDIER		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Vice Chairman of Bombardier Montréal, Québec, Canada Age: 64 Director since 1975 Not independent</p>	2007	(D)	265,774	0
	2006	(D)	265,774	0
	Change	—	—	—

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)		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>President and Governor, J. Armand Bombardier Foundation, charitable organization Westmount, Québec, Canada Age: 73 Director since 1984 Not independent</p>	2007	(F)	40,001	104,479
	2006	(F)	40,001	80,681
	Change	—	—	23,798

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

L. DENIS DESAUTELS, O.C., F.C.A.		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Ottawa, Ontario, Canada Age: 63 Director since 2003 Chairman of the Audit Committee Member of the Retirement Pension Oversight Committee Independent</p>	2007	0	6,500	57,014
	2006	0	6,500	39,705
	Change	—	—	17,309


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 Vice Chairman of the Accounting

Standards Oversight Council of the Canadian Institute of Chartered Accountants and a member of the National Awards in Governance Advisory Committee of the Conference Board of Canada. He is Chairman of Laurentian Bank of Canada and a director of Groupe Jean Coutu (PJC) Inc. and Alcan 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). He is presently an Executive-in-residence at the School of Management of the University of Ottawa.

MICHAEL J. DURHAM		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Dallas, Texas, United States Age: 56 Director since 2005 Member of the Audit Committee and the Retirement Pension Oversight Committee Independent</p>	2007	0	0	43,073
	2006	0	0	23,388
	Change	—	—	19,685


Mr. Michael J. Durham is the founder, President and Chief Executive Officer of Cognizant Associates, Inc., a consulting firm. He was with AMR Corporation for 20 years. He worked at American Airlines, Inc. for the first 17 years, notably as Senior Vice President, Finance and Chief Financial Officer, then for three years as President and Chief Executive Officer of Sabre, Inc., a company listed on the

New York Stock Exchange providing information technology services to the travel industry. Mr. Durham is Chairman of the Board of Directors of Asbury Automotive Group Inc., and a director of AGL Resources, Inc., Acxiom Corporation, The Hertz Corporation, Culligan International, Inc. and SCI Solutions.

JEAN-LOUIS FONTAINE (G)		Class A shares	Class B subordinate shares	Deferred Stock Units (B)	
	Vice Chairman of Bombardier Director since 1975 Westmount, Québec, Canada Age: 67 Not independent	2007	4,097,472	6,465	0
		2006	4,097,472	6,465	0
		Change	—	—	—


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 Boards of Directors of AXA Assurances Inc. and Héroux-Devtek Inc.

DANIEL JOHNSON		Class A shares	Class B subordinate shares	Deferred Stock Units (B)	
	Counsel, McCarthy Tétrault LLP, barristers and solicitors Montréal, Québec, Canada Age: 62 Director since 1999 Member of the Audit Committee and the Retirement Pension Oversight Committee Independent	2007	0	1,200	87,574
		2006	0	1,200	70,265
		Change	—	—	17,309


A former Prime Minister 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 Great-West Life Assurance Company, London Life Insurance

Company, The Canada Life Assurance Company, IGM Financial Inc. and the Chairman of the Board of Directors of Victrom Human Bionics Inc. He is also Honorary Consul of Sweden in Montréal.

JEAN C. MONTY		Class A shares	Class B subordinate shares	Deferred Stock Units (B)	
	Corporate Director Montréal, Québec, Canada Age: 59 Director since 1998 Chairman of the Human Resources and Compensation Committee Member of the Corporate Governance and Nominating Committee Independent	2007	25,000	175,000	147,067
		2006	25,000	175,000	111,676
		Change	—	—	35,391


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 Vice Chairman of the Board of Directors of Centria Inc., Chairman of the Board and Chief Executive Officer of Centria Commerce Inc., Chairman of the Board of Directors of Emergis Inc. and a director of Fiera Capital Inc.

ANDRÉ NAVARRI		Class A shares	Class B subordinate shares	Deferred Stock Units (B)	
	President of Bombardier Transportation Executive Vice President of Bombardier Paris, France Age: 54 Director since 2004 Not independent	2007	0	50,000	0
		2006	0	50,000	0
		Change	—	—	—


Mr. André Navarri has been President of Bombardier Transportation since February 22, 2004 and, since December 13, 2004, Executive Vice President of Bombardier joining Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace, in the Office of the President. On that same date, he also became a member of the Board of Directors of Bombardier. He is a member of the Supervisory Board of Corep Lighting S.A. Prior to February 22, 2004, he was President-Operations of Alcatel, a worldwide supplier of telecom equipment

from September 2001 to December 2002. From May 1999 to May 2000, he served as Chief Operating Officer, then from May 2000 to March 2001 as Chairman and Chief Executive Officer of Valeo, a worldwide automotive component maker. From April 1996 to April 1999, he was President of the Transport Sector of Alstom, a worldwide specialist in power, marine and transportation equipment. In May 2005, he was named Chairman of the Association of the European Railways Industries (UNIFE).

CARLOS E. REPRESAS		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Chairman of the Board, Nestlé Group Mexico, a food and beverage company Mexico City, Mexico Age: 61 Director since 2004 Member of the Human Resources and Compensation Committee and the Retirement Pension Oversight Committee Independent</p>	2007	0	0	60,100
	2006	0	0	40,415
	Change	—	—	19,685


Mr. Carlos E. Represas has been Chairman of Nestlé Group Mexico since 1983. He has been a member of the Board of Directors of Vitro, S.A. de C.V. since 1998 and of the Board of Directors of Dreyer's Grand Ice Cream Holdings, Inc. since 2003. 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		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Chairman of World Economic Forum USA Inc. New York, New York, United States Age: 66 Director since 2006 Member of the Audit Committee Independent</p>	2007	0	0	21,267
	2006	0	0	0
	Change	—	—	21,267


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 director of Medtronic Inc. and Eurazeo.

FEDERICO SADA G.		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>President and Chief Executive Officer, Vitro, S.A. de C.V., a glass producing company Garza, Garcia, Mexico Age: 57 Director since 2003 Member of the Corporate Governance and Nominating Committee Independent</p>	2007	0	0	100,319
	2006	0	0	68,512
	Change	—	—	31,807

Mr. Federico Sada G. joined Vitro, S.A. de C.V. in 1974, and on January 1, 1994, he was appointed as its President and Chief Executive Officer. He is a member of the Boards of Directors of Vitro, S.A. de C.V., Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), Regio Empresas, and University of Texas MD Anderson Cancer Center. He is a former Chairman of the Mexican Council for Foreign Trade (COMCE), President of the Mexico-

France Bilateral Committee of the Mexican Council for Foreign Trade (COMCE), Chairman of the Fundación Pro Museo Nacional de Historia (Castillo de Chapultepec), A.C., and Chairman of Trustees of Parque Ecológico Chipinque. He is also a member of the International Business Council of the World Economic Forum, and the World Business Council for Sustainable Development based in Geneva, Switzerland.

HEINRICH WEISS		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Chairman and Chief Executive Officer, SMS GmbH, holding of an international group of corporations active in plant construction and mechanical engineering related to the processing of steel, non-ferrous metals and plastics</p> <p>Dusseldorf, Germany Age: 64</p> <p>Director since 2005 Member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee Independent</p>	2007	0	0	75,079
	2006	0	0	36,754
	Change	—	—	38,325

Dr. Heinrich Weiss is also a member of the Supervisory Boards of SMS Demag AG, Commerzbank AG, Deutsche Bahn AG, Thyssen-Bornemisza Group and Voith AG. He is Chairman of the Foreign Trade Advisory Council to the German

Secretary of Economics and Labour, 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

- (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 either, in the case of our non-executive directors, namely Mrs. Janine Bombardier and Messrs. André Bérard, L. Denis Desautels, Michael J. Durham, Daniel Johnson, Jean C. Monty, Carlos E. Represas, Jean-Pierre Rosso, Federico Sada G. 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 13 of this Management Proxy Circular, or, in the case of our Chairman of the Board and Chief Executive Officer, 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 16 of this Management Proxy Circular. The number of Deferred Stock Units for each of our non-executive directors has been calculated as at January 31, 2007.
- (C) As part of his compensation for the financial year ended January 31, 2006, Mr. Laurent Beaudoin, as Chief Executive Officer of our Corporation, received an annual incentive of \$1,400,000 which he elected to be paid to him in the form of 400,000 Deferred Stock Units (\$3.50 per Unit) pursuant to the Deferred Stock Unit Plan for Senior Officers. Please refer to note (6) of the Summary Compensation Table on page 15 of this Management Proxy Circular.
- (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 our directors is 72 years of age, unless otherwise determined by our Board of Directors. Although Mrs. Janine Bombardier has 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 Mrs. Bombardier as a director of the Corporation during their Annual Meeting to be held on Tuesday, May 29, 2007.
- (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 61,973,490 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.
- (I) The information appearing on pages 6 to 10 of this Management Proxy Circular is provided as at January 31, 2007.

The following table sets forth the number of meetings of our Board of Directors and its Committees held between February 1, 2006 and

January 31, 2007 and the record of attendance of the nominees for election to the Board of Directors at these meetings:

Nominees	Board of Directors ⁽¹⁾ 11 meetings	Audit Committee 6 meetings	Corporate Governance and Nominating Committee ⁽²⁾ 4 meetings	Human Resources and Compensation Committee 8 meetings	Retirement Pension Oversight Committee 4 meetings	Individual Attendance rate
Laurent Beaudoin ⁽³⁾	11/11 = 100%	—	—	—	—	100%
Pierre Beaudoin	11/11 = 100%	—	—	—	—	100%
André Bérard ^{(4) (5)}	10/11 = 91%	6/6 = 100%	—	4/4 = 100%	4/4 = 100%	96%
J.R. André Bombardier	11/11 = 100%	—	—	—	—	100%
Janine Bombardier	10/11 = 91%	—	—	—	—	91%
L. Denis Desautels ⁽⁶⁾	11/11 = 100%	6/6 = 100%	—	—	4/4 = 100%	100%
Michael J. Durham	11/11 = 100%	6/6 = 100%	—	—	4/4 = 100%	100%
Jean-Louis Fontaine	11/11 = 100%	—	—	—	—	100%
Daniel Johnson ⁽⁷⁾	10/11 = 91%	6/6 = 100%	2/2 = 100%	—	4/4 = 100%	96%
Jean C. Monty ⁽⁸⁾	10/11 = 91%	—	4/4 = 100%	8/8 = 100%	—	96%
André Navarri	11/11 = 100%	—	—	—	—	100%
Carlos E. Represas	10/11 = 91%	—	—	6/8 = 75%	2/4 = 50%	78%
Jean-Pierre Rosso ⁽⁹⁾	4/7 = 57%	3/3 = 100%	—	—	—	70%
Federico Sada G.	9/11 = 82%	—	3/4 = 75%	—	—	80%
Heinrich Weiss ⁽¹⁰⁾	9/11 = 82%	2/3 = 67%	2/2 = 100%	3/4 = 75%	—	80%
Overall Attendance Rate	93%	97%	92%	88%	90%	92%

- (1) Includes the two special sessions for the review of the strategic plan, business plan and budget of the Corporation.
- (2) Mr. James E. Perrella is currently the Chairman of the Corporate Governance and Nominating Committee and also our Lead Director. However, he has tendered his resignation as a director of the Corporation. It has been accepted and, as a result, it will become effective the day before the Annual Meeting of shareholders on Tuesday, May 29, 2007.
- (3) The Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is not a member of any of the Committees of our Board; however he is entitled to attend and to participate in all the meetings of the Committees but not to vote.
- (4) Mr. André Bérard is the Chairman of the Retirement Pension Oversight Committee.
- (5) Mr. André Bérard was a member of the Human Resources and Compensation Committee from February 1, 2006 until May 30, 2006.
- (6) Mr. L. Denis Desautels is the Chairman of the Audit Committee.
- (7) Mr. Daniel Johnson was a member of the Corporate Governance and Nominating Committee from February 1, 2006 until May 30, 2006.
- (8) Mr. Jean C. Monty is the Chairman of the Human Resources and Compensation Committee.
- (9) On May 30, 2006, Mr. Jean-Pierre Rosso was elected as a director of the Corporation and became a member of the Audit Committee.
- (10) On May 30, 2006, Mr. Heinrich Weiss ceased to be a member of the Audit Committee and became a member of both the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee.

To our knowledge 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 10 years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that, while such person was acting in that capacity:
- (i) was 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;
- (ii) was subject to an event that 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) 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 the 10 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:

Michael J. Durham – Mr. Durham was a member of the Board of Fairchild Dornier GmbH until April 2002, approximately two months prior to the date on which the insolvency procedures over the estate of Fairchild Dornier GmbH were opened in Germany.

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.

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.

Federico Sada G. – Mr. Sada was the non-Executive Chairman and a director of Anchor Glass Container Corporation in the United States when it filed for protection under Chapter 11 of the U.S. Bankruptcy Code on September 13, 1996.

Appointment of Auditors

Our management proposes that Ernst & Young, LLP, chartered accountants, be appointed as our external auditors and that our directors be authorized to fix their remuneration.

For each of the financial years ended January 31, 2007 and 2006, Ernst & Young, LLP, billed us the following fees for services:

Fees	Financial Year Ended January 31, 2007	Financial Year Ended January 31, 2006
Audit fees	US\$ 12,809,000	US\$ 13,147,000
Audit-related fees	US\$ 736,000	US\$ 935,000
Tax fees	US\$ 1,666,000	US\$ 2,297,000
All other fees	US\$ 159,000	US\$ 88,000
Total Fees	US\$ 15,370,000	US\$ 16,467,000

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 our auditors for the audit of our annual financial statements and those of our subsidiaries and the review of our quarterly financial statements as well as services normally provided by our external auditors in connection with statutory and regulatory filings and engagements; “Audit-related fees” refers to the aggregate fees billed for assurance and related services by our external auditors that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit fees”; “Tax fees” refers to the aggregate fees billed for professional services rendered by our external auditors for tax compliance, tax advice, and tax planning; and “All other fees” refers to the aggregate fees billed for products and services provided by our external auditors, other than “Audit fees”, “Audit-related fees” and “Tax fees”.

Our Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the independence of our external auditors.

The Audit Committee has adopted a policy that prohibits us from engaging our external auditors for “prohibited” categories of non-audit services and requires pre-approval by such 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 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 and Messrs. André Bérard, Michael J. Durham, Daniel Johnson and Jean-Pierre Rosso are its other members. Each of them is independent and financially literate within the meaning of Multilateral 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 (Chair) – Mr. Desautels, F.C.A., has a Bachelor of Commerce degree from McGill University. He served as 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 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 Vice Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants and a member of the National Awards in Governance Advisory Committee of the Conference Board of Canada. He is presently an Executive-in-residence at the School of Management of the University of Ottawa.

André Bérard – Mr. Bérard has a Fellow’s Diploma of the Institute of Canadian Bankers. He attended the Special Management Program at Harvard University. 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 has been a member of the Audit Committee of Bombardier since 2004 as well as the audit committee of BCE Inc., BMTC Group Inc. and Transforce Income Fund.

Michael J. Durham – Mr. Durham has a B.A., Economics, from the University of Rochester and an M.B.A., Finance and Accounting, from Cornell University. For over 20 years, he held various positions of increasing responsibilities with AMR Corporation in the finance area. Among others, he was Treasurer of AMR Corporation in 1989 and Senior Vice President, Finance and Chief Financial Officer of American Airlines, Inc. from 1989 to 1995. After having been President of Sabre Technology Group, he acted as President and Chief Executive Officer of Sabre, Inc., a company listed on the New York Stock Exchange from 1995 to 1999.

Daniel Johnson – A law graduate of Université de Montréal and a member of the Québec bar since 1967, Mr. Johnson also holds LL.M. and Ph.D. degrees from the University of London (UK), as well as an M.B.A. from Harvard University. 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 Committee on Planning, Regional Development and

the Environment and of the Legislation Committee. He became Leader of the Québec Liberal Party in December 1993, was Prime Minister of the Province of Québec until September 1994, and Leader of the Official Opposition until May 1998.

Jean-Pierre Rosso – Mr. Rosso 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. As a director of Medtronic Inc. since 1998, Mr. Rosso was Chairman of its Audit Committee until August 2006 and he continues to be one of its members.

Section 3: Remuneration of our Non-Executive Directors and Executive Officers

Remuneration of our Non-Executive Directors

Since February 1, 2006, our non-executive directors receive an annual Board retainer of \$66,000. They also earn attendance fees of \$2,500 for each Board or Committee meeting attended. Everytime a non-executive director has a one-way travel time of three hours or more from his or her residence, he or she is also entitled to travel fees of \$2,500 to attend a meeting. In addition, a non-executive director receives additional annual fees of \$10,000 for presiding over a Committee of the Board of Directors, except for the Chairman of the Audit Committee, who receives additional annual fees of \$20,000. Committee members receive additional annual fees of \$5,000. All of the dollar amounts mentioned above in relation to our non-executive directors' remuneration are in Canadian dollars for a non-executive director who is a resident of Canada and in US dollars for a director who is not a resident of Canada.

Director Deferred Stock Unit Plan

To encourage our non-executive directors to better align their interests with those of our shareholders by having an investment in the Corporation, we implemented, on April 1, 2000, a Director Deferred Stock Unit Plan, or the DDSU Plan, which was amended as of October 1, 2003, and February 1, 2006. Our DDSU Plan, as amended, provides that our non-executive directors are required to receive the entirety of their annual Board retainer in the form of Director Deferred Stock Units, or DDSUs, effective October 1, 2003, for at least six consecutive periods

of twelve months each starting on October 1, 2003, and that, 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, our non-executive directors may elect to receive 50% or more of any other remuneration (i.e., attendance fees and fees received by Committee chairs and members) in the form of DDSUs. Each DDSU has a value equal to the market value of our Class B subordinate shares at the time DDSUs are credited to the non-executive director. DDSUs take the form of a bookkeeping entry credited to the account of the non-executive director which cannot be redeemed for cash for as long as the non-executive director remains a member of our Board of Directors. All of a non-executive director's DDSUs will, upon request by such non-executive director, be redeemed for cash by us after he or she ceases to be a member of our 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 market value of our Class B subordinate shares at the time 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 our Class B subordinate shares.

The following table shows the remuneration earned by our non-executive directors during the financial year ended January 31, 2007:

Financial Year Ended January 31, 2007	Retainer		Total	Attendance Fees		Total	Travel Fees ⁽³⁾	Total Fees Earned	Total Fees Paid in Cash	Total Fees Credited in DDSUs
	Board ⁽¹⁾	Committee	Retainer	Board ⁽²⁾	Committee	Attendance Fees				
Non-Executive Director	Board ⁽¹⁾	Committee	Retainer	Board ⁽²⁾	Committee	Attendance Fees	(\$)	(\$)	(\$)	(#)
André Bérard	66,000	16,667	82,667	25,000	35,000	60,000	—	142,667	—	37,072
Janine Bombardier	66,000	—	66,000	25,000	—	25,000	—	91,000	—	23,798
L. Denis Desautels	66,000	25,000	91,000	27,500	25,000	52,500	—	143,500	77,500	17,309 ⁽⁴⁾
Michael J. Durham ⁽³⁾	66,000	10,000	76,000	27,500	25,000	52,500	17,500	146,000	80,000	19,685 ⁽⁴⁾
Daniel Johnson	66,000	11,667	77,667	25,000	30,000	55,000	—	132,667	66,667	17,309 ⁽⁴⁾
Jean C. Monty	66,000	15,000	81,000	25,000	30,000	55,000	—	136,000	—	35,391
Carlos E. Represas ⁽³⁾	66,000	10,000	76,000	25,000	20,000	45,000	12,500	133,500	67,500	19,685 ⁽⁴⁾
Jean-Pierre Rosso ⁽³⁾	44,000	3,333	47,333	10,000	7,500	17,500	7,500	72,333	—	21,267
Federico Sada G. ⁽³⁾	66,000	5,000	71,000	22,500	7,500	30,000	7,500	108,500	—	31,807
Heinrich Weiss ⁽³⁾	66,000	8,333	74,333	22,500	17,500	40,000	15,000	129,333	—	38,325

(1) The annual Board retainer of \$66,000 has been fully credited to each non-executive director in DDSUs.

(2) Includes two special sessions for the review of the strategic plan, business plan and budget of the Corporation.

(3) This non-executive director receives his/her remuneration in US dollars and is also entitled to travel fees of \$2,500 for each meeting which he or she attended. A non-executive director is entitled to receive additional fees of \$2500 everytime he or she has a one-way travel time of three hours or more from his or her residence to attend a meeting.

(4) This non-executive director has elected to receive only his annual Board retainer of \$66,000 in the form of DDSUs as more fully explained above.

Stock Option Plan for the Benefit of Non-Executive Directors

Effective October 1, 2003, we abolished our stock option plan for the benefit of our non-executive directors, or the Directors' Plan, which had provided for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 of our Class B subordinate shares. Despite the fact that we abolished the Directors' Plan, it continues to apply to outstanding, unexercised options. As at January 31, 2007, options for a total of 80,000 Class B subordinate shares had been granted and were outstanding.

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.

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 provided, however, that an optionee shall not have purchased more than 20% of the aggregate number of shares covered by his or her 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 or her option at the expiration of the second year following the date of granting such option, more than 60% of the aggregate number of shares covered by his or her option at the expiration of the third year following the date of granting such option and more than 80% of the aggregate number of shares covered by his or her option at the expiration of the fourth year following the date granting of such option. However, a director who, upon the date of his or her mandatory retirement, will have been a director of Bombardier for at least five years, will then be entitled, during the period of twelve months following such retirement, to exercise his or her option with respect to all the shares for which such option will not then have been exercised.

Options Exercised in the most recently Completed Financial Year

During the financial year ended January 31, 2007, no options were exercised to acquire Class B subordinate shares under the Directors' Plan.

Remuneration of Named Executive Officers Summary Compensation Table

The Summary Compensation Table shows certain compensation information for (i) our Chairman of the Board and Chief Executive Officer, (ii) our Senior Vice President and Chief Financial Officer and (iii) our three most highly compensated corporate management executive officers (all of whom are collectively referred to as our "Named Executive

Officers" in this Management Proxy Circular), for services rendered in all capacities during the financial years ended January 31, 2007, 2006 and 2005. This information includes base salaries, bonus awards, the dollar amount of performance share units granted and certain other forms of compensation, whether actually paid or deferred.

Name and Principal Position	Year Ended January 31	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$) ⁽¹⁾	Other Annual Compensation (\$) ⁽²⁾	Awards			
					Securities Under Options Granted (#)	Performance Share Units (\$) ⁽³⁾	LTIP Payouts (\$)	
Laurent Beaudoin Chairman and Chief Executive Officer	2007 2006 2005	— — —	2,285,000 ⁽⁴⁾ 1,400,000 ⁽⁶⁾ —	1,415,703 ⁽⁵⁾ 1,415,703 ⁽⁵⁾ 1,415,703 ⁽⁵⁾	— — —	— — —	— — —	— — —
Pierre Beaudoin President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President	2007 2006 2005	1,050,000 1,000,000 1,000,000	393,750 735,000 330,000	— — —	400,000 300,000 400,000	325,000 250,000 —	— — —	— — —
André Navarri President of Bombardier Transportation and Executive Vice President	2007 2006 2005	1,166,673 ⁽⁷⁾ 1,153,588 ⁽⁷⁾ 1,198,102 ⁽⁷⁾	1,004,926 ⁽⁷⁾ 1,038,508 ⁽⁷⁾ 503,302 ⁽⁷⁾	— — —	400,000 300,000 388,000	325,000 250,000 —	— — —	— — —
Pierre Alary Senior Vice President and Chief Financial Officer	2007 2006 2005	560,000 540,000 540,000	442,512 445,500 548,208 ⁽⁸⁾	— — —	125,000 100,000 250,000	162,500 125,000 —	— — —	— — —
Carroll L'Italien Senior Vice President and Chief Talent Officer	2007 2006 2005	525,000 525,000 525,000	414,855 433,125 532,980 ⁽⁸⁾	— — —	100,000 100,000 100,000	130,000 100,000 —	— — —	— — —

(1) Bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.

(2) The value of benefits not exceeding the lesser of \$50,000 or 10% of the sum of salary and bonuses has been omitted.

(3) The amounts shown represent awards issued under the Performance Share Unit ("PSU") Plan, valued, as of the date of grant, on a share price of \$3.25 for 2007 which was the closing price on the Toronto Stock Exchange of the Class B subordinate shares on June 7, 2006. For 2006, the share price was \$2.50. The number of PSUs granted to each Named Executive Officer for 2007 is presented on page 20 of this Management Proxy Circular. The aggregate number of PSUs held by each Named Executive Officer and their value at January 31, 2007, based on the Class B subordinate share price of \$4.45, was: 0 (\$0) by Mr. Laurent Beaudoin, 200,000 (\$890,000) by Mr. Pierre Beaudoin, 200,000 (\$890,000) by Mr. André Navarri, 100,000 (\$445,000) by Mr. Pierre Alary and 80,000 (\$356,000) by Mr. Carroll L'Italien.

(4) This sum is paid in the form of 487,205 Deferred Stock Units (\$4.69 per Unit) pursuant to the Deferred Stock Unit Plan for Senior Officers described on page 16 of this Management Proxy Circular. See also the report of the Human Resources and Compensation Committee at pages 25 and 26 of this Management Proxy Circular.

(5) This sum includes \$1,115,703 paid to Mr. Beaudoin as pension benefits (please refer to page 21 of this Management Proxy Circular) and \$300,000 paid to Mr. Beaudoin for his services as Chairman of the Board.

(6) This sum was paid in the form of 400,000 Deferred Stock Units (\$3.50 per Unit) pursuant to the Deferred Stock Unit Plan for Senior Officers described on page 16 of this Management Proxy Circular.

(7) Mr. Navarri was appointed President of Bombardier Transportation on February 22, 2004. His remuneration is paid in euros and an exchange rate of CAN\$1.4337 for 2007, CAN\$1.4889 for 2006 and CAN\$1.6490 for 2005 was used for conversion into Canadian dollars.

(8) For the financial year ended January 31, 2005, the bonus payable to certain senior corporate officers was paid, on April 29, 2005, 50% in cash and 50% in the form of units. The number of units granted on that date was based on the dollar amount of the portion of the bonus payable in units divided by the closing price of the Class B subordinate shares on the date of grant. The units will be converted into cash payments on the third anniversary of the date of grant based on the closing price of the Class B subordinate shares on that date.

Deferred Stock Unit Plan for Senior Officers

Under the Deferred Stock Unit Plan for Senior Officers, introduced in respect of the financial year ended January 31, 2006, 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 DSUs. The number of DSUs credited to a senior officer who elects to participate in this plan is based on the value of our Class B subordinate shares, this value being determined in accordance with the terms of the plan. In addition, when we pay dividends on our Class B subordinate shares, additional DSUs are credited to the account of the participating senior officer. Upon the senior officer ceasing to be a senior officer (as a result of retirement, death, permanent disability, termination, or otherwise), the DSUs are automatically redeemed and converted to cash on the basis of the market value of our Class B subordinate shares when the conversion takes place.

Long-Term Incentive Plans

Prior to August 1, 2005, the long-term incentive plan offered to our key employees and those of our subsidiaries consisted of a Stock Option Plan. However, on March 29, 2005, upon the recommendation of the Human Resources and Compensation Committee, our Board of Directors approved a new Performance Share Unit Plan, which became effective on August 1, 2005. The criteria pursuant to which stock options are to be granted under the Stock Option Plan were also reviewed at the same time. The size of option grants to be awarded to our employees was reduced in order to take into account the value of the performance share units they would receive. No other changes were made to the rules of the Stock Option Plan, whose provisions are described below. A description of the Performance Share Unit Plan is provided on page 19 of this Management Proxy Circular.

Stock Option Plan

Our Stock Option Plan provided, prior to the amendments adopted on March 27, 2007 (as further explained on page 17 of this Management Proxy Circular) for the granting to our key employees and those of our subsidiaries of non-assignable options to purchase an aggregate number of Class B subordinate shares which may not exceed 133,782,688. The Stock Option Plan further provided that the number of shares reserved for issuance shall not exceed 10% of all our issued and outstanding Class A shares and Class B subordinate shares combined and that no single person may hold options to acquire shares representing more than 5% of all our issued and outstanding Class A shares and Class B subordinate shares combined. In addition, in any given one-year period, insiders and their associates may not be issued under the Stock Option Plan a number of shares exceeding 5% of all our issued and outstanding Class A shares and Class B subordinate shares combined. Furthermore, as of April 30, 2003, the number of Class B subordinate shares reserved for issuance to insiders under the Stock Option Plan was fixed at 26,910,324.

As at April 13, 2007, 30,266,342 Class B subordinate shares had been issued and 60,653,196 Class B subordinate shares remained issuable under future option grants pursuant to the Stock Option Plan representing, respectively, 1.73% and 3.46% of all our issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 42,863,150 Class B subordinate shares are issuable under options already granted (i.e., unexercised options that have neither expired nor been cancelled), representing 2.45% of all our issued and outstanding Class A shares and Class B subordinate shares combined.

The option price is equal to the weighted average trading price of our 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. The option price is payable in full at the time the option is exercised.

Unless otherwise determined by our Board of Directors, options granted prior to May 27, 2003 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, in respect of options granted prior to May 27, 2003, an optionee may not purchase more than 25% of the aggregate number of shares covered by his or her option at the expiration of the third year following the date of granting such option, more than 50% of the aggregate number of shares covered by his or her option at the expiration of the fourth year following the date of granting such option and more than 75% of the aggregate number of shares covered by his or her option at the expiration of the fifth year following the date of granting such option. As a general rule, the number of Class B subordinate shares granted to each key employee is based on a multiple that is directly related to the key employee's management level in Bombardier or one of our subsidiaries.

On May 27, 2003, our Board of Directors approved certain amendments to the Stock Option Plan, including modifications to the applicable vesting periods. Options granted after May 27, 2003 are exercisable during periods commencing not earlier than the first anniversary of the date of granting and terminating no later than seven years after such date of granting. Furthermore, an optionee may not purchase more than 25% of the aggregate number of shares covered by his or her option at the expiration of the second year following the date of granting such option, more than 50% of the aggregate number of shares covered by his or her option at the expiration of the third year following the date of granting of such option and more than 75% of the aggregate number of shares covered by his or her option at the expiration of the fourth year following the date of granting of such option. In addition, the optionee shall, following the purchase of such shares, remain the direct owner of at least 25% of the number of shares purchased for a period of at least one year following the date of purchase.

On March 30, 2004, our Board of Directors approved additional amendments to the Stock Option Plan which introduced performance vesting criteria. According to this additional requirement, an optionee shall only be entitled to purchase shares covered by his or her option if, within the twelve (12) month period preceding the date on which

the optionee has the right to purchase shares in accordance with the Stock Option Plan, the weighted average trading price of such shares, during a period of twenty-one (21) consecutive trading days, is greater than or equal to a target price threshold established at the time the option was granted to the optionee. If, within such twelve (12) month period, the weighted average trading price of the shares has not reached the set target price threshold, then the optionee shall be entitled to purchase such shares only upon the same terms, conditions and with the target price threshold applicable to the next tranche (i.e., 25%) of the aggregate number of shares covered by his or her options as determined under the Stock Option Plan. If the target price threshold that has not been reached within such twelve (12) month period is the final target price threshold established with respect to a particular option grant, then the right of the optionee to purchase such shares can be exercised if, at any time after that twelve (12) month period, the weighted average trading price for such shares, during a period of twenty-one (21) consecutive trading days, is greater than or equal to such final target price threshold as established for the remaining term of the option. Furthermore, once the target price threshold for any particular tranche of shares underlying an option has been reached in accordance with the above, the right of the optionee to purchase shares may thereafter be exercised notwithstanding any further variation in the weighted average trading price of such shares. The approved target price thresholds for options granted during the periods from June 2005 to May 2006 and from June 2006 to May 2007 respectively are presented in the Pay-for-Performance Table on page 25 of this Management Proxy Circular. Shareholder approval of the above amendments was not required by the Toronto Stock Exchange. These amendments apply to all options granted after May 27, 2003.

On March 29, 2005, the management level as of which a key employee becomes entitled to be granted a stock option was also raised and the recommended size of the grant was reduced.

On March 27, 2007, our Board of Directors approved certain administrative amendments to the Stock Option Plan with respect to the approval of amendments to the Stock Option Plan in accordance with the Toronto Stock Exchange Staff Notice 2005-0001 and further amendments to update limitations regarding insiders participation. Such amendments introduced further limitations to the effect that the number of shares issued to insiders within any one year cannot exceed 10% of all our issued and outstanding Class A shares and Class B subordinate shares combined. Shareholder approval of such amendments is not required by the Toronto Stock Exchange. In addition, our Board of Directors has approved, on the same date, further amendments to the Stock Option Plan in order to introduce a detailed amendment procedure and provisions that will allow for the extension of the expiration dates of stock options under certain circumstances. Such amendments are set out in Schedule "A", at pages 36 and 37 of to this Management Proxy Circular, and will be submitted to the shareholders of the Corporation for their approval during their Annual Meeting on Tuesday, May 29, 2007.

For options granted since March 22, 2002 and in the circumstances detailed below, optionees must exercise their options prior to the applicable expiration date and:

- in the case of "normal" retirement, options must be exercised during the three years following the date on which retirement commenced and the regular vesting rules continue to apply during this three-year period;
- in the case of early retirement authorized under an approved retirement plan and authorized leave of absence (including for sickness), options must be exercised within one year following the date on which the early retirement or authorized leave of absence commenced and, as of and from the date of early retirement or authorized leave of absence, the optionee's options are "frozen" and do not continue to vest;
- in the case of death, the legal representatives of the deceased optionee must exercise all options within 60 days commencing on the later of the date of death and the date of receipt of all required succession duty releases (if applicable), and, as of and from the date of death, the deceased optionee's options are "frozen" and do not continue to vest; and
- in the event of termination of employment or resignation by an optionee, such person's options shall terminate on the date of termination or resignation, as the case may be, unless otherwise determined by Human Resources and Compensation Committee.

In each of the above cases, all options that are not exercised prior to the end of the relevant period shall be deemed to have lapsed.

No option granted under the Stock Option Plan or any right in respect thereof may be transferred or assigned other than by will or in accordance with the laws of succession, and no option may be exercised by anyone other than the optionee during his or her life. Our Board of Directors may, subject to receiving the required regulatory approvals, amend or terminate the Stock Option Plan; however, no such amendment or termination shall affect the terms and conditions applicable to unexercised 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 following table sets forth, as at January 31, 2007, the information with respect to the Stock Option Plan pursuant to which equity securities of the Corporation are authorized for issuance:

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	(c) Number of securities remaining available for further issuance under equity compensation plans [excluding securities reflected in column (a)]
Equity compensation plans approved by securityholders	44,529,150	\$6.89	58,993,446
Equity compensation plans not approved by securityholders	—	—	—
Total	44,529,150	\$6.89	58,993,446

Granting of Stock Options to our Named Executive Officers during the Financial Year Ended January 31, 2007

The following table sets forth information with respect to stock options granted to our Named Executive Officers during the financial year ended January 31, 2007:

Name	Securities under Options Granted (#)	% of Total Options Granted to Employees in the Financial Year	Exercise or Base Price ⁽¹⁾ (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant ⁽¹⁾ (\$/Security)	Expiration Date
Laurent Beaudoin	—	—	—	—	—
Pierre Beaudoin	400,000	5.00%	\$3.22	\$3.22	June 6, 2013
André Navarri	400,000	5.00%	\$3.22	\$3.22	June 6, 2013
Pierre Alary	125,000	1.56%	\$3.22	\$3.22	June 6, 2013
Carroll L'Italien	100,000	1.25%	\$3.22	\$3.22	June 6, 2013

(1) The exercise price of the stock options in this table is equal to the weighted average trading price of our Class B subordinate shares on the Toronto Stock Exchange on the five trading days before the grant was effective.

Options Exercised during the Financial Year ended January 31, 2007 and Year-End Options Values

The following table summarizes for each of our Named Executive Officers the number of stock options exercised during the financial year ended January 31, 2007, the aggregate value realized upon exercise and the total number and value of unexercised options held as at January 31, 2007. Value realized upon exercise is the difference between the closing price of our Class B subordinate shares on

the exercise date and the exercise price of the option. The value of unexercised options at financial year-end is the difference between the closing price of our Class B subordinate shares on the Toronto Stock Exchange on January 31, 2007, namely \$4.45, and the exercise price.

Exercised and Unexercised Stock Options Financial Year Ended January 31, 2007

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year-End ⁽¹⁾		Date of Grant	Exercise Price (\$)	Value of Unexercised Options at Financial Year-End	
			Exercisable (#)	Unexercisable (#)			Exercisable (\$)	Unexercisable (\$)
Laurent Beaudoin	—	—	2,000,000	—	1999-03-22	10.605	0	—
Pierre Beaudoin	—	—	200,000	—	1999-03-22	10.605	0	—
	—	—	375,000	125,000	2002-03-27	14.580	0	0
	—	—	187,500	62,500 ⁽²⁾	2003-06-10	3.930	97,500	32,500
	—	—	200,000	200,000 ⁽²⁾	2004-06-10	4.320	26,000	26,000
	—	—	75,000	225,000 ⁽²⁾	2005-06-10	2.510	145,500	436,500
	—	—	—	400,000 ⁽²⁾	2006-06-07	3.220	—	492,000
André Navarri	—	—	119,000	119,000 ⁽²⁾	2004-02-24	6.850	0	0
	—	—	75,000	75,000 ⁽²⁾	2004-06-10	4.320	9,750	9,750
	—	—	75,000	225,000 ⁽²⁾	2005-06-10	2.510	145,500	436,500
	—	—	—	400,000 ⁽²⁾	2006-06-07	3.220	—	492,000
Pierre Alary	—	—	50,000	—	1998-09-01	8.745	0	—
	—	—	50,000	—	1999-03-22	10.605	0	—
	—	—	50,000	—	2001-05-02	22.580	0	—
	—	—	75,000	25,000 ⁽²⁾	2003-06-10	3.930	39,000	13,000
	—	—	125,000	125,000 ⁽²⁾	2004-06-10	4.320	16,250	16,250
	—	—	25,000	75,000 ⁽²⁾	2005-06-10	2.510	48,500	145,500
	—	—	—	125,000 ⁽²⁾	2006-06-07	3.220	—	153,750
Carroll L'Italien	—	—	400,000	—	1999-07-26	11.220	0	—
	—	—	135,000	45,000	2002-03-27	14.580	0	0
	—	—	90,000	30,000 ⁽²⁾	2003-06-10	3.930	46,800	15,600
	—	—	50,000	50,000 ⁽²⁾	2004-06-10	4.320	6,500	6,500
	—	—	25,000	75,000 ⁽²⁾	2005-06-10	2.510	48,500	145,500
	—	—	—	100,000 ⁽²⁾	2006-06-07	3.220	—	123,000

(1) The numbers of options indicated in the above table have been adjusted to take into account two-for-one stock splits of our Class B subordinate shares which took place on July 10, 1998 and July 7, 2000.

(2) Options may only be exercised when the weighted average trading price of our Class B subordinate shares shall have reached the set target price thresholds in accordance with the March 30, 2004 amendments to the Stock Option Plan as described at pages 16 and 17 of this Management Proxy Circular.

Performance Share Unit Plan

The purpose of the Performance Share Unit Plan, or the PSU Plan, which became effective on August 1, 2005, is to compensate our key employees and those of our subsidiaries who make a particular contribution to the creation of economic value for Bombardier and its shareholders.

Our key employees may be granted Performance Share Units, or PSUs, which represent the right to receive Class B subordinate shares on the vesting date upon the attainment of specified performance objectives. The vesting date is to be determined at the date of the grant and will not exceed three years of such date. PSUs vest if the average Return on Equity (ROE) over that period reaches specific targets set by our Board of Directors on the date of the grant. PSUs shall expire on the vesting date if the minimum ROE target is not met. The number of our Class B subordinate shares which may be delivered upon a vesting date could be increased if the ROE targets are exceeded. The approved targets and payout ranges for PSUs granted during the periods from June 2005 to May 2006 and from June 2006 to May 2007 respectively are presented in the Pay-for-Performance Table at

page 25 of this Management Proxy Circular. The PSU Plan is not dilutive in that PSUs are settled in Class B subordinate shares purchased on the secondary market.

Our Board of Directors may, subject to receiving regulatory approvals, if required, amend or terminate the PSU Plan. No such amendment or termination shall alter or impair any rights of a PSU holder previously granted without the consent of such PSU holder.

PSUs may vest or terminate prior to the vesting date in certain circumstances, including: (i) if the holder voluntarily resigns or is dismissed for cause, PSU grants shall expire; and (ii) if a PSU holder retires on or after age fifty-five and with five or more years of service with Bombardier or is dismissed without cause, the size of the grants will be reduced in proportion of the length of service between the award date and the date of departure to the length of the total period between the award and vesting dates. If the PSU holder retires on or after age 60 and with five or more years of service with Bombardier, dies or becomes disabled, the size of the grant shall not be affected by any of these events.

Granting of PSUs to our Named Executive Officers during the Financial Year Ended January 31, 2007

The following table sets forth information with respect to PSUs granted to our Named Executive Officers during the financial year ended January 31, 2007:

Name	Number of PSUs Granted ⁽¹⁾ (#)	% of Total PSUs Granted to Employees in the Financial Year	Expiration Date
Laurent Beaudoin	—	—	—
Pierre Beaudoin	100,000	2.22%	June 6, 2009
André Navarri	100,000	2.22%	June 6, 2009
Pierre Alary	50,000	1.11%	June 6, 2009
Carroll L'Italien	40,000	0.89%	June 6, 2009

(1) The PSU grants to each of our Named Executive Officers described in the above table were made on June 7, 2006, on which date the closing price of our Class B subordinate shares on the Toronto Stock Exchange was \$3.25. The closing price of our Class B subordinate shares on the Toronto Stock Exchange on January 31, 2007 was \$4.45.

Pension Plan

Our executives, including our Named Executive Officers, participate in two non-contributory defined benefit pension plans. Benefits payable from the basic plan correspond to 2% of average pensionable earnings in the three continuous years of service during which they were paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which, for 2007, is \$111,111) 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 pensionable earnings up to \$111,111 plus 1.75% of average pensionable earnings in excess of \$111,111, or
- 2.25% of average pensionable earnings, or
- 2.50% of average pensionable earnings,

multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan and any benefits payable from our other pension plans. Pensionable earnings include base salary

only, but excludes bonuses and any other compensation. 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 or her years of service total 85. No benefits are payable from the supplemental plan if a participant has not completed five years of service.

The following table sets forth total annual benefits payable at age 60 from the basic plan and the supplemental plan for Messrs. Pierre Beaudoin, André Navarri, Pierre Alary and Carroll L'Italien which, on the date of retirement of each one of them, will be based on 2.50% of their respective average pensionable earnings and accumulated number of years of credited service. 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 benefits payable from these plans are in addition to government social security benefits.

Annual Benefits Payable at Age 60

Average Pensionable Earnings	Years of Service				
	15	20	25	30	35
\$400,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000
\$500,000	\$187,500	\$250,000	\$312,500	\$375,000	\$437,500
\$600,000	\$225,000	\$300,000	\$375,000	\$450,000	\$525,000
\$700,000	\$262,500	\$350,000	\$437,500	\$525,000	\$612,500
\$800,000	\$300,000	\$400,000	\$500,000	\$600,000	\$700,000
\$1,000,000	\$375,000	\$500,000	\$625,000	\$750,000	\$875,000
\$1,200,000	\$450,000	\$600,000	\$750,000	\$900,000	\$1,050,000
\$1,400,000	\$525,000	\$700,000	\$875,000	\$1,050,000	\$1,225,000

Years of credited service as at January 31, 2007 for each of our Named Executive Officers are as follows:

Pierre Beaudoin	21 years and 5 months
André Navarri	2 years and 5 months
Pierre Alary	8 years and 5 months

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

Pierre Beaudoin	36 years and 10 months
André Navarri	9 years and 1 month
Pierre Alary	18 years and 11 months

The Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, reached the age of 60 in May 1998. Since October 1, 2003, he has received, pursuant to our basic pension and supplemental pension plans, an annual pension in the amount of \$1,115,703. Upon his death, his spouse will be entitled to receive a benefit equal to 60% of his pension benefits.

Mr. Carroll L'Italien, Senior Vice President and Chief Talent Officer, reached the age of 60 in October 2003. Pursuant to the basic pension plan and a special arrangement made with him under the supplemental pension plan, he would have been entitled to receive, had he retired as of January 31, 2007, an annual pension of \$247,905. The pension 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, 2007, Mr. L'Italien had 15 years of credited service.

Supplemental Pension Disclosure

The table below sets forth the cost of membership in the non-contributory defined benefit pension plans for the financial year ended January 31, 2007:

Name	Annual Cost of Membership
Laurent Beaudoin	—
Pierre Beaudoin	\$ 317,000
André Navarri	\$ 399,000 ⁽¹⁾
Pierre Alary	\$ 155,000
Carroll L'Italien	\$ 194,000

(1) An exchange rate of CAN\$1.4889 was used for conversion of euros into Canadian dollars.

The following table sets forth the reconciliation of the total obligations with respect to the pensions of each of our Named Executive Officers

between the beginning and end of the financial year ended January 31, 2007:

Name	Pension Obligation as of February 1, 2006	Change in Obligation During Year ⁽¹⁾	Pension Obligation as of January 31, 2007	Annual Pension Benefits at Age 65 ⁽²⁾
Laurent Beaudoin	\$13,513,000	(\$347,000)	\$13,166,000	\$1,115,703 ⁽³⁾
Pierre Beaudoin	\$6,308,000	\$1,097,000	\$7,405,000	\$1,050,000
André Navarri ⁽⁴⁾	\$729,000	\$332,000	\$1,061,000	\$411,000
Pierre Alary	\$1,142,000	\$299,000	\$1,441,000	\$335,000
Carroll L'Italien	\$2,641,000	\$598,000	\$3,239,000	\$301,000

(1) The change in obligation includes interest on the obligation at the beginning of the year, the cost of membership during the year, changes in interest rate assumptions as a result of changes in long-term bond yields, changes in salary and changes in exchange rates.

(2) Based on the most recently disclosed compensation levels.

(3) Mr. Laurent Beaudoin is already receiving such pension benefits.

(4) An exchange rate of \$1.4889 was used for conversion of euros into Canadian dollars of the pension obligation as of February 1, 2006 for Mr. André Navarri. An exchange rate of \$1.4337 was used for conversion of euros into Canadian dollars of the pension benefits and obligation as of January 31, 2007.

The amounts presented in the 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 obligations in our 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 our pension obligations with

those of other companies is of limited use and any such comparison should be used with caution. Under these assumptions, the supplemental plan for all our past and present executives worldwide has a total liability of \$291,538,000. As at January 31, 2007, there is an accrued benefit asset of \$14,924,000 recognized in the balance sheet of Bombardier in respect of these executives.

Employment Arrangements

Pursuant to our current employment practices, the compensation of each of our Named Executive Officers is revised and set on an annual basis by the Human Resources and Compensation Committee. The Report of the Human Resources and Compensation Committee, on pages 23 to 26 of this Management Proxy Circular, provides for more information on our executive compensation policy.

In addition to the foregoing, we have entered into an employment agreement with Mr. Navarri that is governed by French law. Accordingly, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of basic salary and target bonus in the event his employment is terminated by Bombardier.

On June 17, 1999, we have also entered into an employment agreement with Mr. L'Italien pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of basic salary in the event his employment is terminated by Bombardier.

As of the date of this Management Proxy Circular, no other termination or severance agreement or arrangement, including change-of-control arrangements, had been signed by Bombardier with any other Named Executive Officer.

Report of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee, or the HRCC, is responsible for monitoring the compensation policy of the Corporation that rewards the creation of shareholder value and reflects an appropriate balance between the short-term and long-term performance of Bombardier and for assessing the performance of the Corporation's senior executives and determining their compensation. The Committee also reviews, reports and provides recommendations to the Board of Directors on succession planning matters.

As of January 31, 2007, the HRCC consisted of four independent directors, namely Mr. Jean C. Monty who is its Chairman, and Messrs. James E. Perrella, Carlos E. Represas and Heinrich Weiss. The Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and the Senior Vice President and Chief Talent Officer, Mr. Carroll L'Italien, also attend meetings of the HRCC, but they do not have the right to vote on any matter before the HRCC. Messrs. Beaudoin and L'Italien do not participate in discussions concerning their own compensation and are required to leave the meetings when appropriate. The number of meetings held by the HRCC during the last financial year and the attendance records of its members are set out on page 11 of this Management Proxy Circular.

Independent consultant

The HRCC has the authority to retain any independent consultants to advise on total compensation policy matters, including fixing their fees and the terms and conditions of their engagement.

During 2006, the HRCC engaged Towers Perrin, a recognized independent external consultant, to provide advice and guidance on executive compensation matters. This includes conducting a comprehensive review of senior executive compensation relative to best market practices and obtaining their expertise with respect to the trends and practices of executive compensation. Towers Perrin reports directly to the HRCC on these matters. 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 Perrin. The HRCC reviewed both the mandate and performance of Towers Perrin, and found both to be satisfactory.

Towers Perrin earned \$237,000 as an executive compensation consultant to the HRCC. They also earned \$3,700,000 by providing consulting services to the management of Bombardier, mainly on actuarial valuation for funding and accounting purposes related to some of its pension and benefit plans worldwide.

During 2007, the HRCC intends to establish an arrangement whereby the HRCC will pre-approve additional work of a material nature assigned to an external executive compensation consultant and the HRCC will not approve any such work that, in its view, could compromise the independence of an external compensation consultant as advisor to the HRCC.

Leadership development and management succession

Bombardier is committed to the continued development of a strong leadership team which will drive our long term business success. This commitment was further strengthened early in the year when Mr. Carroll L'Italien, Senior Vice President, was also named Chief Talent Officer, and given a mandate to place an even greater emphasis on our leadership development processes. In doing so, he is building on the foundation of Bombardier's well-established performance management process (PMP) which directly links the achievement of business objectives with the personal development of leaders across the organization. The PMP sets the stage for our leadership development review and management succession sessions. The leadership development review and management succession sessions address overall leadership quality and depth, succession candidates for key positions, identification of high potentials and progress on development plans. The PMP originates in the operating groups and, after a series of escalating reviews, culminates in a detailed assessment of our leadership status by the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and Mr. L'Italien. A summary overview of this program is presented to the HRCC, which also monitors progress on the action plans identified in this program on a regular basis. A new feature introduced during 2006 is the formal periodic talent reviews during which a rigorous follow-up is conducted on the development plans of the organization's top 80 leaders. Three of these sessions were held during the year. These sessions are usually scheduled in conjunction with operational reviews, and involve the respective Group Presidents and the Group Vice Presidents for Human Resources.

Compensation policy of the Corporation

The compensation policy of the Corporation is designed to maximize the overall performance of Bombardier through the appropriate individual performance of its executives. The overall goals of the compensation policy are to attract, retain and motivate the executives to increase business performance and enhance shareholder value which support our pay-for-performance commitment. During the past year, the HRCC thoroughly reviewed and approved the Corporation's executive compensation policy based on the recommendation of Towers Perrin and in line with best market practices.

Bombardier's executive compensation policy focuses on total compensation: base salary, annual incentives, long-term incentives, pension, benefits and perquisites. Each of these components is considered in the benchmarking of the executive positions with the market. The Corporation's philosophy is to position the total executive compensation package at the median (50th percentile) of local markets.

Benchmarking is performed annually by Towers Perrin who are responsible for the gathering of comparator information relevant to Bombardier's executive positions. The composition of the comparator group is reviewed every year to ensure its continued relevance.

Base salary

Executive positions are benchmarked with positions of similar responsibility in their respective local markets. For example, executive positions based in Germany are compared with similar positions in German companies comparable in size and complexity with Bombardier. For Canadian-based positions, a comparator group including large Canadian companies with international operations is used.

Annual incentive plans

Our philosophy is to link our incentive plans to the overall performance of the Corporation.

The objective of our annual incentive plan is to motivate our 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 100% based on financial measures.

On February 19, 2006, the HRCC approved the financial drivers of the annual incentive plan for the financial year ended January 31, 2007. The bonus targets for Bombardier Aerospace and Bombardier Transportation were based on their respective figures for free cash flow and earnings before interest and taxes (EBIT). The HRCC considered measuring performance against a peer group but decided not to do it based on the lack of readily available competitive information. However, during the year, a periodic review of the activities of each operating group is made in order to monitor its financial and operational performance against the objectives that it has to meet for the year and also to assess its performance against its direct competitors in light of various comparative factors. For the Corporate Office, the bonus targets were based on a blended average of the Bombardier Aerospace and Bombardier Transportation results as well as specific corporate objectives. The weightings for the incentive plan for the financial year ended January 31, 2007 were as follows:

Objectives		
Bombardier Aerospace	Bombardier Transportation	Corporate Office
53% EBIT of the group and the divisions	50% EBIT of the group	45% Bombardier Aerospace objectives
47% Free Cash Flow of the group	50% Free Cash Flow of the group	45% Bombardier Transportation objectives
—	—	10% Corporate Office objectives

The plan specifies the target and maximum annual bonus as a percentage of base salary. These percentages vary based on the level of the position held, and the payout potential can reach twice of the target. The plan restricts the total bonus envelope to a predetermined percentage of EBIT for Bombardier Aerospace and Bombardier Transportation respectively. If the predetermined financial objectives are not met, all bonuses payable are proportionately reduced to remain within the limits of the bonus envelope. Accordingly, no bonus would be paid if EBIT for the year is nil or negative.

On March 26, 2007, the HRCC reviewed and approved the bonus payable for the financial year ended January 31, 2007, based on the following results:

- Bombardier Aerospace partially attained its EBIT and free cash flow targets and the bonus payout to eligible employees was impacted accordingly.
- Bombardier Transportation exceeded its EBIT and free cash flow targets; however, the bonus payout to eligible employees was reduced following the application of the bonus limit, defined as a percentage of Bombardier Transportation EBIT.
- Corporate Office bonus payout to eligible employees was based on the average results for Bombardier Aerospace and Bombardier Transportation and specific Corporate Office objectives that were exceeded.

Long-term incentive plans

Our long-term incentive objectives are to align our management's interest with shareholder value growth and to retain key talent. We grant long-term incentives on an annual basis, based on benchmark data of the comparator group and on individual executive performance. Bombardier's annual grant of stock options is within a 1% dilution limit.

The role of the HRCC is to review the provisions of the long-term incentive plans and to make appropriate recommendations to the Board of Directors to modify them, if required. It also determines the size of grants to be awarded by the Board of Directors to executives. On March 27, 2006, the 2006-2007 stock option and PSU plans and the aggregate number of stock options and PSUs to be granted were approved by the Board of Directors upon the recommendation of the HRCC. On May 29, 2006, the stock options and PSUs to be granted to each individual executive were approved by our Board of Directors upon the recommendation of the HRCC. These stock options and PSUs were granted on June 7, 2006.

In 2003, the Stock Option Plan (please refer to pages 16 to 19 of this Management Proxy Circular for details) was modified to include specific performance targets. In 2004, such performance targets were increased to better reflect market realities. Since 2003, the participants are required to keep at least 25% of shares purchased upon the exercise of options for a minimum of one year.

The Code of Ethics and Business Conduct of Bombardier provides that employees shall only trade on Bombardier shares within pre-determined periods and shall not trade on Bombardier shares if they are aware of undisclosed material information. In addition, the Code also provides that under no circumstances shall any employee engage in hedging activity or in any form of transactions of publicly traded options on Bombardier shares, or any other form of derivatives relating to Bombardier shares, including "puts" and "calls". Furthermore, no employee of Bombardier shall sell Bombardier shares that he or she does not own (a "short sale").

Pension plan, benefits and perquisites

Our objective is to have our pension and benefits at the median of our comparator group. We offer a limited number of perquisites, such as a company provided car and financial counseling to certain executives. We use external consultants to evaluate our pension, benefits and

perquisites and compare these results with the data of the comparator group. More information about our pension plan costs and features is available on pages 20 to 22 of this Management Proxy Circular.

Relative weighting of each compensation component

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

The following table sets forth the percentage of each component comprising our Named Executive Officers' total target direct compensation package during the financial year ended January 31, 2007:

Name	Base Salary	Annual Incentive	Mid-Term and Long-Term Incentive	Other Compensation
Laurent Beaudoin	0%	64%	0%	36% ⁽¹⁾
Pierre Beaudoin	32%	29%	40%	0%
André Navarri	32%	29%	40%	0%
Pierre Alary	37%	33%	30%	0%
Carroll L'Italien	37%	33%	30%	0%

(1) Retirement pension and fees received in his capacity as Chairman of the Board.

Pay-for-Performance Table

The following table sets forth the impact of performance on the total compensation earned by our Named Executive Officers during the financial year ended January 31, 2007:

Compensation component	Performance objectives	Results
Annual Incentive <ul style="list-style-type: none"> • Bombardier Aerospace (BA) • Bombardier Transportation (BT) • Corporate Office 	Payout ranges within 0% – 200% of target, based on: <ul style="list-style-type: none"> • EBIT and Free Cash Flow of BA • EBIT and Free Cash Flow of BT • Combination of BA and BT objectives plus the Corporate Office budget 	<ul style="list-style-type: none"> • 42% of target attained • 116% of target attained • 88% of target attained
Stock Options	Performance vesting requires that the target price threshold for Class B subordinate shares reaches: <ul style="list-style-type: none"> • \$4.00 for options granted in 2005-2006 • \$4.50 for options granted in 2006-2007 	<ul style="list-style-type: none"> • Target price threshold attained • Target price threshold not attained
Performance Share Units (PSUs)	Vesting at end of 3 years requires that 3-year average ROE is within or above target zone (PSUs expire if ROE is below threshold): <ul style="list-style-type: none"> • For PSUs granted in 2005-2006: payout ranges within 0% – 130% of grant based on actual ROE results • For PSUs granted in 2006-2007: payout ranges within 0% – 150% of grant based on actual ROE results 	<ul style="list-style-type: none"> • ROE slightly exceeded target for the first 2 years of the grant cycle • ROE slightly below target for the first year of the grant cycle

Chief Executive Officer's compensation

The individual performance of our Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is measured against the goals, objectives and standards approved annually by the HRCC. The goals include both financial and non-financial metrics.

Since October 1, 2003, Mr. Laurent Beaudoin has received the pension to which he is entitled under our basic pension plan and our supplemental pension plan. As Chairman of the Board, he has also been paid annual fees of \$300,000 for the year ended January 31, 2007 but he has not received any additional retainer or attendance fees. A description of Mr. Laurent Beaudoin's compensation is set out in

the Summary Compensation Table on page 15 of this Management Proxy Circular.

At its meeting held on March 27, 2006, the HRCC reviewed an annual incentive compensation proposal for Mr. Laurent Beaudoin, in view of his responsibilities as Chief Executive Officer. The overall value of this compensation package was set so that the sum of his annual pension and such annual incentive was within total compensation benchmarks for comparable positions in the marketplace. The annual incentive was targeted at \$2,500,000 for the financial year ended January 31, 2007 and it was determined primarily as a function of the earnings and cash

flow targets of Bombardier Aerospace and Bombardier Transportation (as per the pay-for-performance factors identified in the Pay-for-Performance Table above) for 50% of the annual incentive and the remainder of the incentive amount was determined to be a function of specific strategic objectives. The resulting annual incentive payment is to be paid either in cash or in equivalent value, at the option of Mr. Laurent Beaudoin. At its meeting of March 26, 2007, based on its assessment, the HRCC agreed to recommend to the Board of Directors, a \$2,285,000 annual incentive compensation payment to Mr. Laurent Beaudoin for the financial year ended January 31, 2007. He has elected to receive this sum in the form of Deferred Stock Units pursuant to the Deferred Stock Unit Plan for Senior Officers as shown in the Summary Compensation Table on page 15 of this Management Proxy Circular. During the same meeting, the HRCC also approved for recommendation to the Board of Directors a similar annual incentive plan for the financial year ending January 31, 2008, with a target of \$2,500,000. The performance criteria were allocated in a proportion of 75% as a function of specific financial targets and 25% based on specific strategic objectives.

The following table summarizes Mr. Laurent Beaudoin's total compensation value as established by the HRCC for the financial years ended January 31, 2007, 2006 and 2005:

Total Compensation ⁽¹⁾ for the Years Ended January 31,			
Laurent Beaudoin	2007	2006	2005
Base Salary	\$0	\$0	\$0
Annual Incentive ⁽²⁾	\$2,285,000	\$1,400,000	\$0
Other annual Compensation	\$1,415,703	\$1,415,703	\$1,415,703
Mid-Term and Long-Term Incentive	\$0	\$0	\$0
Annual pension service cost	\$0	\$0	\$0
Total Compensation	\$3,700,703	\$2,815,703	\$1,415,703

(1) Please refer to the Summary Compensation Table on page 15 of this Management Proxy Circular.

(2) The annual incentive amounts awarded to Mr. Laurent Beaudoin are set out in notes (4) for 2007 and (6) for 2006 of the Summary Compensation Table on page 15 of this Management Proxy Circular.

The following table summarizes the aggregate holding of shares, DSUs, PSUs and stock options of Mr. Laurent Beaudoin and their respective value as at January 31, 2007, 2006 and 2005:

Aggregate Holding and Value of Shares, DSUs, PSUs and Stock Options as at January 31,						
Laurent Beaudoin	2007		2006		2005	
	(#)	(\$)⁽¹⁾	(#)	(\$)⁽¹⁾	(#)	(\$)⁽¹⁾
Shares						
Class A	11,126,951	49,848,740	9,626,951	29,073,392	9,626,951	26,955,463
Class B subordinate	2,738,493	12,186,294	4,238,493	12,630,709	4,238,493	11,104,852
DSUs	400,000 ⁽²⁾	1,780,000	0	0	0	0
PSUs	0	0	0	0	0	0
Stock Options						
• Exercisable	2,000,000 ⁽³⁾	0	6,000,000	0	6,000,000	0
• Unexercisable	0	0	0	0	0	0
Total	16,265,444	63,815,034	19,865,444	41,704,101	19,865,444	38,060,314

(1) Value calculated on the basis of the closing price of Class A shares and Class B subordinate shares on the Toronto Stock Exchange on January 31, 2007, 2006 and 2005.

(2) For the financial year ended January 31, 2006, Mr. Laurent Beaudoin earned an annual incentive amount of \$1,400,000 which he elected to be paid to him in the form of DSUs as mentioned in note (6) of the Summary Compensation Table on page 15 of this Management Proxy Circular.

(3) This is the total number of outstanding stock options granted to Mr. Laurent Beaudoin. Please refer to the table Exercised and Unexercised Stock Options Financial Year Ended January 31, 2007 on page 19 of this Management Proxy Circular.

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 will allow Bombardier to attract, retain and motivate talented executives while adding shareholder value. The HRCC fully understands the long-term implications of executive employment agreements and the limitations that these agreements may impose on changing the compensation

mix. The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the May 29, 2007 Annual Meeting of shareholders.

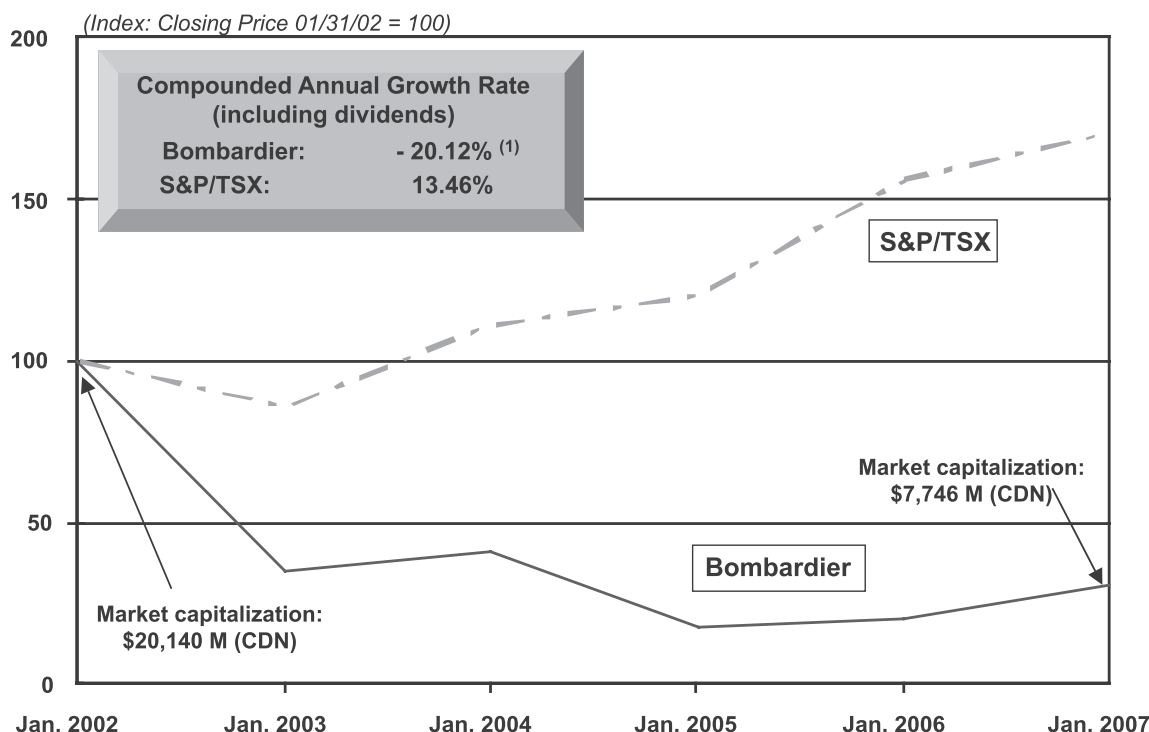
Submitted on March 26, 2007 by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman
 James E. Perrella Carlos E. Represas Heinrich Weiss

Section 4 : Additional Information

Performance Graph

Performance of the Class B subordinate shares of Bombardier Inc. from January 31, 2002 to January 31, 2007



(1) Return on Class B subordinate shares

Statement of Corporate Governance Practices

We, at Bombardier, have always believed that what benefits our shareholders is of equal benefit to us. That is why we have always applied good corporate governance practices to ensure the proper management of Bombardier and to create sustained profitability and, therefore, enhance shareholder value.

In the past few years, there have been numerous developments in the field of corporate governance, including the coming into force in Canada of Multilateral Instrument 52-110-Audit Committees, or MI 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 MI 52-110 to ensure that the definition of "independence" is consistent in each of NI 58-101 and MI 52-110.

As more fully described below, we have adopted and implemented corporate governance policies and practices that comply with and, in certain instances, surpass, these practices and rules. In addition, we continuously monitor the coming into effect of new regulatory requirements and the evolution of best practices over time so as to be able to adjust our policies and practices accordingly, but always in light of our own specificity. Proof of this is the creation of a new Finance and Risk Management Committee following the Annual Meeting of shareholders on May 29, 2007 (for more information, please refer to pages 30 and 32 of this Management Proxy Circular) and the adoption of a majority voting policy with respect to the election of the directors of the Corporation (for more information, please refer to page 33 of this Management Proxy Circular). We believe that this demonstrates our commitment to be among the leaders in matters of corporate governance.

The Board of Directors of Bombardier

Composition

- As of the date of this Management Proxy Circular, the Board of Directors of Bombardier is composed of 16 directors. Detailed information on each of the 15 nominees proposed to be re-elected as directors of the Corporation for the current year is found on pages 5 to 15 and their respective attendance records at Board and Committee meetings is found on page 11 of this Management Proxy Circular.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin. In December 2004, the Board of Directors approved the creation of the Office of the President to help ensure that Bombardier's focus is closely aligned with the best interests of all shareholders

and to provide for continuity of leadership while the Corporation's long-term strategy for value creation is implemented. The Office of the President regroups strategic and executive management responsibilities. As a result, Mr. Laurent Beaudoin assumes the added responsibilities of Chief Executive Officer while Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace, and Mr. André Navarri, President of Bombardier Transportation, continue to focus primarily on the day-to-day operations of their respective businesses.

- The Corporate Governance and Nominating Committee has determined that nine of the 15 nominees proposed for re-election as directors of the Corporation are independent, thus representing a majority of the members of the Board of Directors.

Director	Management	Independent	Not Independent
Laurent Beaudoin	Chairman of the Board and Chief Executive Officer of Bombardier		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. Father of Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace. Brother-in-law of Mr. J. R. André Bombardier, Vice Chairman, of Mr. Jean-Louis Fontaine, Vice Chairman, and of Mrs. Janine Bombardier, a director of the Corporation.
Pierre Beaudoin	President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President of Bombardier		Son of Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and Mrs. Claire Bombardier Beaudoin. 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.
André Bérard		✓	
J.R. André Bombardier	Vice Chairman of Bombardier		Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and of Mr. Jean-Louis Fontaine, Vice Chairman. Brother of Mrs. Janine Bombardier, a director of the Corporation. 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.

Director	Management	Independent	Not Independent
Janine Bombardier			Sister-in-law of Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and of Mr. Jean-Louis Fontaine, Vice Chairman. Sister of Mr. J. R. André Bombardier, Vice Chairman. Aunt of Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace. 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.
L. Denis Desautels		✓	
Michael J. Durham		✓	
Jean-Louis Fontaine	Vice Chairman of Bombardier		Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, of Mr. J.R. André Bombardier, Vice Chairman and of Mrs. Janine Bombardier, a director of the Corporation. Uncle of Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace. 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.
Daniel Johnson		✓	
Jean C. Monty		✓	
André Navarri	President of Bombardier Transportation and Executive Vice President of Bombardier		President of Bombardier Transportation and Executive Vice President of Bombardier.
Carlos E. Represas		✓	
Jean-Pierre Rosso		✓	
Federico Sada G.		✓	
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 “C” to this Management Proxy Circular on pages 41 and 42.
- **Stewardship of Bombardier** In accordance with the Canada Business Corporations Act (the “CBCA”) and as stated in its mandate, the role of our Board of Directors is to supervise the management of Bombardier’s business and affairs 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 strategy, business plan and budget approved by the Board of Directors. In this context, the Office of the President, composed of the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, the President and Chief Operating Officer of Bombardier Aerospace, Mr. Pierre Beaudoin, and the President of Transportation, Mr. André Navarri, 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 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 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 a Board Committee to which approval authority has been delegated.

- **Strategic planning** Every year, the President and Chief Operating Officer of Bombardier Aerospace, the President of Bombardier Transportation and other senior executives from the Corporate Office present, during two separate special sessions, the strategic plan, business plan and budget for the review and approval of the 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 the corporate management.

The Board of Directors also adopts each year an appropriate business plan and budget and reviews them on a quarterly basis.

- **Risk Management** Pursuant to its mandate, the Board of Directors reviews overall business risks and the practices and policies for dealing with these risks.

Over time, the Board of Directors has delegated to the Audit Committee the responsibility to review the risk assessment process in place throughout Bombardier in order to identify, assess and manage the principal financial and risk exposures of the Corporation. However, the Board of Directors has recently determined that, given the major responsibilities already assigned to the Audit Committee and the significant workload that comes with it, it would be appropriate to transform the Retirement Pension Oversight Committee into a Finance and Risk Management Committee. Taking over some of the responsibilities of the Audit Committee, the new Finance and Risk Management Committee will, therefore, essentially assist 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.

In this context, following the Annual Meeting of shareholders on May 29, 2007, the Retirement Pension Oversight Committee, in its actual form, will cease to exist and the Finance and Risk Management Committee will replace it. In so doing, the Corporation will thus align its corporate governance with the most recent trend and best practices with respect to risk management.

- **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, at least once a year, regarding the succession planning for the Chairman of the Board and Chief Executive Officer of Bombardier.

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

The Committee reviews and recommends to the Board of Directors the appointment of the Chairman of the Board and Chief Executive Officer and the senior executives reporting to him.

The Committee assesses the performance of the Chairman of the Board 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** On November 20, 2001, the Board of Directors adopted a corporate disclosure policy, which was updated on May 26, 2004 and February 21, 2006. Its objective is to ensure that communications to the investing public about Bombardier are (i) timely, factual and accurate, and (ii) 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 a 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 promptly 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 and Corporate Audit Services and Risk Assessment, 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 currently 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 MI 52-110.

Mr. L. Denis Desautels is its Chairman and Messrs. André Bérard, Daniel Johnson, Michael J. Durham and Jean-Pierre Rosso are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by this Committee during the last financial year and the attendance records of its members.

The Charter of the Audit Committee is reproduced at Schedule "D" attached to this Management Proxy Circular on pages 43 to 46.

Pursuant to its charter, the mandate of the Committee is to help the directors meet their responsibilities with respect to accountability, to assist in maintaining good communication between the directors and the external auditors of Bombardier, Ernst & Young, LLP, to assist in maintaining the independence of Ernst & Young, LLP, to maintain the credibility and objectivity of the financial reports of Bombardier, and 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 and Corporate Audit Services and Risk Assessment, 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 and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, the Senior Vice President and Treasurer 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 Chairman of the Board 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 the representatives of Ernst & Young, LLP, to discuss various topics of interest.

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

Mr. Jean C. Monty acts as its Chairman and Messrs. James E. Perrella, Carlos E. Represas and Heinrich Weiss are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by the Committee during the past year and the attendance records of its members.

Pursuant to its charter, this Committee has the mandate to oversee the succession planning for the Chairman of the Board

and Chief Executive Officer and senior executives' positions. In addition, the Committee assesses the performance of the Chairman and Chief Executive Officer, Mr. Laurent Beaudoin, and the senior executives reporting to him and determines their compensation.

The Committee also reviews and approves a total compensation policy that takes into account, among other things, (i) base salary, (ii) short-term and long-term incentives, and (iii) retirement benefits and perquisites. It reviews the design of equity-based compensation plans with respect to the granting of stock options and performance stock units and makes appropriate recommendations to the Board of Directors for its approval.

The Committee also 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 report of the Committee on pages 23 to 26 of this Management Proxy Circular provides more information on its activities, and in particular, Bombardier's executive compensation policy.

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

Mr. James E. Perrella chairs this Committee and Messrs. Jean C. Monty, Federico Sada G. and Heinrich Weiss are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by this Committee during the last financial year and the attendance records of its members.

The charter of this Committee 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 our non-executive 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.

- **Retirement Pension Oversight Committee** It consists of five directors, all of whom are independent.

Mr. André Bérard acts as its Chairman and Messrs. L. Denis Desautels, Michael J. Durham, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by this Committee during this last financial year and the attendance records of its members.

Pursuant to its charter, this Committee has the mandate to oversee, review and monitor the performance of Bombardier's obligations towards its various pension plans and matters related thereto and also to review and monitor the investment of assets of the pension plans and to report to the Board of Directors.

As more fully discussed in the section entitled Risk Management on page 30 of this Management Proxy Circular, following the Annual Meeting of Shareholders on May 29, 2007, this Committee will then cease to exist and be replaced by the new Finance and Risk Management Committee.

Lead Director

In 2003, Mr. Laurent Beaudoin, who was then Executive Chairman of the Board, recommended that the Board of Directors should appoint a Lead Director, because he was not independent. Accordingly, since then the Board has named Mr. James E. Perrella to act as the Lead Director. Mr. Perrella is an independent director and he is also the Chairman of the Corporate Governance and Nominating Committee.

Meetings of the independent directors

A formal structure is in place to enable the Board of Directors to function independently of the management of Bombardier.

After a meeting of the Board of Directors, the directors who are not part of corporate management and/or the majority shareholder, namely the Bombardier family, will meet privately under the chairmanship of Mr. James E. Perrella, in his capacity as the Lead Director depending on the circumstances at hand and needs. They have, however, no decision-making power. The Lead Director transmits to the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, any comments, questions or suggestions raised during such meetings.

Between February 1, 2006, and January 31, 2007, four meetings were held by the independent directors.

Election and compensation of directors

The Corporate Governance and Nominating Committee, composed of independent members, has the responsibility of annually reviewing the credentials of nominees for election or re-election as members of the Board of Directors, monitoring the size and composition of the Board of Directors and its Committees to ensure effective decision-making and 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 and Chief Executive Officer, 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 circumstances and needs, whenever new directors have to be recruited.

Mr. Laurent Beaudoin, in cooperation with the Committee, identifies potential candidates as directors and the Committee examines such candidacies and makes appropriate recommendations to the Board of

Directors. Prior to agreeing to join our Board of Directors, a candidate is given a clear expectations of the workload and time commitment required.

The Corporate Governance and Nominating Committee has recently adopted a majority voting policy with respect to the election of the directors of the Corporation. 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 or her resignation promptly after the meeting, for the Corporate Governance and Nominating Committee 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,

The Committee has the responsibility to review, at least once a year, 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 Canada and makes appropriate recommendations to the Board of Directors. Any such review covers the members of the Board who are not officers of the Corporation as well as the Committee members and Chairs. The Committee has retained the services of Towers Perrin to be advised on the current trends and best practices in this area. Towers Perrin also provides services to the Human Resources and Compensation Committee on total compensation policy for executives and also, to the corporate management of Bombardier, mainly on actuarial issues related to some of the pension plans.

The Committee also reviews each year director share ownership guidelines.

The compensation received by the directors during the most recently completed financial year is described on pages 13 to 15 of this Management Proxy Circular.

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 March Board meeting to the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and the members of the Corporate Governance and Nominating Committee. They will then evaluate whether to accept the 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.

Assessment of the directors

Each year, the Corporate Governance and Nominating Committee conducts an evaluation of the performance and effectiveness of the Board of Directors and its Committees. Detailed questionnaires are submitted by the Corporate Secretary to the members of the Board of Directors and those of each Committee. A summary of the results of each evaluation is submitted by the Corporate Secretary to the review of the Corporate Governance and Nominating Committee and the Chairman of the Board and Chief Executive Officer.

Directors also meet with both the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and the Chairman of the Corporate Governance and Nominating Committee, Mr. James E. Perrella, to discuss their respective performance throughout the past year and to discuss any matter or issue they wish.

Based on the results of these evaluations, the Corporate Governance and Nominating Committee then assesses with the Chairman of the Board and Chief Executive Officer, 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.

Mandates of the Chairman of the Board and Chief Executive Officer

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

As Chairman of the Board, 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 Presidents of Bombardier Aerospace and Bombardier Transportation who are members of the Office of the President;
- 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.

As Chief Executive Officer, Mr. Laurent Beaudoin is responsible for the management and execution of Bombardier's strategic and operational 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 Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is responsible for meeting are determined by the business plan and budget approved each year by the Board of Directors.

The performance of Mr. Laurent Beaudoin, as Chairman of the Board and Chief Executive Officer of the Corporation, is assessed against the achievement of the business plan and the budget and it 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.

Orientation and continuing programs

- **Orientation programs for new directors** The Corporate Governance and Nominating Committee has implemented an orientation program for new directors, which enables them to participate in an initial information session on Bombardier in the presence of some of its senior executives to learn about, among others, the business of Bombardier, its financial situation and its 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 review sessions of the strategic plan, business plan and budget) 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, if so requested, individual visits.

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct. It is available in 13 languages on our website at www.bombardier.com.
- A Corporate Compliance Officer was appointed in early 2004 to ensure 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 our Board of Directors and to all Bombardier 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; help integrate the Code into Bombardier's governance system ensure that the Code is a top priority with leadership and promote integrity as a core value.

Hiring of outside advisors

With the prior authorization of the Corporate Governance and Nominating Committee, each director or Committee may, when needed, retain the services of outside advisors at the expense of Bombardier, except the Audit Committee and the Human Resources and Compensation Committee, which do not require any such prior authorization to do so. During the most recently completed financial year, no outside advisor was retained by a director. Ernst & Young, LLP, are the external auditors of Bombardier and work closely with the Audit Committee.

Towers Perrin provides various consulting services on specific matters to the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee. Towers Perrin also provides services to the management of Bombardier on various matters.

Directors' and Officers' Insurance

We have 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 US\$190,000,000 per occurrence and in the aggregate per year, at a cost of US\$2,186,295 per annum. The deductible applicable to the Corporation is US\$2,500,000 for any insured occurrence.

Available Documentation

Copies of our 2007 Annual Information Form, this Management Proxy Circular and our 2007 Annual Report that includes our audited consolidated financial statements and our management's discussion and analysis for the financial year ended January 31, 2007, as well as our quarterly financial statements filed since the date of our latest audited financial statements, may be obtained on request from our Public Affairs Department or on our website at www.bombardier.com. Financial information related to Bombardier is provided in our comparative financial statements and management's discussion and analysis thereon for the financial year ended on January 31, 2007.

Proposals

Schedule "B" attached to this Management Proxy Circular (see pages 38 to 40) sets out the five shareholder proposals that have been submitted for consideration at our Annual Meeting of shareholders on May 29, 2007.

Shareholders who will be entitled to vote at our 2008 Annual Meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit such proposals to our Corporate Secretary no later than January 11, 2008.

Approval of Directors

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

Montréal April 13, 2007

"Roger Carle"
(signature)

Roger Carle
Corporate Secretary

SCHEDULE “A”

BOMBARDIER INC.

PROPOSED AMENDMENTS TO THE BOMBARDIER INC. 1986 STOCK OPTION PLAN

The Toronto Stock Exchange (the “TSX”) has recently advised listed issuers that, starting on June 30, 2007, any amendments (including amendments of a “housekeeping” nature) proposed to be made to a security based compensation arrangement (such as the Bombardier Inc. 1986 Stock Option Plan (the “Plan”), described at pages 16 to 19 of this Management Proxy Circular) will be subject to shareholder approval, unless the Plan provides for a specific amendment procedure approved by a majority of shareholders and by the TSX.

Accordingly, the Board of Directors of the Corporation adopted, on March 27, 2007, a resolution introducing a new specific amendment procedure to the Plan. The TSX has approved the proposed amendment procedure.

The resolution below details the amendments to the Plan for which the approval of the shareholders will be required following the adoption of the specific amendment procedure, and those for which the Board of Directors will be empowered to act, subject to the required approval of applicable regulatory authorities and stock exchanges.

If the specific amendment procedure is not included in the Plan, the Corporation will be required to obtain the approval of its shareholders for any amendment to the Plan, including administrative amendments. Management believes that imposing this requirement would unduly complicate the administration of the Plan, without providing any real benefit to the shareholders.

The Board of Directors also adopted, under the same resolution, an additional amendment to the Plan providing for a conditional option expiration date such that when the expiration date of an option falls within a period during which trading by option holders in securities of the Corporation is prohibited in accordance with our policies or within ten (10) business days following the expiration of such period, the exercise date in respect of such option is extended to ten (10) business days following the date on which trading is no longer prohibited.

These resolutions are subject to the approval of a majority of the votes cast by the shareholders of the Corporation present or represented by proxy and entitled to vote at their Annual Meeting.

Management of the Corporation recommends that shareholders **VOTE FOR** the amendments to the Plan.

RESOLUTION

WHEREAS on March 27, 2007, the Board of Directors of the Corporation adopted a resolution approving the introduction of a specific amendment procedure in the Corporation’s Stock Option Plan (the “Plan”);

WHEREAS on April 2, 2007, the Toronto Stock Exchange approved such amendment procedure;

WHEREAS the amendment to the Plan will only come into force upon being confirmed by a resolution of the shareholders of the Corporation;

IT IS RESOLVED:

THAT the following section 7.6, which was approved by the Board of Directors, be included in the Plan;

“7.6 If the expiration date of an option falls during, or within ten (10) business days following the expiration of, a Blackout period involving the Shares of the Corporation that applies to the Optionee, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the Blackout period.”

THAT Section 11 of the Plan be replaced by the following section, which has been approved by the Board of Directors:

“SECTION 11 AMENDMENT OF THE PLAN

- 11.1 The following amendments to the Plan or to options granted thereunder must be approved by the shareholders:
 - 11.1.1 an amendment allowing the issuance of Shares to an Optionee without the payment of a cash consideration, unless provision has been made for a full deduction of the underlying Shares from the number of Shares reserved for issuance under the Plan;
 - 11.1.2 a reduction in the purchase price for the Shares in respect of any option or an extension of the expiration date of any option beyond the exercise periods provided by the Plan;
 - 11.1.3 the inclusion, on a discretionary basis, of non-employee directors of the Corporation as participants in the Plan;
 - 11.1.4 an amendment allowing an Optionee to transfer options other than by will or pursuant to the laws of succession;
 - 11.1.5 the cancellation of options for the purpose of issuing new options;
 - 11.1.6 the grant of financial assistance for the exercise of options;
 - 11.1.7 an increase in the number of Shares reserved for issuance under the Plan; and

- 11.1.8 any amendment to the method for determining the purchase price for the Shares, in respect of any option.
- 11.2 Subject to the foregoing paragraph, the Board may amend, suspend or terminate the Plan and any option granted thereunder 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:
 - 11.2.1 wind up, suspend or terminate the Plan;
 - 11.2.2 terminate an option granted under the Plan;
 - 11.2.3 modify the eligibility for, and limitations on, participation in the Plan;
 - 11.2.4 modify periods during which the options may be exercised;
 - 11.2.5 modify the terms on which the options may be granted, exercised, terminated, cancelled and adjusted;
 - 11.2.6 amend the provisions of the Plan to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;
 - 11.2.7 amend the provisions of the Plan to modify the maximum number of Shares which may be offered for subscription and purchase under the Plan following the declaration of a stock dividend, a subdivision, consolidation, reclassification, or any other change with respect to the Shares;
 - 11.2.8 amend the Plan or an option to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and
 - 11.2.9 amend a provision of the Plan relating to the administration or technical aspects of the Plan.
- 11.3 The amendment, suspension or termination of the Plan shall not, except with the written consent of the Optionees concerned, in any way affect the terms and conditions of options previously granted under the Plan to the extent that such options have not been wholly exercised and are still outstanding.”

THAT any officer of the Corporation be and is hereby authorized to sign any document and to take any measures including amendments to the Plan, required or useful to fully carry out the intent of the present resolution.

SCHEDULE “B” BOMBARDIER INC. SHAREHOLDER PROPOSALS

The following five 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 Bombardier's 2007 Annual Meeting of shareholders. They have each been submitted in French and translated by Bombardier into English.

Proposal 1

It is proposed that disclosure be made in the corporation's annual report of the names of compensation “experts”, the term of their engagement, the sums paid to them, the firm to which they belong, the evaluation criteria they use and, if applicable, any other form of remuneration paid to them or affiliated firms.

The prodigious compensation of executive officers of public companies has been universally condemned in recent years. It is time for shareholders to put a stop to these practices! Jean-François Kahn, a French media owner, writes: “When top executives vote in favour of astronomical pay, golden handshakes or outrageous bonuses for themselves, it proves that they are incredibly disconnected from reality, that they suffer from a form of madness. No one is 600 times, let alone 1400 times, more intelligent than anyone else. We should demand that stock options be taxed at 90%.” [translation].

The culture of greed and rapacity that pervades many public companies is corrosive and destructive and the cause of the proliferation of scandals that abound in the industrialized world.

The Board of Directors recommends that shareholders VOTE AGAINST this proposal for the following reasons.

Bombardier's Board of Directors, which is elected by the shareholders at their Annual Meeting, is responsible for monitoring Bombardier's compensation policy, which reflects an appropriate balance between the short-term and long-term performance of Bombardier, and for assessing the performance of the Corporation's senior executives and determining their compensation. This responsibility is delegated by the Board of Directors to the Human Resources and Compensation Committee. The Committee is composed of four independent directors who meet regularly throughout the year. For a number of years, the Committee has retained Towers Perrin, independent external consultants, to assist it in its work. Towers Perrin provides advice on current trends and best practices with respect to executive compensation. In its report on pages 23 to 26 of this Management Proxy Circular, the Committee discloses the name of its independent external consultants, the fees paid to them and other information to comply with the evolving requirements and practices applicable to such matters.

Therefore, we recommend that you **VOTE AGAINST** proposal 1.

Proposal 2

It is proposed that executive compensation be related to average salaries of employees, the corporation's costs and its financial successes.

The relationship between executive compensation, including stock options, and average salaries of employees of the corporation should be disclosed. Compensation should be awarded based on the financial results obtained. A recent study by the Ontario Municipal Employees Retirement System (OMERS) was unable to establish any correlation between the financial success of over sixty publicly listed Canadian companies and executive compensation. It is therefore logical to conclude that executive compensation at the corporation is fixed arbitrarily, without regard for principles of good governance and the interests of shareholders.

The Board of Directors recommends that shareholders VOTE AGAINST this proposal for the following reasons.

Bombardier's compensation policy is designed to maximize the overall performance of Bombardier through the appropriate individual performance of its executives. The overall goals of the compensation policy are to attract, retain and motivate the executives to increase business performance and enhance shareholder value. The Human Resources and Compensation Committee is responsible for thoroughly reviewing and approving the Corporation's executive compensation policy based on the recommendations of Towers Perrin and in line with best market practices.

Bombardier's executive compensation policy focuses on total compensation: base salary, annual incentives, long term incentives, pension, benefits and perquisites. Each of these components is considered in the benchmarking of the executive positions with the market. 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 local markets.

Benchmarking is performed annually by Towers Perrin, who are responsible for the gathering of comparator information relevant to Bombardier's executive positions. The composition of the comparator group is reviewed every year to ensure its continued relevance.

Our philosophy is to link our incentive plans to the overall performance of the Corporation. The objective of our annual incentive plan is to motivate our employees to achieve and surpass the financial objectives approved by the Board of Directors at the beginning of each financial year.

Our long-term incentive objectives are to align our management's interests with shareholder value growth and to retain key talent. We grant long-term incentives on an annual basis, based on benchmark data of the comparator group and on individual executive performance.

Our objective is to have our pension and benefits at the median of our comparator group. We offer a limited number of perquisites, such as a company provided car and financial counselling to certain executives. We use external consultants to evaluate our pension, benefits and perquisites and compare these results with the data of the comparator group.

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

Therefore, we recommend that you **VOTE AGAINST** proposal 2.

Proposal 3

It is proposed that stock options awarded to executive officers be aligned strictly according to the corporation's Economic Value Added (EVA).

Stock options granted to executives create an incentive to increase the value of the shares in the short term, to the detriment of the interests of the corporation's shareholders. "If options vest immediately, you might as well just give them cash and get it over with," said Robert Bertram, Executive Vice-President of the powerful Ontario Teachers Pension Plan Board. "Don't go through the illusion that you are trying to tie them into shareholder value. Clearly the shareholders' interests are not being taken care of in those plans."

The cost of the options and their exercise must be tied to the creation of value for shareholders. If profits rise faster than debt, the EVA is positive. If EVA is positive, executives have created value for shareholders; if EVA is negative, executives have put shareholders' equity at risk, even if in the short term the stock trades at a higher value.

The Board of Directors recommends that shareholders VOTE AGAINST this proposal for the following reasons.

In connection with its responsibilities for Bombardier's total executive compensation policy, as we have explained moreover at greater length in our answer to proposal 2, the Human Resources and Compensation Committee periodically reviews the structure of equity-based compensation plans and grants of stock options and performance share units. In so doing, it submits appropriate recommendations for approval to the Board of Directors, which sees that the Corporation's objectives for long-term incentives, which are to align management's interests with the enhancement of shareholder value, are complied with.

Thus, in recent years, the Stock Option Plan (for details, see pages 16 to 19 of this Management Proxy Circular) was modified to better reflect market realities, such as to include specific performance targets, which were moreover subsequently raised. In addition, as a result of the introduction of a new Performance Share Unit Plan (for details, see pages 19 and 20 of this Management Proxy Circular),

the criteria for granting stock options under the Stock Option Plan were reviewed and the size of option grants to be awarded to our employees was reduced in order to take into account the value of the performance share units they would receive.

It is therefore in the interest of shareholders that the Human Resources and Compensation Committee continue to examine Bombardier's long-term incentive plans so that the Corporation has at its disposal effective and appropriate mechanisms which will act as an incentive for the Corporation's executives to increase the Corporation's performance and enhance shareholder value.

Therefore, we recommend that you **VOTE AGAINST** proposal 3.

Proposal 4

It is proposed that no later than three years from the date hereof, at least one third of the members of the corporation's board of directors be women.

The percentage of women on the corporation's board of directors is ridiculously low, as a result of an old and outdated tradition of relegating women to an inferior status in public companies, despite the fact that women represent more than half of university graduates. In Quebec, 24 crown corporations will in future be obliged to see that **half** of their board members are women. This example should be followed in the longer term by the corporation, which is currently representative of an almost venerable age, illustrating how the boards of directors of the immense majority of public companies continue to be a male preserve. This is borne out by the fact that 30% of the boards of Canadian companies have only one woman director; 12% have two; 4% have three; 1% have four and 1% have 5, with National Bank of Canada, exceptionally, figuring in the latter category.

The Board of Directors recommends that shareholders VOTE AGAINST this proposal for the following reasons.

Bombardier's Board of Directors has no hesitation in supporting the objective of continuing to have women directors. Accordingly, when the time comes for the Corporate Governance and Nominating Committee to review the selection criteria with regard to a prospective candidate, the Committee undertakes to consider this objective, without losing sight of the importance of always selecting the most qualified individual who will be able to adequately serve the interests of Bombardier and its shareholders, having regard for the circumstances and the issues at such time.

Moreover, it should be noted that 9 of the 15 directors who are nominated for re-election by the shareholders at their meeting have only been in office since 2003 and that it would not be appropriate in the circumstances to replace them in the near term simply in order to acquiesce to this proposal.

Therefore, we recommend that you **VOTE AGAINST** proposal 4.

Proposal 5

It is proposed that the annual report include an exhaustive summary of the financial statements of the corporation's subsidiaries.

Section 157.(2) of the Canada Business Corporations Act states that: "Shareholders of a corporation and their personal representatives may on request examine the statements of [subsidiaries] during the usual business hours of the corporation and may make extracts free of charge." When the company objects to a shareholder's request to examine the statements, the shareholder has to incur significant legal expenses, making the recognition of this right difficult or illusory, although it could be satisfied in part by the publication in the Annual Report of a summary of the financial statements of the corporation's subsidiaries.

In truth, a prudent shareholder can only cast his vote based on accurate, audited information regarding all the business's operations, including subsidiaries whose financial statements are currently shielded from examination by the shareholders. A culture of secrecy is inconsistent with principles of good governance. It is contrary to logic and to the nature of things that a publicly listed company which raises funds publicly should be both public and private!

The Board of Directors recommends that shareholders VOTE AGAINST this proposal for the following reasons.

The management of Bombardier submits annual financial statements consolidating the financial results of all its subsidiaries worldwide. These financial statements are prepared in accordance with strict accounting standards that take account of the financial results of its subsidiaries. Furthermore, these financial statements are carefully audited, in accordance with accepted auditing standards, by Bombardier's external auditors, Ernst & Young, LLP. That being the case, both the Board of Directors and the management of Bombardier are firmly convinced that the shareholders have all relevant information at their disposal to be able to analyse the Corporation's results and understand its operations. Moreover, to provide the information requested would merely add length, complexity and, in many cases, relatively unimportant details to Bombardier's audited annual consolidated financial statements, which, it must be said, are already very lengthy. The Corporation would incur substantially higher costs for the preparation of its annual financial statements for inclusion in its annual report, without real benefit for anyone.

Therefore, we recommend that you **VOTE AGAINST** proposal 5.

SCHEDULE “C”

BOMBARDIER INC.

MANDATE OF THE BOARD OF DIRECTORS

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 Audit Committee, ensuring that an appropriate risk assessment process is in place to identify, assess 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 Retirement Pension Oversight 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 Audit 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 Chairman of the Board and Chief Executive Officer and senior executives through the work and recommendations of the Human Resources and Compensation Committee:
- choosing the Chairman of the Board and Chief Executive Officer, approving the appointment of senior executives (as defined in the charter of the Human Resources and Compensation Committee) and monitoring the Chairman of the Board and Chief Executive Officer's and senior executives' performance;
 - ensuring that an appropriate portion of the Chairman of the Board and 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 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 should preferably be the Chairman of the Corporate Governance and Nominating Committee;
 - 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 “D”

BOMBARDIER INC.

CHARTER OF THE AUDIT COMMITTEE

Audit Committee

1.1 Membership and Quorum

- Five directors who shall all be outsiders, unrelated and 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, 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/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 may request a meeting of the Committee.
- The Chairman of the Board and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Senior Vice President and Treasurer 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 Chairman of the Board 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 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 Chairman of the Board and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment 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 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) Review the minutes of any meeting of the audit committee of any subsidiary and any significant issues and external auditor's recommendations.
 - o) Monitor the application of, and, if need be, review and 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) Oversee the work of the external auditor for the purpose of preparing or issuing an external auditor's report or performing other audit, review or attest services for Bombardier.
 - g) 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.
 - h) Review any significant recommendations by the external auditor to strengthen the internal accounting and financial controls of Bombardier.
 - i) Review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of Bombardier.
 - j) To the extent practicable, assess the performance of the external auditor at least once a year.
 - k) 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.
- l) 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.
- m) 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
 - a) At least four times a year, normally in conjunction with Bombardier Board meetings, review the report of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment 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 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 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 Chairman of the Board 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 risk management

From time to time, review the risk assessment process that is in place throughout Bombardier in order to identify, assess and manage the principal risks of Bombardier's business.
- As they relate to environmental matters

Twice a year, review the report of the Vice President, Health, Safety and Environment to the Audit Committee with respect to environmental matters.
- As they relate to the Audit Committee's terms of reference

Each year, review the terms of reference of the Audit Committee to ensure that they continue to be relevant and make recommendations to the Corporate Governance and Nominating Committee Board for improvements.

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.