BOMBARDIER

the evolution of mobility

Notice of Annual Meeting of Shareholders

Management Proxy Circular

2013

Bombardier Inc.

Notice of Annual Meeting of Shareholders 2013

Date: Thursday, May 9, 2013

Time: 9:30 a.m. (Montréal time)

Place: Musée des beaux-arts de Montréal
Pavillon Michael et Renata Hornstein
Auditorium Maxwell-Cummings
1379 Sherbrooke Street West
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 Monday, March 11, 2013, 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,

Daniel Desjardins
(signed)

Senior Vice President, General Counsel and Corporate Secretary

Montréal, Québec, Canada, March 11, 2013

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended December 31, 2012 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consideration and, if deemed appropriate, adoption of an ordinary resolution (the full text of which is reproduced on page 16 of the Management Proxy Circular) approving, ratifying and confirming an amendment to By-Law One of Bombardier Inc. to add an advance notice requirement for nominations of directors by shareholders in certain circumstances;
5. Consideration and, if deemed appropriate, adoption of a non-binding advisory resolution (the full text of which is reproduced on page 16 of the Management Proxy Circular) on Bombardier Inc.'s approach to executive compensation;
6. Consideration and, if deemed appropriate, approval of the four shareholder proposals set out in Schedule "B" to the Management Proxy Circular; and
7. Consideration of such other business as may properly come before the meeting.

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

Any registered shareholder, *that is a shareholder who has requested and received from Computershare Investor Services Inc., the transfer agent for all the shares of Bombardier Inc., a share certificate on which his/her shares are registered in his/her name,* wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Wednesday, May 8, 2013. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular on page 4.

***Any non-registered shareholder, that is a shareholder who did not request to receive from Computershare Investor Services Inc. a share certificate on which his/her shares are registered in his/her name and, as* a result, whose shares are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution, should refer to page 6 of the Management Proxy Circular for information on how to submit a proxy.**

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

REMINDER TO THE READER

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

This Management Proxy Circular (the "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) (the "Class A shares"), and/or Class B shares (subordinate voting) (the "Class B subordinate shares"), of the Corporation to be held on Thursday, May 9, 2013 at 9:30 a.m. (Montréal time) at the Musée des beaux-arts de Montréal, Pavillon Michael et Renata Hornstein, Auditorium Maxwell-Cummings, 1379 Sherbrooke Street West, Montréal, Québec, Canada (the "Meeting"), and at any and all adjournments thereof.

As used in this Circular, all references to "Bombardier", the "Corporation" or similar terms are to Bombardier Inc.

Section 1: Voting Information

Who is soliciting my proxy?

The management of Bombardier is soliciting your proxy for use at the Meeting. The entire cost of the solicitation will be borne by Bombardier.

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 7 to 13 and 17 to 21);
- the appointment of Ernst & Young, LLP, chartered accountants, ("Ernst & Young") as the external auditors of the Corporation (see pages 14 and 15);
- the adoption of an ordinary resolution (the full text of which is reproduced on page 16 of this Circular) approving, ratifying and confirming an amendment to the Corporation's By-Law One to add an advance notice requirement for nomination of directors by shareholders in certain circumstances;
- the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 16 of this Circular) on Bombardier's approach to executive compensation; and
- each of the four shareholder proposals set out in Schedule "B" attached to this Circular (see pages 70 to 73).

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 Circular.

How many votes do I have?

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

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at March 11, 2013, 31.41% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

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

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Monday, March 11, 2013 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 11, 2013, there were 314,537,162 Class A shares and 1,440,624,381 Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, the only persons who, as at March 11, 2013 beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mr. J.R. André Bombardier, director of the Corporation, and Mses. Janine Bombardier, Claire Bombardier Beaudoin and Huguette Bombardier Fontaine. These four persons indirectly controlled, through holding companies, 249,199,910 Class A shares and 1,118,275 Class B subordinate shares, representing in the aggregate 79.23% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.36% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on page 9 and in the notes (A), (E), (F) and (G) on page 12 of this Circular as to the number of Class A shares and Class B subordinate shares held by each of these four persons.

As at March 11, 2013, the directors of Bombardier (with the exception of Mr. J.R. André Bombardier) and executive officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,688,275 Class A shares and 2,267,406 Class B subordinate shares, representing 5.62% and 0.16%, respectively, of the outstanding shares of each such class.

How do I vote?

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

If you are eligible to vote as a non-registered shareholder, please 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 6.

Voting by proxy

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

How will my proxyholder vote?

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

FOR the adoption of an ordinary resolution (the full text of which is reproduced on page 16 of this Circular) approving, ratifying and confirming an amendment to the Corporation's By-Law One to add an advance notice requirement for nominations of directors by shareholders in certain circumstances;

FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 16 of this Circular) on Bombardier's approach to executive compensation; and

AGAINST each of the four 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 member of the management of the Corporation named on the form of proxy.

Mail or Fax

Registered shareholders electing to submit a proxy by mail or fax must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc. ("Computershare"), either in the postage pre-paid return envelope provided or by fax at 1 866 249 7775 (for shareholders in Canada and in the United States) and at 416 263 9524 (for shareholders outside Canada and the United States), no later than 4:00 p.m. (Montréal time) on Wednesday, May 8, 2013.

Telephone

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

Internet

Registered shareholders electing to submit a proxy over the Internet must access the following website:

www.investorvote.com

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

Non-registered shareholders will be provided with voting instructions by their nominees. Please see further instructions below under the heading "As a non-registered shareholder, how do I vote?" (page 6).

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 Circular, the management of Bombardier is not aware that any other matter is to be presented at the Meeting. If, however, other matters properly come before the Meeting, the persons named in the enclosed form of proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred upon them by the form of proxy with respect to such matters.

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

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

Who counts the proxies?

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

Is my vote confidential?

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

How are proxies solicited?

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

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

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

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

Voting rights attached to your shares may be exercised through the use of a voting instruction form which will permit the voting of shares by mail, fax, telephone (the number to dial for the employees of the Corporation in Canada and in the United States is 1 866 734 VOTE (8683) and for the employees of the Corporation outside Canada and the United States is 312 588 4290) or over the Internet at www.investorvote.com.

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

FOR the election of all the nominees proposed as directors;

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

FOR the adoption of an ordinary resolution (the full text of which is reproduced on page 16 of this Circular) approving, ratifying and confirming an amendment to the Corporation's By-Law One to add an advance notice requirement for nominations of directors by shareholders in certain circumstances;

FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 16 of this Circular) on Bombardier's approach to executive compensation; and

AGAINST each of the four 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?

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 Circular in a mailing from your nominee, together with a proxy form or voting instruction form, as the case may be.

Bombardier intends to pay for proximate intermediaries to send the proxy-related materials to objecting beneficial owners.

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

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

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

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

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

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

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

Electronic voting at the meeting

In line with Bombardier's commitment towards the environment, voting at the Meeting on all proposals will once again be made through the use of electronic ballot. This will allow to expedite the voting process at the Meeting and present the final votes on screen at the Meeting. On arrival at the Meeting, all shareholders entitled to vote will be required to register and given a hand held device containing a personalized smart card with details of their shareholding to be used for the electronic vote. After each proposal is put to the Meeting by the Chairman, you will be asked to cast your vote by pressing a button on your keypad. All the votes represented by shareholders present at the Meeting will be counted and added to those received by proxy, and the final votes will be shown on screen at the Meeting. If you have already voted by proxy you will still be able to vote at the Meeting using the electronic device, and your vote on the day of the Meeting will replace your vote by proxy.

How do I communicate with Computershare?

You can communicate with Computershare at the following address:

Computershare Investor Services Inc.
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

or by telephone at: 1 800 564 6253.

Section 2 : Business of the Meeting

Election of the Directors of Bombardier

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

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

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

Mr. Jean-Pierre Rosso, who has reached the mandatory retirement age of 72 years old under the Board's retirement policy (please refer to page 65 of this Circular), will retire at the close of the Meeting, after serving on the Board since 2006, and will not seek re-election as a director. Information relating to Mr. Rosso therefore does not appear below along with the information regarding the 14 proposed nominees for election as directors of the Corporation. Nevertheless, because Mr. Rosso will act as director up to the Meeting, information concerning him appears in the other sections of this Circular that pertain to the members of the Board. **Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your nominee, if you are a non-registered shareholder, will vote for the election of the 14 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier.**

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

LAURENT BEAUDOIN, C.C., FCPA, FCA (A) (D)

Chairman of the Board of Directors of Bombardier

Westmount, Québec, Canada
Age: 74

Director since 1975

Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	13,052,944	812,500	1,603,772 (C)
December 31, 2011	13,052,944	812,500	1,553,859 (C)
Change	—	—	49,913 (C)

Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He launched his career in 1961 by founding a chartered accountants firm in Quebec City. He joined Bombardier in 1963 as Comptroller, became General Manager in 1964 and President and Chief Executive Officer in 1966. In June 2008, he handed over his responsibilities as Chief Executive Officer to Mr. Pierre Beaudoin, and remained Chairman of the Board of Directors. He holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since December 2003, he is the Chairman of the Board of Bombardier Recreational Products Inc. and since October 2010, he is President of First Robotics Quebec.

PIERRE BEAUDOIN

President and Chief Executive Officer of Bombardier

Westmount, Québec, Canada
Age: 50

Director since 2004

Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	512,859	354,954	2,052,492
December 31, 2011	512,859	75,341	1,344,000
Change	—	279,613	708,492

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

ANDRÉ BÉRARD (D)

Corporate Director

Montréal, Québec, Canada
Age: 72

Director since 2004

Lead Director
Chairman of the Finance and Risk Management Committee
Member of the Audit Committee and the Human Resources and Compensation Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	5,000	355,682
December 31, 2011	—	5,000	297,596
Change	—	—	58,086

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. and TransForce Inc.

JOANNE BISSONNETTE (E)

Corporate Director
Outremont, Québec, Canada
Age: 51
Director since 2012
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	5,824	30,271
December 31, 2011	—	—	—
Change	—	—	—

Ms. Joanne Bissonnette is a Corporate Director for various private entities.

J.R. ANDRÉ BOMBARDIER

Vice Chairman of the Board of Directors of Bombardier
Montréal, Québec, Canada
Age: 70
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	(F)	265,774	186,255
December 31, 2011	(F)	265,774	142,339
Change	—	—	43,916

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.

MARTHA FINN BROOKS

Corporate Director
Atlanta, Georgia, United States
Age: 53
Director since 2009
Member of the Human Resources and Compensation Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	30,000	133,688
December 31, 2011	—	30,000	85,738
Change	—	—	47,950

Ms. Martha Finn Brooks was, until her retirement in May 2009, President and Chief Operating Officer of Novelis, Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan, she was a Vice President at engine manufacturer Cummins Inc. She is a member of the Boards of Directors of Harley-Davidson, Inc. and Jabil Circuit Inc.

L. DENIS DESAUTELS, O.C., FCPA, FCA

Corporate Director
Ottawa, Ontario, Canada
Age: 69
Director since 2003
Chairman of the Audit Committee
Member of the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	10,000	166,556
December 31, 2011	—	10,000	142,315
Change	—	—	24,241

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 was Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants from 2010 to 2012 and a member of the Expert Panel on Securities Regulation in Canada. He is Chairman of Laurentian Bank of Canada and a director of Groupe Jean Coutu (PJC) Inc. He also sits on the Boards of Governors of the International Development Research Centre (IDRC) and the University of Ottawa.

THIERRY DESMAREST

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

Paris, France
Age: 67
Director since 2009
Member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	—	110,114
December 31, 2011	—	—	68,568
Change	—	—	41,546

Mr. Thierry Desmarest has been Honorary Chairman and a member of the Board of Directors of Total since May 2010. He was Chairman of the Board of Directors of Total from February 2007 to May 2010. He joined Total in 1981 as Managing Director of Total Algeria. He held various positions within Total Exploration Production ultimately becoming its President and a member of Total's Executive Committee in 1989. He became President of the Upstream segment in January 1995, and Chairman and Chief Executive Officer of Total a few months later. Following the merger with PetroFina in 1999, he became Chairman and Chief Executive Officer of TotalFina. In 2000, he was appointed Chairman and Chief Executive Officer of TotalFinaElf, and in 2003, he became Chairman and Chief Executive Officer of Total. He is also a member of the Boards of Directors of Sanofi, Air Liquide and Renault.

JEAN-LOUIS FONTAINE (D) (G)

Vice Chairman of the Board of Directors of Bombardier

Westmount, Québec, Canada
Age: 73
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	4,097,472	6,465	184,646
December 31, 2011	4,097,472	6,465	140,781
Change	—	—	43,865

Mr. Jean-Louis Fontaine began his career with Bombardier in 1964 as Vice President, Production, of its Ski-Doo division and rose through the ranks to become Vice President, Transportation Products in 1974. He was named Vice President, Corporate Planning in 1977, a position he held until he became Vice Chairman in 1988. He currently serves on the Board of Directors of Héroux-Devtek Inc.

SHEILA FRASER, FCPA, FCA

Corporate Director

Ottawa, Ontario, Canada
Age: 62
Director since 2012
Member of the Audit Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	—	30,948
December 31, 2011	—	—	—
Change	—	—	—

Ms. Sheila Fraser served as Auditor General of Canada from 2001 to 2011. Prior to joining the Office of the Auditor General as Deputy Auditor General in 1999, Ms. Fraser was a partner at Ernst & Young for 18 years, in the Québec City office. She chaired various committees of the International Organization of Supreme Audit Institutions (INTOSAI) as well as the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. She currently serves as a public member of the International Federation of Accountants – International Public Sector Accounting Standards Board (IFAC-IPSASB). She has been named as trustee to the IFRS Foundation, the oversight body of the International Accounting Standards Board. She also sits on the Boards of Directors of Manulife Financial Corporation and The Manufacturers Life Insurance Company.

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors
Montréal, Québec, Canada
Age: 68
Director since 1999
Member of the Audit Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	1,200	146,384
December 31, 2011	—	1,200	122,771
Change	—	—	23,613

A former Premier of the Province of Québec, Mr. Daniel Johnson was a member of the National Assembly of Québec for more than 17 years and held numerous offices in the Government of Québec from 1985 to 1994. He is a director of the Bank of Canada, exp Global Inc., IGM Financial Inc., The Investors Group Inc. and Mackenzie Inc. and the Chairman of the Board of Victhom Human Bionics Inc. He is also Honorary Consul of Sweden in Montréal.

JEAN C. MONTY

Corporate Director
Montréal, Québec, Canada
Age: 65
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	25,000	175,000	367,248
December 31, 2011	25,000	175,000	313,886
Change	—	—	53,362

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 Alcatel-Lucent SA and a member of the Boards of Directors of Fiera Capital, DJM Capital and Centria.

CARLOS E. REPRESAS

Corporate Director
Mexico City, Mexico
Age: 67
Director since 2004
Member of the Human Resources and Compensation Committee, the Finance and Risk Management Committee and the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	—	195,358
December 31, 2011	—	—	170,222
Change	—	—	25,136

Mr. Carlos E. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc., Swiss Re Group and Swiss Re America Holding-USA. 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 Latin American 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.

HEINRICH WEISS

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

Dusseldorf, Germany
Age: 70

Director since 2005

Member of the Corporate Governance and Nominating Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2012	—	—	290,148
December 31, 2011	—	—	239,910
Change	—	—	50,238

Dr. Heinrich Weiss is a member of the Supervisory Boards of Deutsche Bahn AG, DB Mobility Logistics AG and Voith AG. He is Chairman of the Foreign Trade Advisory Council to the Secretary of Economics and Technology of Germany, a member of the Board of the Asia Pacific Committee of German Business as well as a member of the Board of the East-West Trade Committee.

NOTES

(*) The information appearing on pages 8 to 12 of this Circular is determined as at December 31, 2012 and December 31, 2011, respectively.

(*) 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.

(A) Ms. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls, control or direction over 61,123,490 Class A shares and 812,500 Class B subordinate shares.

(B) "Deferred Stock Units" are: (i) in the case of Mses. Joanne Bissonnette, Martha Finn Brooks and Sheila Fraser and Messrs. André Bérard, J.R. André Bombardier, L. Denis Desautels, Thierry Desmarest, Jean-Louis Fontaine, Daniel Johnson, Jean C. Monty, Carlos E. Represas 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 20 of this Circular; (ii) in the case of the Chairman of the Board of Directors of Bombardier, Mr. Laurent Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Stock Unit Plan for Senior Officers which is more fully explained on page 37 of this Circular; and (iii) in the case of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Share Unit Plan and the 2010 Deferred Share Unit Plan which are more fully explained on pages 32 to 34 of this Circular. The number of Deferred Stock Units for each director and for Messrs. Laurent Beaudoin and Pierre Beaudoin has been determined as at December 31, 2012 and December 31, 2011, respectively.

(C) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of the Corporation, received an annual incentive of $1,400,000 Cdn, $2,285,000 Cdn and $3,675,000 Cdn, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units ($3.50 Cdn per Unit), 487,205 Deferred Stock Units ($4.69 Cdn per Unit) and 555,975 Deferred Stock Units ($6.61 Cdn per Unit), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, Mr. Beaudoin is credited with additional Deferred Stock Units if and when dividends are declared by the Board.

(D) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board (please refer to page 65 of this Circular). Although Messrs. Laurent Beaudoin, Jean-Louis Fontaine and André Bérard have attained the prescribed retirement age, the Board, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Messrs. Laurent Beaudoin, Jean-Louis Fontaine and André Bérard as directors of the Corporation during the Meeting to be held on Thursday, May 9, 2013.

(E) Ms. Janine Bombardier, mother of Ms. Joanne Bissonnette, exercises, through holding corporations which she controls, control or direction over 61,973,491 Class A shares and 40,001 Class B subordinate shares.

(F) Mr. J.R. André Bombardier exercises, through holding corporations which he controls, control or direction over 65,401,042 Class A shares.

(G) Ms. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls, control or direction over 60,701,887 Class A shares.

The following table sets forth the number of meetings of the Board and its Committees held between January 1, 2012 and December 31, 2012 and the record of attendance at these meetings of the directors of the Corporation throughout the year, all of whom, except for Ms. Janine Bombardier and Mr. Jean-Pierre Rosso, are nominees for election to the Board for the ensuing year.

Individuals who acted as Directors during the year 2012	Board (1)	Audit Committee Chairman: L. Denis Desautels	Corporate Governance and Nominating Committee Chairman: Jean-Pierre Rosso	Human Resources and Compensation Committee Chairman: Jean C. Monty	Finance and Risk Management Committee Chairman: André Bérard	Individual Attendance Rate
Laurent Beaudoin (2)	9/9	(2)	(2)	(2)	(2)	100%
Pierre Beaudoin (2)	9/9	(2)	(2)	(2)	(2)	100%
André Bérard	9/9	6/6	—	5/5	5/5	100%
Joanne Bissonnette (3)	5/5	—	—	—	—	100%
J. R. André Bombardier	9/9	—	—	—	—	100%
Janine Bombardier (4)	4/4	—	—	—	—	100%
Martha Finn Brooks (5)	9/9	3/3	—	5/5	2/2	100%
L. Denis Desautels	9/9	6/6	—	—	5/5	100%
Thierry Desmarest	8/9	—	3/4	4/5	—	83%
Jean-Louis Fontaine	9/9	—	—	—	—	100%
Sheila Fraser (6)	4/5	2/3	—	—	—	75%
Daniel Johnson	9/9	6/6	—	—	5/5	100%
Jean C. Monty	9/9	—	4/4	5/5	—	100%
Carlos E. Represas	9/9	—	4/4	5/5	3/5	91%
Jean-Pierre Rosso	8/9	5/6	4/4	—	—	89%
Heinrich Weiss	9/9	—	4/4	—	—	100%
Overall Attendance Rate	**98%**	**93%**	**95%**	**96%**	**91%**	**—**

(1) Including two special sessions for the review of the strategic orientation and the operating plans and budgets of the Corporation held during the year.
(2) The Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the President and Chief Executive Officer, Mr. Pierre Beaudoin, are not members of any of the Committees of the Board; however, they are entitled to attend and to participate in all the meetings of the Committees (except in camera meetings), but not to vote.
(3) Ms. Joanne Bissonnette was elected as director at the previous annual meeting of the Corporation held on May 10, 2012.
(4) Ms. Janine Bombardier retired at the close of the previous annual meeting of the Corporation held on May 10, 2012.
(5) Ms. Martha Finn Brooks was a member of the Audit Committee until the close of the previous annual meeting of the Corporation held on May 10, 2012, immediately following which meeting she was appointed as a member of the Finance and Risk Management Committee.
(6) Ms. Sheila Fraser was elected as director at the previous annual meeting of the Corporation held on May 10, 2012 and was appointed as a member of the Audit Committee immediately following that meeting.

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

a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including Bombardier) that:

   (i) was the subject, while such person was acting in that capacity, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

   (ii) was subject to an event that occurred while that person was acting in such capacity and which resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

   (iii) while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the ten years before the date of this 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.

Appointment of the External Auditors of Bombardier

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

For each of the financial years ended December 31, 2012 and December 31, 2011, Ernst & Young billed Bombardier the following fees for their services:

Fees	Financial Year Ended December 31, 2012 ($)	Financial Year Ended December 31, 2011 ($)
Audit Fees	11,740,000	13,919,000
Audit-related Fees	1,025,000	976,000
Tax Fees	4,416,000	2,574,000
All otherFees	859,000	231,000
Total Fees	**18,040,000**	**17,700,000**

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

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

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

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

Audit Committee Information

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

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

L. Denis Desautels (Chairman) – Mr. Desautels, O.C., FCPA, FCA, is the Chairman of the Audit Committee since 2003. He has a Bachelor of Commerce degree from McGill University. He served as Auditor General of Canada from April 1, 1991 until March 31, 2001; he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montréal office of Ernst & Young, (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 was Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants from 2010 to 2012. He is a member of the audit committees of Laurentian Bank of Canada and Groupe Jean Coutu (PJC) Inc.

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

Sheila Fraser – Ms. Sheila Fraser, FCPA, FCA, has a Bachelor of Commerce degree as well as several Honorary Doctor of Laws degrees. She served as Auditor General of Canada from 2001 to 2011. Prior to joining the Office of the Auditor General as Deputy Auditor General in 1999, Ms. Fraser was a partner at Ernst & Young for 18 years, in the Québec City office. She chaired various committees of the International Organization of Supreme Audit Institutions (INTOSAI) from 2001 to 2011 as well as the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants in 2004 and 2005. She currently serves as a public member of the International Federation of Accountants – International Public Sector Accounting Standards Board (IFAC-IPSASB) and has been named as Trustee to the

IFRS Foundation, the oversight body of the International Accounting Standards Board. She is a member of the audit committee of Manulife Financial Corporation.

Daniel Johnson – Mr. Johnson is a member of the Audit Committee since 1999. A law graduate of Université de Montréal and a member of the Québec Bar since 1967, he also holds LL.M. and Ph.D. degrees from the University of London (UK), as well as an M.B.A. from Harvard Business School. He was Secretary and Vice President of Power Corporation of Canada until 1981. As a member of the Québec Government from 1985 to 1994, he was Minister of Industry and Commerce, then Chairman of the Treasury Board and Minister responsible for Administration and the Public Service. He was also Minister responsible for the Montréal region and a member of the Standing Cabinet Committees on Economic Development, Planning, Regional Development and the Environment and of the Legislation Committee. He became Leader of the Québec Liberal Party in December 1993, was Premier of the Province of Québec until September 1994, and Leader of the Official Opposition until May 1998. He is currently a member of the audit committees of the Bank of Canada, Victhom Human Bionics Inc. and exp Global Inc.

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

Advance Notice Provision

On February 20, 2013, the Board approved an amendment to the Corporation's By-Law One to add, to form part thereof (the "By-Law Amendment"), an advance notice requirement in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: *(a)* a requisition of a meeting made pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA"); or *(b)* a shareholder proposal made pursuant to the provisions of the CBCA (the "Advance Notice Requirement").

The By-Law Amendment is effective since its adoption by the Board on February 20, 2013. Pursuant to the provisions of the CBCA, the By-Law Amendment will cease to be effective unless approved, ratified and confirmed by a resolution adopted by a simple majority of the votes cast by shareholders at the Meeting. The full text of the By-Law Amendment is set forth in Schedule A to this Circular.

Among other things, the Advance Notice Requirement fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice Requirement provides a clear process for shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information, allowing the Corporation and the shareholders to evaluate all nominees' qualifications and suitability as a director of the Corporation. The purpose of the Advance Notice Requirement is to treat all shareholders fairly by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and sufficient information with respect to all nominees and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Requirement should assist in facilitating an orderly and efficient meeting process.

The Board may, in its sole discretion, waive any requirement of the Advance Notice Amendment.

At the Meeting, shareholders of the Corporation will be asked to consider and, if deemed appropriate, to adopt a resolution in substantially the form set out below (the "By-Law Amendment Resolution"), approving, ratifying and confirming the By-Law Amendment:

"BE IT RESOLVED THAT:

1. the amendment to By-Law One of Bombardier Inc., substantially in the form set out in the management information circular of Bombardier Inc. dated March 11, 2013, is hereby approved, ratified and confirmed to form part thereof; and
2. any one director or officer of Bombardier Inc., be, and each of them is hereby, authorized and directed for and on behalf and in the name of Bombardier Inc., to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution."

The Board recommends to its shareholders and their proxyholders to VOTE FOR the adoption of the By-Law Amendment Resolution.

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

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

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

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

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 59 of this Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

The Board has decided, during its meeting on March 30, 2011, to implement advisory, but non-binding, votes on executive compensation (otherwise known as "Say on Pay"). Thus, the shareholders of the Corporation will be called, during the Meeting, to vote **"FOR"** or **"AGAINST"** the adoption of the following resolution with respect to Bombardier's approach to executive compensation:

"RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Bombardier Inc., that the shareholders of Bombardier Inc. accept the approach to executive compensation disclosed in the Management Proxy Circular delivered in advance of the annual meeting of the shareholders of Bombardier Inc. held on May 9, 2013".

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

The results of the vote will also be included in the report on voting results to be posted on the SEDAR website, at www.sedar.com, following the Meeting.

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

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

Section 3: Remuneration of the Directors of Bombardier

This section describes the approach to compensation for the directors at Bombardier.

With a view to providing market competitive compensation and aligning the interests of directors and shareholders, the Corporate Governance and Nominating Committee (the "CGNC") reviews the amount and form of non-executive directors' compensation in light of the responsibilities and time commitment required of directors. The CGNC monitors the competitiveness of Bombardier's Board compensation against public companies in Canada and the United States that have international operations and are comparable in size and complexity to Bombardier. The CGNC did not recommend any change to the amount or form of compensation for the financial year ended December 31, 2012.

The following table illustrates the elements of compensation to which the directors were entitled during the financial year ended December 31, 2012, with the exception of Mr. Pierre Beaudoin, who receives no compensation for serving as a director of the Corporation.

Type of Fees	($)
Board Retainers	
Chairman of the Board of Directors (1)	600,000
Directors (other than the Chairman of the Board of Directors)	150,000
Additional Retainers (1)	
Lead Director of the Board of Directors	15,000
Audit Committee Chairman	20,000
Other Committee Chairman	10,000
Committee Members (other than the Chairman)	5,000
Travel Fees	
Travel Fees (2)	2,500

(1) The Chairman of the Board of Directors does not receive any additional retainer.
(2) Every time a director has a travel time of three hours or more from his/her residence in order to attend a meeting of the Board and/or one of its committees, in person, he or she is entitled to receive travel fees.

No fees are paid for attendance at Board or committee meetings, subject to the travel fees mentioned in the above table when applicable.

Each director is required to receive the entirety of his or her annual Board retainer in the form of Director Deferred Stock Units ("DDSUs") until the minimum shares and/or DDSUs holding requirement (as further explained on page 20 of this Circular) is met (currently, a minimum value of $400,000 Cdn), and must continue to receive at least 50% of his/her annual Board retainer in the form of DDSUs once the holding requirement is met. Although additional annual retainers and travel fees are not subject to such holding requirement, each director may elect to receive not less than 50% of said retainer(s) and/or fees, as applicable, in the form of DDSUs. Please see "Director Deferred Stock Unit Plan" on page 20 below for further details on DDSUs.

Allocation of Fees Earned during the Financial Year ended December 31, 2012

The following table shows the allocation of fees earned during the financial year ended December 31, 2012 by the directors of the Corporation entitled to receive them:

	Annual Fees				Travel Fees	Total	Allocation of Fees		
Director	**Board Retainer [1] ($)**	**Lead Director ($)**	**Committees ($)**	**Total ($)**	**Travel Fees [2] ($)**	**Total Fees Earned ($)**	**Total Fees Paid in Cash ($)**	**Total Fees Credited in DDSUs ($)**	**Number of DDSUs Credited [3]**
Laurent Beaudoin	600,000	—	—	600,000	—	600,000	600,000	—	—
André Bérard	150,000	15,000	20,000	185,000	—	185,000	—	185,000	58,086
Joanne Bissonnette [4]	112,500	—	—	112,500	—	112,500	—	112,500	30,271
J. R. André Bombardier	150,000	—	—	150,000	—	150,000	—	150,000	43,916
Janine Bombardier [5]	75,000	—	—	75,000	—	75,000	—	75,000	21,327
Martha Finn Brooks [2] [6]	150,000	—	10,000	160,000	12,500	172,500	—	172,500	47,950
L. Denis Desautels [7]	150,000	—	25,000	175,000	—	175,000	100,000	75,000	24,241
Thierry Desmarest [2]	150,000	—	10,000	160,000	7,500	167,500	17,500	150,000	41,546
Jean-Louis Fontaine	150,000	—	—	150,000	—	150,000	—	150,000	43,865
Sheila Fraser [8]	112,500	—	2,500	115,000	—	115,000	—	115,000	30,948
Daniel Johnson [7]	150,000	—	10,000	160,000	—	160,000	85,000	75,000	23,613
Jean C. Monty	150,000	—	15,000	165,000	—	165,000	—	165,000	53,362
Carlos E. Represas [2] [7]	150,000	—	15,000	165,000	10,000	175,000	100,000	75,000	25,136
Jean-Pierre Rosso [2]	150,000	—	15,000	165,000	12,500	177,500	—	177,500	53,009
Heinrich Weiss [2]	150,000	—	5,000	155,000	10,000	165,000	—	165,000	50,238

(1) The full amount of the annual Board retainer was credited in DDSUs to every director, except for *(i)* Mr. Laurent Beaudoin who does not participate in the "Director Deferred Stock Unit Plan" which is more fully explained on page 20 of this Circular; *(ii)* Mr. Daniel Johnson; *(iii)* Mr. L. Denis Desautels; and *(iv)* Mr. Carlos E. Represas (in the case of Messrs. Johnson, Desautels and Represas, see note 7 below).
(2) This director was entitled to travel fees of $2,500 for each meeting which he or she attended in person, where applicable.
(3) Included in these numbers are additional DDSUs credited to a director if and when dividends on the Class B subordinate shares are declared payable by the Board.
(4) Ms. Joanne Bissonnette was elected as a director at the previous annual meeting of the Corporation held on May 10, 2012.
(5) Ms. Janine Bombardier retired at the close of the previous annual meeting of the Corporation held on May 10, 2012.
(6) Ms. Martha Finn Brooks was a member of the Audit Committee until the close of the previous annual meeting of the Corporation held on May 10, 2012, immediately following which meeting she was appointed as a member of the Finance and Risk Management Committee.
(7) This director elected to receive only 50% of his $150,000 annual Board retainer in the form of DDSUs.
(8) Ms. Sheila Fraser was elected as director at the previous annual meeting of the Corporation held on May 10, 2012 and was appointed as a member of the Audit Committee immediately following that meeting.

Summary Compensation Table

The Summary Compensation Table below shows all of the annual compensation information for each of the directors for the financial year ended December 31, 2012, with the exception of the President and Chief Executive Officer, Mr. Pierre Beaudoin, who did not receive any compensation for acting as a director of the Corporation.

As President and Chief Executive Officer, Mr. Pierre Beaudoin's remuneration is disclosed in Section 4: "Remuneration of the Executive Officers of Bombardier".

Name of Directors	Total Fees Earned (1) ($)	Pension Value (2) ($)	All Other Compensation (3) ($)	Total Compensation ($)
Laurent Beaudoin	600,000	1,164,400	68,620	1,833,020
André Bérard	185,000	—	—	185,000
Joanne Bissonnette	112,500	—	—	112,500
J. R. André Bombardier	150,000	303,800	42,860	496,660
Janine Bombardier	75,000	—	—	75,000
Martha Finn Brooks	172,500	—	—	172,500
L. Denis Desautels	175,000	—	—	175,000
Thierry Desmarest	167,500	—	—	167,500
Jean-Louis Fontaine	150,000	442,900	15,350	608,250
Sheila Fraser	115,000	—	—	115,000
Daniel Johnson	160,000	—	—	160,000
Jean C. Monty	165,000	—	—	165,000
Carlos E. Represas	175,000	—	75,060 (4)	250,060
Jean-Pierre Rosso	177,500	—	—	177,500
Heinrich Weiss	165,000	—	—	165,000

(1) Please refer to the table "Allocation of Fees Earned during the Financial Year ended December 31, 2012" on page 18 of this Circular.

(2) Only Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine are entitled to pension payments earned during their former active service as executives of Bombardier. Please refer to the table "All Other Compensation" on page 20 of this Circular.

(3) Only Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as executives of Bombardier. Please refer to the table "All Other Compensation" on page 20 of this Circular.

(4) Mr. Carlos E. Represas received total fees amounting to $75,000 Cdn ($75,060, based on an average exchange rate of 1.0008 for the financial year ended December 31, 2012) for his services as Chairman of the Mexico Advisory Board of Bombardier and as Chairman Non Executive of Bombardier Latin America.

All Other Compensation

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine during the financial year ended December 31, 2012. They were entitled to these compensation elements as former executives of Bombardier. Details about pension benefits and perquisites are provided in Section 4: "Remuneration of the Executive Officers of Bombardier" from pages 22 to 59 of this Circular.

Director (1)	Pension Benefits (2) ($)	Total of Other Compensation Excluding Pension Benefits (3) ($)
Laurent Beaudoin	1,164,400	68,620
J.R. André Bombardier	303,800	42,860
Jean-Louis Fontaine	442,900	15,350

(1) All amounts paid were converted from Canadian dollars to U.S. dollars based on an average exchange rate of 1.0008 during the year ended December 31, 2012.
(2) Details of the pension plans for executives of Bombardier are provided on page 51 of this Circular.
(3) Represents the estimated costs to Bombardier to provide car leasing and maintenance and premium paid for group insurance. The actual car leasing costs were added to an estimated maintenance cost taking into consideration the personal use of their respective car by Messrs. Laurent Beaudoin and J.R. André Bombardier. In addition, Bombardier pays the cost for administration of the office of the Chairman of the Board of Directors and of Mr. J.R. André Bombardier.

Director Deferred Stock Unit Plan

To encourage directors (other than Messrs. Laurent Beaudoin, Chairman of the Board of Directors, and Pierre Beaudoin, President and Chief Executive Officer) to better align their interests with those of the shareholders by having an investment in the Corporation, a Director Deferred Stock Unit Plan (the "DDSU Plan") was implemented on April 1, 2000; it was amended in 2003, 2006, 2007, 2008 and 2011. The DDSU Plan provides that eligible directors are required to receive the entirety of their annual Board retainer in the form of DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained in the following section) is met. Thereafter, they must continue to receive at least 50% of such fees in the form of DDSUs. In addition, they may elect to receive not less than 50% of their other fees (i.e. additional annual retainers and/or travel fees, as applicable) in the form of DDSUs.

DDSUs have a value equal to the weighted average trading prices of the Class B subordinate shares on the Toronto Stock Exchange ("TSX") for the five trading days immediately preceding the date of grant. DDSUs are vested on the date of grant and take the form of a book-keeping entry credited to the eligible director's account for as long as he/she remains a director. DDSUs will be redeemed for cash upon request after the eligible director ceases to be a director, failing which the DDSUs will automatically be redeemed for cash upon the expiry of a pre-determined period. The value of a DDSU, when redeemed for cash, is equal to the closing price of the Class B subordinate shares on the TSX on the last trading day preceding the day of the redemption. DDSUs earn dividend equivalents in the form of additional DDSUs at the same rate as the dividends paid on the Class B subordinate shares. The DDSU plan is not dilutive.

Minimum Shares and/or DDSUs Holding Requirement

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

On February 1, 2008, the Board implemented a minimum shares and/or DDSUs holding requirement, as amended in 2011, pursuant to which each director has to hold shares and/or DDSUs having a minimum value of $400,000 Cdn (equal to $401,700 based on an exchange rate of 1.0043 as of December 31, 2012 and to $391,600 based on an exchange rate of 0.9791 as of December 31, 2011) throughout his/her tenure as a director.

The DDSU Plan provides that until a director meets this minimum shares and/or DDSUs holding requirement, his/her annual Board retainer will be entirely credited to him/her in the form of DDSUs. Once the required threshold is met, the director must continue to receive at least 50% of his/her annual Board retainer in the form of DDSUs. Please see "Director Deferred Stock Unit Plan", the preceding section, for further details on DDSUs.

Pursuant to Bombardier's Code of Ethics and Business Conduct, directors shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls". In addition, directors shall not sell Bombardier securities that they do not own (a "short sale").

Director Shares and/or DDSUs/DSUSOs Holding Table

The following table provides information on the number and value of the Class A shares and/or Class B subordinate shares of Bombardier and/or DDSUs/DSUSOs (as hereafter defined) held by the current directors of Bombardier, excluding Mr. Pierre Beaudoin who is a Named Executive Officer, as hereinafter defined (in his case, please refer to page 44 of this Circular).

Director	Financial Year Ended December 31 [1]	Number of Class A Shares	Number of Class B Subordinate Shares	Total Value of Shares [2] ($)	Number of DDSUs/ DSUSOs	Total Value of DDSUs/ DSUSOs [2] ($)	Total Number of Shares and DDSUs/ DSUSOs	Total Value of Shares and DDSUs/ DSUSOs [2] ($)	Share Ownership Threshold Met
Laurent Beaudoin [3]	2012	13,052,944	812,500	53,275,900	1,603,772	6,056,100	15,469,216	59,332,000	yes
	2011	13,052,944	812,500	55,117,200	1,553,859	6,176,800	15,419,303	61,294,000	yes
	Net change	0	0	(1,841,300)	49,913	(120,700)	49,913	(1,962,000)	
André Bérard	2012	—	5,000	18,900	355,682	1,343,100	360,682	1,362,000	yes
	2011	—	5,000	19,900	297,596	1,183,000	302,596	1,202,900	yes
	Net change	—	0	(1,000)	58,086	160,100	58,086	159,100	
Joanne Bissonnette	2012	—	5,824	22,000	30,271	114,300	36,095	136,300	no [4]
	2011	—	—	—	—	—	—	—	
	Net change	—	—	—	—	—	—	—	
J.R. André Bombardier	2012	65,401,042	265,774	252,566,700	186,255 [5]	703,300	65,853,071	253,270,000	yes
	2011	65,401,042	265,774	261,035,200	142,339 [5]	565,800	65,809,155	261,601,000	yes
	Net change	0	0	(8,468,500)	43,916	137,500	43,916	(8,333,000)	
Martha Finn Brooks	2012	—	30,000	113,300	133,688	504,800	163,688	618,100	yes
	2011	—	30,000	119,300	85,738	340,800	115,738	460,100	no
	Net change	—	0	(6,000)	47,950	164,000	47,950	158,000	
L. Denis Desautels	2012	—	10,000	37,800	166,556	628,900	176,556	666,700	yes
	2011	—	10,000	39,800	142,315	565,700	152,315	605,500	yes
	Net change	—	0	(2,000)	24,241	63,200	24,241	61,200	
Thierry Desmarest	2012	—	—	—	110,114	415,800	110,114	415,800	yes
	2011	—	—	—	68,568	272,600	68,568	272,600	no
	Net change	—	—	—	41,546	143,200	41,546	143,200	
Jean-Louis Fontaine	2012	4,097,472	6,465	15,785,200	184,646 [6]	697,300	4,288,583	16,482,500	yes
	2011	4,097,472	6,465	16,313,700	140,781 [6]	559,600	4,244,718	16,873,300	yes
	Net change	0	0	(528,500)	43,865	137,700	43,865	(390,800)	
Sheila Fraser	2012	—	—	—	30,948	116,900	30,948	116,900	no [4]
	2011	—	—	—	—	—	—	—	
	Net change	—	—	—	—	—	—	—	
Daniel Johnson	2012	—	1,200	4,500	146,384	552,800	147,584	557,300	yes
	2011	—	1,200	4,800	122,771	488,000	123,971	492,800	yes
	Net change	—	0	(300)	23,613	64,800	23,613	64,500	
Jean C. Monty	2012	25,000	175,000	757,000	367,248	1,386,800	567,248	2,143,800	yes
	2011	25,000	175,000	795,000	313,886	1,247,700	513,886	2,042,700	yes
	Net change	0	0	(38,000)	53,362	139,100	53,362	101,100	
Carlos E. Represas	2012	—	—	—	195,358	737,700	195,358	737,700	yes
	2011	—	—	—	170,222	676,700	170,222	676,700	yes
	Net change	—	—	—	25,136	61,000	25,136	61,000	
Jean-Pierre Rosso	2012	—	—	—	255,401	964,400	255,401	964,400	yes
	2011	—	—	—	202,392	804,500	202,392	804,500	yes
	Net change	—	—	—	53,009	159,900	53,009	159,900	
Heinrich Weiss	2012	—	—	—	290,148	1,095,600	290,148	1,095,600	yes
	2011	—	—	—	239,910	953,700	239,910	953,700	yes
	Net change	—	—	—	50,238	141,900	50,238	141,900	

(1) The number of the Class A shares, Class B subordinate shares, DDSUs or DSUSOs (see note 3 below) held by each director for the financial years ended December 31, 2012 and December 31, 2011 is determined at December 31, 2012 and as at December 31, 2011 respectively.

(2) The total value for the financial year ended December 31, 2012 is calculated on the basis of the December 31, 2012 closing prices of the Class A share and the Class B subordinate share of $3.83 Cdn and $3.76 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 1.0043. The total value for the financial year ended December 31, 2011 is calculated on the basis of the December 31, 2011 closing prices of the Class A share and the Class B subordinate share of $4.06 Cdn each, converted from Canadian dollars to US dollars based on an exchange rate of 0.9791. This value also corresponds to the market or payout value of DDSUs/DSUSOs not paid out or distributed.

(3) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of Bombardier, received an annual incentive of $1,400,000 Cdn, $2,285,000 Cdn and $3,675,000 Cdn, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units for Senior Officers (DSUSOs) ($3.50 Cdn per DSUSO), 487,205 DSUSOs ($4.69 Cdn per DSUSOs) and 555,975 DSUSOs ($6.61 Cdn per DSUSO), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, Mr. Laurent Beaudoin is credited with additional DSUSOs if and when dividends are declared by the Board. As of December 31, 2012, Mr. Laurent Beaudoin held 1,603,772 DSUSOs. Please refer to the description of the Deferred Stock Unit Plan for Senior Officers on page 37 of this Circular for more details.

(4) Mses. Joanne Bissonnette and Sheila Fraser were elected as directors on May 10, 2012; therefore they have not yet reached the threshold.

(5) During the financial year ended January 31, 2011, Mr. J.R. André Bombardier became eligible to receive the various fees to which the directors are entitled; he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 89,197 DDSUs for his past service as a director from the date of his retirement as an executive of Bombardier on March 1, 2006 until January 31, 2010.

(6) During the financial year ended January 31, 2011, Mr. Jean-Louis Fontaine became eligible to receive the various fees to which the directors are entitled; he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 88,664 DDSUs for his past service as a director from the date of his retirement as an executive of Bombardier on March 1, 2006 until January 31, 2010.

Section 4: Remuneration of the Executive Officers of Bombardier

A. Composition of the Human Resources and Compensation Committee

The HRCC is comprised of the following **five independent directors**:

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

None of the HRCC members during the financial year ended December 31, 2012 was an active chief executive officer with a publicly-traded entity. The current members each have experience in executive compensation as either *(1)* a former chief executive officer of a publicly-traded corporation, *(2)* a senior executive officer who had executive responsibility for very sizeable businesses or *(3)* a member of a compensation committee of a publicly-traded corporation.

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

Jean C. Monty – (Chairman) – Mr. Monty is the Chairman of the HRCC since 2003. Mr. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.) on April 24, 2002, 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. His executive responsibilities at BCE Inc. and Nortel included, among other functions, actively supervising the human resources department and assessing performance with respect to human resources and executive compensation policies and practices. He also acquired experience in numerous fields related to human resources and compensation matters through these responsibilities. 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 Alcatel-Lucent SA and a member of the Boards of Directors of Fiera Capital, DJM Capital and Centria.

André Bérard – Mr. Bérard has a Fellow's Diploma of the Institute of Canadian Bankers. He attended the Special Management Program at Harvard Business School. He served as Chairman of the Board of National Bank of Canada from 2002 to 2004, after having assumed the duties of Chairman of the Board and Chief Executive Officer from 1990 to 2002, President and Chief Executive Officer in 1989 and President and Chief Operating Officer from 1986 to 1989, where, among other functions, he actively supervised the human resources department and oversaw performance with respect to human resources and executive compensation policies and practices. He also acquired experience in numerous fields related to human resources and compensation matters through his executive responsibilities at National Bank of Canada. Between 1958 and 1986, he held various positions of increasing responsibilities at National Bank of Canada. He is a member of the human resources committees of BCE Inc., BMTC Group Inc. and Transforce Inc.

Martha Finn Brooks – Ms. Brooks was, until her retirement in 2009, President and Chief Operating Officer of Novelis, Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off as a TSX and NYSE listed company by Alcan Inc. in 2005. From 2002 to 2005, she served as President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia and Corporate Senior Vice President of Alcan. Her executive responsibilities at Novelis, Inc. and Alcan included, among other functions, actively supervising the human resources department, assessing senior executive performance and developing executive compensation policies and practices and a talent management system. Prior to joining Alcan, she was a Vice President at engine manufacturer Cummins Inc. where she worked over 15 years in various general management, marketing and business development roles. She is a member of the Board of Directors and Chair of the human resources and compensation committee of Harley-Davidson, Inc. She served as a director on the compensation committee of the Board of Directors of International Paper Inc. for four years.

Thierry Desmarest – Mr. Desmarest has been Honorary Chairman and a member of the Board of Directors of Total since May 2010. He was Chairman of the Board of Directors of Total from February 2007 to May 2010. He joined Total in 1981 as Managing Director of Total Algeria. He held various positions within Total Exploration Production ultimately becoming its President and a member of Total's Executive Committee in 1989. He became President of the Upstream segment in January 1995, and Chairman and Chief Executive Officer of Total a few months later. Following the merger with PetroFina in 1999, he became Chairman and Chief Executive Officer of TotalFina. In 2000, he was appointed Chairman and Chief Executive Officer of TotalFinaElf, and in 2003, he became Chairman and Chief Executive Officer of Total. Mr. Desmarest actively supervised the human resources department, among other functions, and acquired experience in leadership, succession planning and talent development through the various positions of increasing responsibilities which he held at Total over the years. He is also a member of the nominating and governance committees or compensation committees of Total, Sanofi, Renault and Air Liquide.

Carlos E. Represas – Mr. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc., Swiss Re Group and Swiss Re America-Holding Inc. 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 Latin American 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 and where, among other functions, his responsibilities included actively supervising the human resources department and assessing performance with respect to human resources and executive compensation policies and practices. He also acquired experience in numerous fields related to human resources and compensation matters through his executive responsibilities at Nestlé. In addition, he is a member of the compensation committee of Swiss Re Group and Merck & Co., Inc. Finally, he attended the Harvard University Program for Compensation Committee members in 2005.

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

The HRCC held five meetings during the financial year ended December 31, 2012. The table below outlines the main activities of the HRCC during the last financial year.

Meeting	Main activities of the HRCC
January, 2012	**Approval of:** • the 2012 short-term incentive plan, and • the compensation and incentive plan risks. **Review of:** • the equity incentive plan, • the annual compensation cycle for the years 2012 and 2013, and • the draft executive compensation disclosure section of the 2012 management proxy circular.
February, 2012	**Approval of:** • the 2012 long-term incentive plans, • the 2012 salary increases for the President and Chief Executive Officer, each of the Group President and Chief Operating Officer, the Senior Vice Presidents of the Corporate Office, the President of Flexjet and the President of Bombardier China, • the 2011 short-term incentive payments, • amendments to the performance share unit plan, and • the executive compensation disclosure section of the 2012 management proxy circular. **Review of:** • the 2012 salary increases for the Presidents and Vice Presidents reporting to either Group/Flexjet Presidents or Senior Vice Presidents of the Corporate Office, and • the stock ownership guidelines report.
May, 2012	**Review of:** • the Human Resources key performance indicators, • the report on health and safety matters, and • the ethics and compliance activity report (with respect to human resources related matters only).
August, 2012	**Approval of:** • the stock option and performance share unit or deferred share unit grants pursuant to the 2012 mid-term and long-term incentive plans for the President and Chief Executive Officer, each of the Group President and Chief Operating Officer, the Senior Vice Presidents of the Corporate Office, the President of Flexjet and the President of Bombardier China, and • amendments to the performance share unit plan. **Review of:** • the stock option and performance share unit or deferred share unit grants pursuant to the 2012 mid-term and long-term incentive plans for the Presidents and Vice Presidents reporting to either Group/Flexjet Presidents or Senior Vice Presidents of the Corporate Office, • an analysis of performance indicators for short-term, mid-term and long-term incentives, and • a benchmarking of Bombardier's pension plans in Canada and the United States for executives.
November, 2012	**Review of:** • the annual benchmarking with respect to the total compensation for selected senior executive positions, • an analysis of performance indicators for short-term, mid-term and long-term incentives, • the salary scales and budget increases for the 2013 financial year, and • the report on health and safety matters.
On-going	• Appointments (total compensation and other terms and conditions) and terminations (settlements) involving selected executives. • Amendments to current pension plans. • Private meetings of the HRCC members when circumstances so warrant. • Review of the stock option, performance share unit and deferred share unit grants pursuant to the 2012 mid-term and long-term incentive plans.

B. Mandate of the HRCC

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

- ensure that appropriate mechanisms are in place with regards to succession planning for the President and Chief Executive Officer and executives reporting to him, including all Named Executive Officers or NEOs (as hereinafter defined);
- ensure, via the human resources key performance indicators, that appropriate human resources policies, procedures, practices and systems are in place to attract, motivate and retain the qualified personnel required to meet the business objectives of Bombardier;
- assess the performance of the President and Chief Executive Officer against objectives set at the beginning of the fiscal year;
- review and approve a total compensation policy that takes into account, among other things,
  - base salary,
  - short-term incentives,
  - mid-term and long-term incentives, and
  - pensions, benefits and perquisites;
- approve new compensation plans and review modifications to the design of equity-based compensation plans with respect to the granting of performance share units, deferred share units and stock options and make appropriate recommendations to the Board for its approval;
- review, on a quarterly basis, occupational health and safety matters and report to the Board on them;
- review a 12-month consolidated Ethics and Compliance activity report on human resources issues, and;
- ensure that monitoring is in place regarding social issues such as employment equity, harassment and discrimination.

B.1 Independent Consultant

The HRCC has the authority to retain any independent consultants of its choice to advise its members on total executive compensation policy and related matters, and to determine the fees and the terms and conditions of the engagement of these consultants. On February 1, 2011, the HRCC retained the services of Meridian Compensation Partners ("Meridian"), as independent compensation advisor of the HRCC, for a three-year mandate.

During the financial year ended December 31, 2012, Meridian conducted a comprehensive benchmarking review of executive compensation relative to the markets. Furthermore, Towers Watson conducted a benchmarking review of long-term incentives relative to the Canadian market.

Meridian also provided its assessment with respect to the trends and practices on executive compensation to the HRCC including the review of performance indicators and the pay-for-performance analysis and reported directly to the HRCC on these matters. The HRCC did not direct Meridian to perform its services in any particular manner. Ultimately, the decisions are taken by the HRCC and may reflect factors and considerations other than information and recommendations provided by Meridian.

During the financial year ended December 31, 2012, Meridian did not provide any other services to Bombardier or to any of its directors or members of management and the HRCC is satisfied with the independence of Meridian.

Meridian and Towers Watson billed the following fees to Bombardier during each of the financial years ended December 31, 2012 and December 31, 2011:

Mandates and Fees (1)	**Financial year ended December 31, 2012 ($)**	**Financial year ended December 31, 2011 ($)**	**Financial year ended December 31, 2012 ($)**	**Financial year ended December 31, 2011 ($)**
	Meridian		Towers Watson	
Executive Compensation Related Fees	243,300	219,900	19,600	7,800
All Other Fees (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	0	0	3,913,400	3,330,900
Total Fees	**243,300**	**219,900**	**3,933,000**	**3,338,700**

(1) Fees were converted from Canadian dollars to US dollars based on exchange rates of 1.0043 as of December 31, 2012 and 0.9791 as of December 31, 2011.

B.2 Leadership Development and Management Succession Planning

As a world-class employer, Bombardier believes in a global vision of Talent Management. The Corporation continuously strives to attract, retain, engage and develop the right talent. It designs pertinent, leading-edge strategies to strengthen the organization's leadership capabilities and overall talent pipeline.

One of Bombardier's competitive foundations is to have great talent globally. It offers all leaders the opportunity to participate in a leadership program that provides an understanding of leadership behaviours, and how these behaviours impact teams and their ability to achieve business results.

The Performance Management Process ("PMP") underpins Bombardier's efforts to ensure that employees are productive, develop their individual competencies and become Bombardier's future leaders and experts. The feedback and performance evaluation that employees receive as part of the PMP become key discussion points for the development of employees.

The management succession process originates at each Bombardier group (Aerospace, Transportation, Flexjet and Corporate Office). After a series of escalating reviews, this process culminates in a detailed and integrated assessment of the leadership status by Bombardier's senior management. This process is further reinforced by quarterly talent reviews of the top leaders' development plans by the President and Chief Executive Officer, the Group Presidents and the Group Vice Presidents, Human Resources. Talent review sessions were held during the financial year ended December 31, 2012 and a summary of the management succession plan was presented to the Board in November 2012.

C. Compensation Discussion and Analysis

This section describes the approach to compensation for the NEOs at Bombardier. It focuses on Bombardier's compensation policy, the tools used to set compensation, the means by which Bombardier delivers compensation under the various plans and other features that assist in aligning executives with shareholders' interests.

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

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

C.1 Executive Summary

- Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. Each of these elements is discussed in the following sections.
- In 2012, the HRCC has requested a realizable pay/realized performance analysis from Meridian for its President and Chief Executive Officer to confirm their alignment. The results of this study are disclosed on page 43 of this Circular.
- In 2012, the methodology used to determine the number of units to be granted under the mid-term and long-term incentives has been modified to reduce the potential variance between the price at grant date and the price used to determine the grant size.
- Overall, the HRCC is satisfied that the compensation of executives supports the objective of the policy.
- As of the date of this Circular, Bombardier intends to implement a clawback policy and has not committed to make any other significant changes to its compensation policies and practices in the next financial year.

C.1.1 Compensation Objectives

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

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

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

	Base Salary	Short-Term Incentives	Mid-Term Incentives	Long-Term Incentives
Term	**One year**	**One year**	**Three years**	**Seven years**
Purpose	Compensation based on responsibilities, performance, skills and potential	Rewards achievement and surpassing of specific financial and non-financial key performance indicators	Rewards for creating shareholder value and achieving specific performance objectives	Links the interests of executives to those of shareholders by rewarding executives for creating shareholder value
Performance Criteria	—	Financial and non-financial key performance indicators	Three-year average return on equity	Carry value only if share price is above exercise price
Vesting	—	—	Full vesting after three years if performance conditions are met	Stock options granted since June 2009 vest in full after three years
Payout	Cash	Cash	PSUs paid in Class B subordinate shares or cash equivalent at the end of the three-year period, choice being made at grant. DSUs granted before 2010 can be settled in Class B subordinate shares or cash equivalent upon settlement. DSUs granted under the 2010 DSUP can only be settled in Class B subordinate shares.	Class B subordinate shares acquired at an exercise price determined at grant

The following table sets forth the percentage of each component of the total compensation package for *(1)* the President and Chief Executive Officer, Mr. Pierre Beaudoin, *(2)* the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, and *(3)* the three other most highly compensated executive officers of Bombardier, namely the President and Chief Operating Officer of Bombardier Aerospace, Mr. Guy C. Hachey, the President and Chief Operating Officer of Bombardier Transportation, Mr. André Navarri, and the Senior Vice President, Mr. Richard Bradeen, (all of whom are collectively referred to as the "Named Executive Officers" of Bombardier or "NEOs" (or individually "NEO") in this Circular) in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended December 31, 2012. The target weightings of each element intend to emphasize the at-risk compensation of each executive officer to ensure his/her alignment with shareholders' interests. The relative weighting of each element of direct compensation is aligned with each executive officer's ability to influence the short-term, mid-term and long-term performance of Bombardier.

Target Weighting of Compensation Elements Based on Compensation Policy

NEOs	Base Salary	Short-Term Incentive	Mid-Term Incentive	Long-Term Incentive	Total Direct Compensation (1)	Total at-Risk Compensation (2)
Pierre Beaudoin	20%	28%	35%	17%	100%	80%
Pierre Alary	30%	27%	29%	14%	100%	70%
Guy C. Hachey	28%	25%	31%	16%	100%	72%
André Navarri	28%	25%	31%	16%	100%	72%
Richard Bradeen	32%	29%	26%	13%	100%	68%

(1) Excluding value of pension, benefits and perquisites.
(2) Corresponds to the percentage of total direct compensation minus the percentage of base salary.

C.1.2 Benchmarking of Senior Executive Positions

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

Comparator Group for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen		
Company	**Revenues as at December 31, 2011 (Millions $)**	**Market Capitalization as at December 31, 2012 (Millions $)**
3M	29,611	64,246
Alliant Techsystems Inc.	4,616	2,024
Boeing	68,735	56,827
Caterpillar	60,138	58,598
Eaton	16,049	25,096
Emerson Electric	23,996	38,321
Ford Motor	136,264	49,374
General Dynamics	32,677	24,457
General Electric	143,595	220,107
Goodrich (1)	N/A	N/A
Honeywell International	36,529	49,721
ITT	2,119	2,175
Johnson Controls	41,713	20,976
L-3 Communications Holdings	15,169	7,207
Lockheed Martin	46,499	29,679
McDermott International	3,445	2,599
Northrop Grunman	26,412	16,587
Parker Hannifin	12,991	12,689
Raytheon	24,857	18,987
Rockwell Automation	6,109	11,731
Rockwell Collins	4,796	8,038
SPX	4,551	3,564
Textron	11,275	6,986
Timken	5,170	4,584
United Technologies	58,190	75,166
25^{th} percentile	5,874	7,152
50^{th} percentile	24,427	19,982
75^{th} percentile	42,910	49,461
90^{th} percentile	66,156	62,552
Bombardier	19,617	6,642
Bombardier's Percentile Rank	0.45	0.21

(1) Goodrich was acquired by United Technologies in 2012.

Meridian performed, during the financial year ended December 31, 2011, the benchmark used to determine the NEOs' compensation effective in the financial year ended December 31, 2012. The benchmarking review of executive compensation performed in the financial year ended December 31, 2012 will support changes, if any, to be made during the 2013 financial year. Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, a comparator group including large North America based companies is used for North American positions. European positions are benchmarked using a combination of relevant European companies. The grant value guidelines of mid-term and long-term incentives plans are anchored on Canadian market practices for all executives based on Towers Watson's study. The comparator group used in Meridian's 2011 study for the NEOs of Bombardier in the financial year ended December 31, 2012 is provided in the following table. The compensation data for these companies come from information contained in the Aon Hewitt's Total Compensation Measurement database and also from available public disclosure documents.

Comparator Group for Mr. André Navarri			
ABB	Daimler	Heidelberger	Merck
Adam Opel	Deere & Co	Druckmaschinen	Parker Hannifin
Alcatel-Lucent	Demag-Cranes	Henkel	Salzgitter
BASF	Deutsche Bahn	Honeywell	Schneider
Bilfinger Berger	Deutsche	Infineon	Electric
BMW	Telekom	Kion Group	Siemens
BorgWarner	EADS (Airbus)	Klöckner & Co	Terex
Robert Bosch	Eaton Corp	Kuka	ThyssenKrupp
Caterpillar	Elring-Klinger	Leoni	Tognum
Continental	GEA	Linde	Volkswagen
	Grammer	MAN	

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

The comparator group used for European positions has been reviewed by the HRCC in 2011 and the companies selected were used to determine the 2012 compensation of Mr. André Navarri.

The HRCC validates the introduction of new compensation plans or any significant modifications to existing ones through stress-testing processes. During the financial year ended December 31, 2012, no new plan was adopted nor were significant changes made to existing plans.

C.1.3 Base Salary

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

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

C.1.4 Short-term Incentive Plans

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

The HRCC has the authority to set key performance indicators and targets in relation to incentive plans for management employees. It also has the general authority to adjust such key performance indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC. While the HRCC does make qualitative assessment of certain aspects of incentive plans (e.g. assessment of non-financial goals), the discretionary assessment of performance does not form part of the design of incentive plans. During the financial year ended December 31, 2012, the HRCC did not exercise, after the fact, its discretionary authority to adjust the key performance indicators, targets or results of incentive plans.

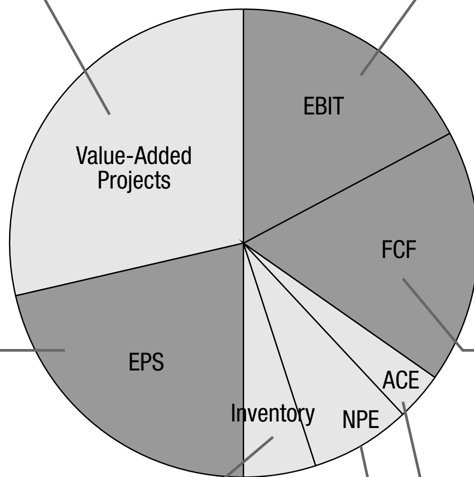
The following illustration shows the key performance indicators that composed the 2012 short-term incentive plan for the President and Chief Executive Officer and the rationale behind these choices:

WHY USE VALUE-ADDED PROJECTS?

This metric is linked to the success of certain key specific projects that have strategic importance for Bombardier. While they are usually long-term in nature, key milestones are measured and the advancement and realization of these projects are monitored.

WHY USE EARNING BEFORE FINANCING EXPENSE, FINANCING INCOME AND INCOME TAXES (EBIT)?

EBIT is an industry-wide measure of in-year operational profitability and is a common measure for valuation of companies in the industry.



WHY USE EARNING PER SHARE (EPS)?

EPS is a wide measure of profitability and is a common measure for valuation of companies. It measures the net profitability of performance.

WHY USE FREE CASH FLOW?

Free Cash Flow measures the cash generated by the business after paying short-term operating costs, making long-term investments and meeting financing costs. It is commonly used as a valuation measure for companies in the industry.

WHY USE AMAZING CUSTOMER EXPERIENCE (ACE)?

Many employees have an impact on meeting these key performance indicators. They are also very important to Bombardier's clients and impact both their satisfaction and loyalty.

WHY USE INVENTORY?

Inventory is a key component of working capital and as such has a significant impact on free cash flow results. Also, it measures the ability to deliver products as per customer requirements and the efficiency of Bombardier's manufacturing activities.

WHY USE NEW PROGRAM EXECUTION (NPE)?

New Program Execution is one element that represents the ability to execute plans with respect to development of new aircraft programs through quarterly milestone monitoring. It recognizes the contribution and fosters the engagement of employees.

At its meeting of January 17, 2012, the HRCC approved the following financial performance indicators:

- earnings before financing expense, financing income and income taxes, excluding:
  - for Bombardier Aerospace: Flexjet results and corporate expense allocations, and
  - for Bombardier Transportation: corporate expense allocations,

  ("EBIT");
- free cash flow, excluding:
  - for Bombardier Aerospace: Flexjet results and corporate cash allocations, and
  - for Bombardier Transportation: corporate cash allocations,

  ("FCF");
- inventory for Bombardier Transportation and,
- earnings per share for Corporate Office ("EPS"),

and their respective quantitative targets for the short-term incentive plans for the financial year ended December 31, 2012.

These financial performance indicators are based on Bombardier's operating plans for the year as approved by the Board and take into account prior years' results and prevailing economic conditions. The Corporation estimates that these financial performance indicators are set at an ambitious level to promote enhanced performance over the prior year's results but are reasonably attainable provided that the operating plans are substantially complied with and achieved by management. These financial performance indicators are not benchmarked with similar indicators from the comparator group used for the compensation policy. However, compensation policies are benchmarked against this group of companies as they represent a similar and accessible pool of talents.

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

For Bombardier Aerospace, the HRCC approved the use of the following three other key performance indicators *(1)* On-time Delivery, *(2)* Fleet Dispatch Reliability and *(3)* New Program Execution and their respective quantitative targets. For Flexjet, the HRCC also approved the use of the following two other key performance indicators *(1)* Share Retention and *(2)* Flawless Performance Measure of Flight Operations and their respective quantitative targets.

Finally, these plans also limit, for the financial year ended December 31, 2012, the total bonus amount to predetermined percentages, namely 5% of EBIT for Bombardier Aerospace and Bombardier Transportation and 10% of EBIT for Flexjet. Bonus payments are proportionally reduced if the EBIT limit is reached. In addition, no bonus is paid if EBIT for the year is zero, even if the FCF or EPS targets and/or the other key performance indicators are met.

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

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

Group	Key Performance Indicators (1)	Target Weight	Actual Results ($)	Realized Weight	Total Realized Weight
Bombardier Aerospace	EBIT	30.00%	405 million (8)	7.50%	30.00%
	FCF	30.00%	(867 million) (8)	0.00%	
	ACE: On-time Delivery (2)	5.00%	Not publicly disclosed (9)	2.50%	
	ACE: Fleet Dispatch Reliability (3)	5.00%	Not publicly disclosed (9)	5.00%	
	New Program Execution (NPE) (4)	30.00%	Not publicly disclosed (9)	15.00%	
Flexjet	EBIT	33.33%	Included in Bombardier Aerospace	40.00%	91.11%
	FCF	33.33%	Included in Bombardier Aerospace	11.11%	
	ACE: Share Retention (5)	16.67%	Not publicly disclosed (9)	16.67%	
	ACE: Flawless Performance Measure of Flight Operations (6)	16.67%	Not publicly disclosed (9)	23.33%	
Bombardier Transportation	EBIT	40.00%	290 million (10)	0.00%	18.33%
	FCF	40.00%	386 million (10)	13.33%	
	Inventory (7)	20.00%	Not publicly disclosed (9)	5.00%	
Corporate Office	Aerospace objectives	33.33%	Stated above	10.00%	41.65%
	Transportation objectives	33.33%	Stated above	6.11%	
	Flexjet objectives	3.34%	Stated above	3.04%	
	Earnings Per Share (EPS)	30.00%	0,32 per share	22.50%	
President and Chief Executive Officer	Aerospace objectives	23.81%	Stated above	7.14%	38.80%
	Transportation objectives	23.81%	Stated above	4.37%	
	Flexjet objectives	2.38%	Stated above	2.29%	
	Earnings Per Share (EPS)	21.43%	Stated above	16.07%	
	Value added projects: The Board has defined specific strategic targets including: • Development of new aircraft programs specific milestones, and • Definition of a plan to improve execution at Transportation	28.57%	Not publicly disclosed (9)	8.93%	

(1) EBIT, FCF and EPS were selected as indicators for the short-term incentive plans to assure that they would reflect Bombardier success in achieving its targets for profitability and cash flows.
(2) On-time Delivery represents the percentage of aircraft delivered to the customers on or before the customer original or amended contract date.
(3) Fleet Dispatch Reliability reports the number of successful aircraft take-offs free of mechanical issues.
(4) New Program Execution represents the achievement of quarterly milestones in the development of new aircraft programs.
(5) Share Retention represents the total number of partial shares of ownership of aircraft sold to partial owners and kept at year-end either through renewed or extended contract.
(6) Flawless Performance Measure of Flight Operations is an index representing the quality of execution of each leg of flight operated for an owner of Flexjet aircrafts. A quality score is granted for each of the following elements of the flight: charter and booking, delay due to maintenance, crew services, catering, ground transportation, aircraft condition and amenities.
(7) Inventory represents the aggregate of raw materials, work in progress, finished goods and provisions.
(8) As stated in Bombardier's financial statements as at December 31, 2012. For the purpose of calculating the short-term incentive results, it excludes Flexjet results, corporate expense/cash allocations and special items.
(9) Would provide, if disclosed, highly sensitive data to competitors and could provide inappropriate market guidance.
(10) As stated in Bombardier's financial statements as at December 31, 2012. For the purpose of calculating the short-term incentive results, it excludes corporate expense/cash allocations and special items.

The following table provides the minimum, target and maximum bonus payable to the NEOs according to the short-term incentive plans as well as the actual payout earned for the financial year ended December 31, 2012 expressed as a percentage of base salary.

NEOs	Minimum	Target	Maximum	Actual Payout	% of Total Compensation
Pierre Beaudoin	0%	140%	280%	54%	13%
Pierre Alary	0%	90%	180%	37%	12%
Guy C. Hachey	0%	90%	180%	27%	7%
André Navarri	0%	90%	180%	16%	5%
Richard Bradeen	0%	90%	180%	37%	13%

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

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

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

– Since June 2009, the HRCC has decided to provide 66²/₃% of the value of the grant to its NEOs in the form of PSUs or DSUs and 33¹/₃% in the form of stock options.

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

– they recognize and reward the impact of longer-term strategic actions undertaken by the executives;

– they promote executive retention since the grants vest over a certain number of years;

– the value of the grants depends on the future value of the Class B subordinate shares;

– it limits the dilution effect on shareholders since the Class B subordinate shares paid upon vesting of PSUs are only purchased on the secondary market; and

– in the case of PSUs, the cost to Bombardier is managed through the purchase of shares on the secondary market by a trustee, as instructed by the Corporation.

The HRCC determines the size of grants to be awarded by the Board to executives. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data. The number of PSUs, DSUs and stock options granted to each participant is based, among other considerations, on a grant guideline that is related to the employee's management level within Bombardier. Eligibility to participate in the mid-term and long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the grant made to a NEO in any subsequent financial year.

During the financial year ended on December 31, 2012, the methodology used to determine the number of PSUs/DSUs and stock options to be granted was changed in order to reduce the potential variance between the price at grant date and the price used to determine the grant size. The number of PSUs/DSUs and stock options to be granted is determined by dividing the long-term incentive intended grant value by the reference price. Up to 2011, the reference price was the twelve-month average of the closing price of the Class B subordinate shares on the TSX during the preceding fiscal year. Since 2012, the reference price is the 5-day weighted average trading price preceding the grant date. Based on historic analysis and stress testing, it was determined that the net effect of the previous methodology was not materially different than the new methodology. However, the new methodology is more consistent with current market practice and reduces the potential volatility and mismatch between intended grant date value and the amount awarded under the various plans. The HRCC believes that the new methodology is better aligned with the compensation policy going forward.

C.1.5.1 Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)

The objective of each of the PSU Plan, the DSU Plan and the 2010 DSUP is to reward key employees of the Corporation who particularly contribute to the creation of economic value for Bombardier and its shareholders. The HRCC fixes the target objectives for each mid-term incentive plan based on Bombardier's financial goals. These incentive plans are designed to motivate executives to exceed Bombardier's financial targets through the application of thresholds for payments and increased payments when targets are exceeded.

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

Only executives as approved either by the HRCC or by the senior management, as the case may be, depending, in each case, on their respective salary grade level, may elect to receive DSUs instead of PSUs. The election must be made on the date of the grant and the choice is irrevocable. For the executives subject to the Stock Ownership Guidelines (please refer to pages 36 and 37 of this Circular for further details on Stock Ownership Guidelines), DSUs constitute the default selection for mid-term incentives in countries where DSUs are allowed.

The main rules of the PSU Plan, the DSU Plan and the 2010 DSUP are summarized below:

– a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate shares if the predetermined Return on Equity ("ROE") targets are attained;

– the settlement of PSUs is made at the end of the vesting period;
– the settlement of vested DSUs is made only upon the participant's termination of employment, death or retirement;
– the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
– the ROE targets are determined at the date of the grant by the HRCC;
– the number of Class B subordinate shares delivered on the vesting date (or, in the case of DSUs, upon the participant's termination of employment, death or retirement) may be eliminated, reduced or increased depending on the actual results of the three-year average ROE:

Vesting Percentage [1]	Three-year Average ROE
0%	More than 2% below target
70%	Target minus 2%
100%	Target
150%	More than 5% above target

(1) Interpolation between 70% and 150%.

– the PSU Plan confers the right to receive dividends to be paid either in the form of additional PSUs or in cash at the same rate as the dividend paid on Class B subordinate shares; the form of payment of these dividends is determined by the HRCC; these dividends are paid at the end of the three-year vesting period in accordance with the vesting rules;
– PSUs are settled in Class B subordinate shares purchased on the secondary market or in cash equivalent;
– under the DSU Plan, dividends will only be settled as additional units of DSUs;
– DSUs granted prior to June 2010 under the DSU Plan are delivered upon settlement as Class B subordinate shares purchased on the secondary market or in cash;
– DSU granted on or after June 2010 under the 2010 DSUP are delivered upon settlement as Class B subordinate shares issued from treasury or purchased on the secondary market;
– the maximum number of Class B subordinate shares which may be issued from treasury under the 2010 DSUP is 24,000,000; and
– please refer to Section F "Termination and Change of Control Provisions" on pages 55 to 58 of this Circular for the treatment of PSUs and DSUs in such cases.

In addition, the 2010 DSUP provides that the rights of a participant thereunder may not be assigned, encumbered, pledged, transferred or alienated in any way other than by will or pursuant to the laws of succession.

The 2010 DSUP contemplates that the following amendments to the 2010 DSUP or to awards granted thereunder must be approved by the shareholders of the Corporation:

– an amendment allowing a participant to transfer DSUs, other than by will or pursuant to the laws of succession;
– an increase in the number of treasury Class B subordinate shares reserved for issuance under the 2010 DSUP.

Subject to the foregoing, the Board may amend, suspend or terminate the 2010 DSUP and any DSUs 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:

– wind up, suspend or terminate the 2010 DSUP;
– terminate a DSU granted under the 2010 DSUP;
– modify the eligibility for, and limitations on, participation in the 2010 DSUP;
– modify the terms on which the DSUs may be granted, terminated, cancelled and adjusted;
– amend the provisions of the 2010 DSUP to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;
– amend the provisions of the 2010 DSUP to modify the maximum number of Class B subordinate shares which may be offered for subscription and purchase under the 2010 DSUP following the declaration of a stock dividend, a subdivision, consolidation, reclassification, or any other change with respect to the Class B subordinate shares;
– amend the 2010 DSUP or a DSU to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and
– amend a provision of the 2010 DSUP relating to the administration or technical aspects of the 2010 DSUP.

Under the terms of the 2010 DSUP:

– the total number of Class B subordinate shares issuable from treasury, together with the Class B subordinate shares issuable from treasury under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 10% of the total issued and outstanding Class B subordinate shares;
– the total number of Class B subordinate shares issuable from treasury to insiders and their associates, together with the Class B subordinate shares issuable from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 5% of the total issued and outstanding Class B subordinate shares;

– the number of Class B subordinate shares issued from treasury to insiders and their associates, together with the Class B subordinate shares issued from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, within a one-year period, may not exceed 10% of the total issued and outstanding Class B subordinate shares; and
– a single person cannot hold DSUs covering more than 5% of the Class B subordinate shares issued and outstanding.

As of March 1, 2013, the status is as follows:

2010 DSUP	Issued	Issuable under DSUs granted but not vested	Issuable for future DSU grants
Class B subordinate shares	0	8,246,195	15,753,805
% of total number of Class A shares and Class B subordinate shares issued and outstanding	0%	0.47%	0.90%

At the end of each financial year, the HRCC approves the results of prior years mid-term incentive plans in order to authorize the payouts of plans reaching the vesting date during the period. The following table shows the impact of the financial results of Bombardier on the PSU/DSU grants of executives which vested during the financial year ended December 31, 2012:

PSUs/DSUs Granted in 2009-2010			
Three-Year Average ROE (1) Return	Vesting Percentage	Average ROE (1) Results Achieved	Vesting Percentage Achieved
Below 18%	0%	20.11%	101%
18%	70%		
19%	85%		
20%	100%		
21%	110%		
22%	120%		
23%	130%		
24%	140%		
25%	150%		

(1) ROE is calculated considering that "Net income" is before special items and that "Equity" excludes cash flow hedges, AFS (available for sale) financial assets and net actuarial losses under IFRS.

C.1.5.2 PSUs/DSUs Settlement

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

When each DSU participant terminates employment for any reason, he or she receives Class B subordinate shares (or cash equivalent for DSUs granted before June 2010 at the discretion of the HRCC). Actual settlements of vested DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

C.1.5.3 Stock Option Plan

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

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

– the granting of non-assignable options to purchase Class B subordinate shares may not exceed 133,782,688, taking into account the aggregate number of Class B subordinate shares issuable from treasury under all of the Corporation's other security based compensation arrangements;
– the annual grant of stock options is made within a 1% dilution limit;
– the number of shares reserved for issuance, together with the Class B subordinate shares issuable from treasury under all of the Corporation's other security based compensation arrangements, at any time, shall not exceed 10% of the total issued and outstanding Class B subordinate shares;
– the number of shares reserved for issuance to insiders and their associates, together with the Class B subordinate shares issuable from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, at any time, shall not exceed 5% of the total issued and outstanding Class B subordinate shares;
– in any given one-year period, insiders and their associates may not be issued a number of shares, together with the Class B subordinate shares issued to insiders and their associates under all of the Corporation's other security based compensation arrangements, exceeding 10% of all issued and outstanding Class B subordinate shares;

- no single person may hold options to acquire more than 5% of all issued and outstanding Class B subordinate shares; and
- in any given one-year period, any insider or his or her associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class B subordinate shares.

As of March 1, 2013, the status is as follows:

Stock Option Plan	Issued Further to Options Exercised	Issuable Under Options Granted But Unexercised	Issuable for Future Option Grants
Class B subordinate shares	39,741,917	28,375,089	65,665,682
% of total number of Class A shares and Class B subordinate shares	2.26%	1.62%	3.74%

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

- a grant of stock options represents the right to purchase an equal number of Class B subordinate shares at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate shares traded on the TSX on the five trading days immediately preceding the day on which an option is granted;
- stock options granted prior to June 2003 are conventional options with a term of ten years vesting at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant;
- all outstanding stock options granted prior to June 2003 are 100% vested;
- stock options granted since June 2003 and before June 2009 are performance options with a term of seven years; they vest at a rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant if the performance vesting criteria is met;
- the performance criteria for the stock options granted since June 2003 and before June 2009 are based on the price of the Class B subordinate shares; the weighted average trading price of these shares has to reach the target price established at the time of the grant for at least 21 consecutive trading days in each year following the grant date. If the target price is not reached in a given year, the exercise of the grant is carried forward to the following year at the target price of the following year;
- stock options granted since June 2009 are conventional time-vested options with a term of seven years vesting at a rate of 100% at the end of the third anniversary of the date of grant. The three-year vesting period was selected to align the vesting rules of the long-term incentive plan to the vesting schedule of the mid-term incentive plan;
- if the expiration date of an option falls during, or within ten (10) business days following the expiration of a blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the blackout period; and
- please refer to Section F "Termination and Change of Control Provisions" on pages 55 to 58 of this Circular for the treatment of stock options in such cases.

In addition, the Stock Option Plan provides that no option or any right in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession.

The following table shows the impact of the price of the Class B subordinate shares on the stock options granted prior to June 2009:

Performance vesting requires that the target price threshold for Class B subordinate shares reaches:	Results
$4.50 Cdn for stock options granted in 2006-2007	Target price threshold attained
$6.00 Cdn for stock options granted in 2007-2008	Target price threshold attained
$8.00 Cdn for stock options granted in 2008-2009	Target price threshold not yet attained

C.1.5.4 Restrictions Regarding Trading of Bombardier Securities

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

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

The Stock Option Plan also provides that optionees may not enter into any monetization transaction or other hedging procedures.

C.1.5.5 Right to Amend the Stock Option Plan

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

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

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

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

– an amendment allowing the issuance of Class B subordinate shares to an optionee without the payment of a cash consideration, unless provision has been made for a full deduction of the underlying Class B subordinate shares from the number of Class B subordinate shares reserved for issuance under the Stock Option Plan;
– a reduction in the purchase price for the Class B subordinate shares in respect of any option or an extension of the expiration date of any option beyond the exercise periods provided by the Stock Option Plan;
– the inclusion, on a discretionary basis, of non-employee directors of the Corporation as participants in the Stock Option Plan;
– an amendment allowing an optionee to transfer options other than by will or pursuant to the laws of succession;
– the cancellation of options for the purpose of issuing new options;
– the grant of financial assistance for the exercise of options;
– an increase in the number of Class B subordinate shares reserved for issuance under the Stock Option Plan; and
– any amendment to the method for determining the purchase price for the Class B subordinate shares, in respect of any option.

C.1.5.6 Stock Ownership Guidelines

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

– the President and Chief Executive Officer,
– the President and Chief Operating Officer of Bombardier Aerospace,
– the President and Chief Operating Officer of Bombardier Transportation and
– the executives reporting directly to the President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and Bombardier Transportation, as the case may be, and who are members of their leadership teams.

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

Position held	Multiple of annual base salary
President and Chief Executive Officer	5 x
Bombardier Aerospace or Bombardier Transportation President and Chief Operating Officer	4 x
Other executives	3 x or 2 x depending on salary grade

The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on December 31st of each calendar year. For the purpose of assessing the level of ownership, Bombardier includes the value of shares owned plus vested DSUs. The HRCC monitors, each year, the progress in value of the share portfolios.

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

There is no prescribed period to reach the stock ownership target. However, executives are not allowed to sell shares acquired through the settlement of PSUs or exercise of options granted on or after June 2009 or after executives become subject to the SOG until they have reached their individual target, except in order to cover the cost of acquiring the shares and the applicable local taxes. Upon the exercise of any options granted prior to June 2009, the stock options holder shall remain the direct owner of at least 25% of the number of shares so acquired for a period of at least one year following the date of purchase of such shares, and may not resell such shares or enter into any monetization transaction with respect thereto during such one-year period. This requirement does not apply for options granted on or after June 2009. DSUs may not be settled until the executive terminates his/her employment, retires or dies.

The following table presents the target and ratio of actual values of shares owned and vested DSUs by the NEOs as of December 31, 2012 over their base salary at that date:

NEOs	Target multiple of base salary	Actual multiple of base salary as of December 31, 2012 (1)
Pierre Beaudoin	5 x	2.1 (2)
Pierre Alary	3 x	1.2
Guy C. Hachey	4 x	0.8
André Navarri	4 x	1.4
Richard Bradeen	3 x	0.9

(1) The SOG came into effect on June 10, 2009.
(2) Mr. Pierre Beaudoin agreed that only the shares he acquires on or after June 10, 2009 will be taken into account to determine the attainment of his stock ownership target. Shares already held by Mr. Pierre Beaudoin before June 10, 2009 (512,859 Class A shares and 1,312 Class B subordinate shares) are not considered in the multiple disclosed above.

C.1.6 Deferred Stock Unit Plan for Senior Officers

Under the Deferred Stock Unit Plan for Senior Officers, ("DSUSO Plan"), designated executive 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 ("DSUSOs"). The number of DSUSOs credited to an executive officer who elects to participate in this plan is based on the value of the Class B subordinate shares as determined in accordance with the terms of the plan. In addition, when Bombardier pays out dividends on the Class B subordinate shares, additional DSUSOs are credited to the account of the participating executive officer. The DSUSO plan is not dilutive.

Upon the executive officer ceasing to be an executive officer (as a result of retirement, death, permanent disability or termination), these DSUSOs are automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the last trading day preceding the date on which the executive officer ceases to be an executive officer. As of December 31, 2012, no executive officer, with the exception of the Chairman of the Board of Directors, Mr. Laurent Beaudoin, held DSUSOs and these are all vested.

C.1.7 Share Purchase Plan

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

C.1.8 Pension Plans, Benefits and Perquisites

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

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

- The amount allocated for the leasing of a company provided car depends on the level of responsibility of executives; they are allowed to exceed it but they then have to contribute through payroll deductions. Bombardier reimburses reasonable expenses for the use and maintenance of the car.
- All executives are entitled to have an annual complete medical check-up.
- Bombardier assumes the annual fees incurred by selected executives for financial counselling up to a maximum amount of $3,000 Cdn.
- As a general rule, Bombardier does not reimburse any fitness club, sport club or business club membership fees.

The President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and the President and Chief Operating Officer of Bombardier Transportation are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of corporate aircraft incurred for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed is included in the amounts required to be disclosed as perquisites, as applicable, under the column "All Other Compensation", in the "Summary Compensation Table" on page 45 of this Circular.

More details about the executive pension plans are provided in Section E. "Pension Plans" on pages 51 and 54 of this Circular.

C.1.9 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no such loan outstanding for the financial year ended December 31, 2012.

C.1.10 Compensation Risks

– Bombardier has processes to approve projects or mandates based on different thresholds of investment and size of the new business and related risk. The approval is granted by either the operating group, the Corporate Office or the Board.
– The HRCC reviews and assesses compensation and incentive plan risks to ensure that the Corporation's compensation plans encourage appropriate business risk and incentives without encouraging risk-taking behaviors which may have a material adverse effect on the Corporation.
– The HRCC is therefore fully aware of the risks that could affect the Corporation's performance.
– The HRCC has not identified any risks associated with Bombardier's executive compensation plans that are reasonably likely to have a material adverse effect on Bombardier.
– The structure of the Board Committees facilitates assessment of risk associated with compensation policies and practices:
  - as per Bombardier's governance practices, overall risk management matters are considered and discussed at Board meetings, thereby providing additional important information to the members of the HRCC;
  - furthermore, the Chairman of the Finance and Risk Management Committee (the "FRMC"), Mr. André Bérard, is a member of the HRCC, and Ms. Martha Finn Brooks and Mr. Carlos E. Represas are both members of the FRMC and the HRCC; and
  - membership overlaps provide additional insight into the Corporation's business risks and allows the HRCC access to the necessary information to consider the impact of business risks on compensation policies and practices.

The following table summarizes representative compensation components or plans and relevant risk mitigation factors.

Compensation Component or Plans	Risk Mitigation Factor
Base Salary	• Base salaries are fixed in amount to provide steady income regardless of share price and therefore do not encourage risk-taking
Short-Term Incentive Plan	• The ability for short-term decisions to drive excessive compensation is limited because – the payout potential on each key performance indicator is capped at twice the target amount – the total bonus amount is limited to predetermined percentages of EBIT for Bombardier Aerospace, Bombardier Transportation and Flexjet to protect shareholders' interests – bonus payments are proportionally reduced if the EBIT limit is reached – the payout potential is based on a variety of key performance indicators, thus diversifying the risk associated with any single performance indicator to the detriment of others • Same objectives for all management employees at all levels within each operating group, Bombardier Aerospace and Bombardier Transportation, as well as for the Corporate Office and Flexjet in order to create alignment and encourage decision-making that is in the best interests of Bombardier as a whole – only a limited number of executives have individual objectives to minimize risk-taking behavior – 70% of Corporate Office performance indicators are based on operating groups and Flexjet key performance indicators • Objectives are mainly based on financial performance indicators relating to operating plans and some customers satisfaction objectives that the HRCC believes to be challenging but achievable without the need to take inappropriate or excessive risks • If the result for a specific objective is lower than the target, the related bonus is not paid
Mid-Term Incentive Plans **Performance Share Unit Plan OR Deferred Share Unit Plan**	• The three-year vesting period helps ensure Bombardier's performance aligns with shareholders' interests • Performance objectives, based on the Corporation target ROE as per strategic plans, are determined at the grant date by the HRCC – If the result is lower than the threshold, the vesting percentage shall be 0% – If the target is exceeded, the vesting percentage is capped to 150% • This incentive is also based on a three-year share price performance: the ultimate value of the award is tied to Bombardier's share price, which encourages behaviors focused on mid-term goals, while discouraging behaviors focused on short-term risks • Annual grants with overlapping performance periods ensure that results in a single year impact currently maturing grants as well as outstanding grants maturing in subsequent years, further encouraging continuous mid-term performance improvement
Long-Term Incentive Plan **Stock Option Plan**	• Stock options represent an incentive to enhance shareholder value by providing the executives with a compensation which is only valuable if Bombardier's share price increases over time • Vesting schedules help ensure long-term performance aligns with shareholders' interests • Since June 2009, the emphasis on stock options has been reduced: – The grant of stock options is offered to fewer levels of management – Only 331/3% of the mid-term and long-term incentive value is allocated in the form of stock options – For the NEOs, the value of stock options represents on average only 15% of their total compensation • Grants are not linked to individual objectives
Pay Mix	• Bombardier offers short-, mid- and long-term incentive plans developed from different performance indicators, allowing risks to be spread over a broader time horizon • The HRCC believes that the variable compensation elements (short-term incentive plan and mid-term and long-term incentive plans) represent a percentage of overall compensation that is sufficient to motivate executives to produce superior short-term, mid-term and long-term corporate results, while the fixed compensation element (base salary) is also sufficient to discourage executives from taking inappropriate or excessive risks • A portfolio approach to incentive compensation spreads the risk of various performance indicators, time horizons and extraneous factors influencing the compensation results, encouraging a more holistic view of business performance and compensation results
Stock Ownership Guidelines	• Since June 2009, selected executives are required to accumulate a significant level of Bombardier share ownership • SOG link more closely interests of executives with those of the shareholders
No Speculative Activities	• As per Bombardier's Code of Ethics and Business Conduct, employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls" and employees shall not sell securities that they do not own ("short-sale"). The Stock Option Plan also provides that optionees may not enter into any monetization transaction or other hedging procedures
Share Purchase Plan	• The same plan applies to all Bombardier employees to the extent that it is offered in their country of employment
Perquisites	• A limited number of perquisites such as car lease, complete medical check-up and financial counselling is offered based on local market practices. These perquisites are not affected by business decisions nor risk taking measures
Pension and Benefits	• No link with compensation risk since pension and benefits are based on local market practices
No Change of Control Agreements	• Bombardier has no change of control agreement with any of its NEOs that would result in guaranteed payouts in such an event. Please refer to Section F "Termination and Change of Control Provisions" on pages 55 to 58 of this Circular
Discretion of the HRCC	• The HRCC has the authority to set performance indicators and targets in relation to incentive programs for management employees, and to adjust such indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC

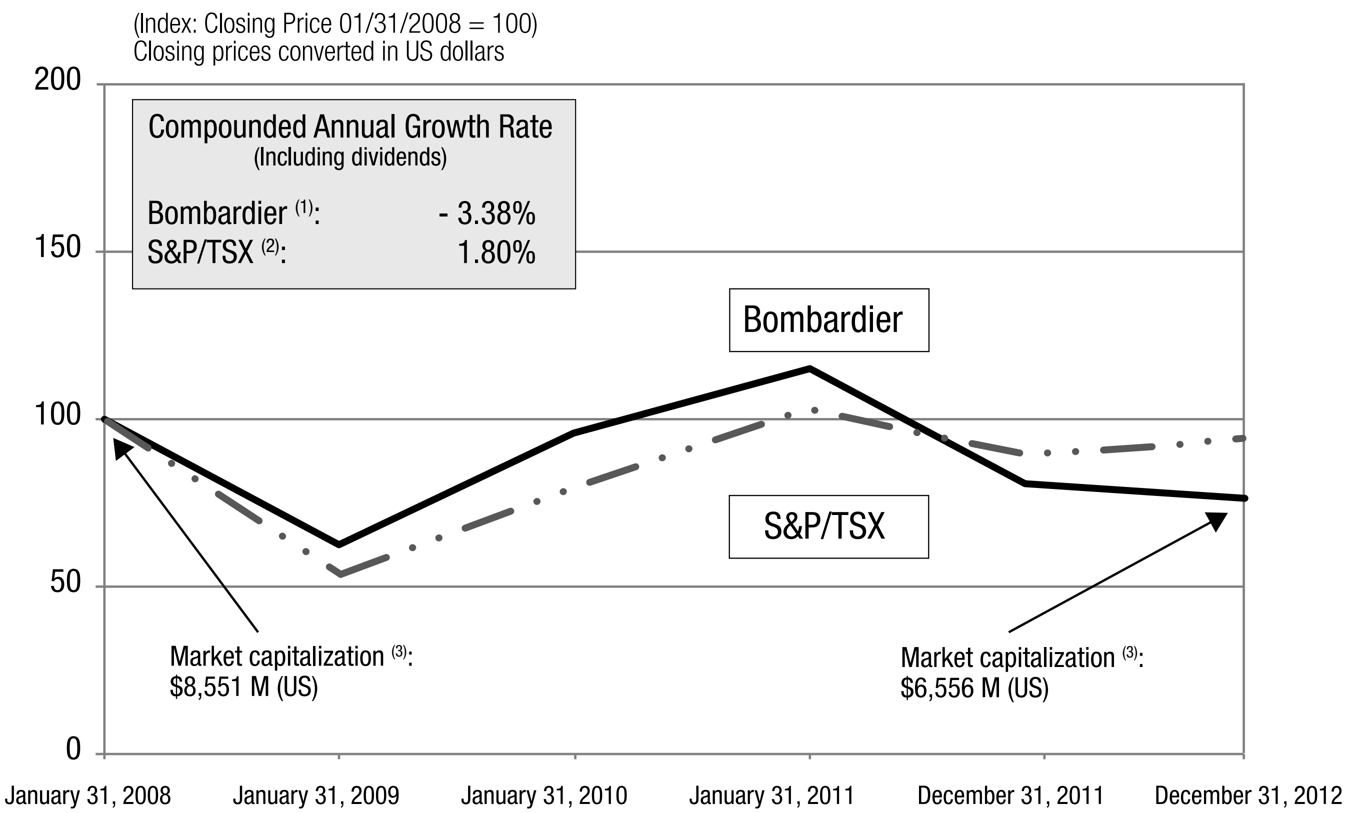
C.1.11 Clawback Policy

The HRCC reviewed and considered at the beginning of 2013 the creation and adoption of a formal clawback policy which would allow Bombardier to recover incentives in certain circumstances where misconduct resulted in an overpayment of incentive compensation. While Bombardier has not yet adopted a clawback policy, it intends to establish such a policy in 2013. Bombardier recognizes that such policy is consistent with emerging best practices and is closely monitoring legislative developments and market practices in this area to assist it in developing the most appropriate form and scope for its policy. Of note, Bombardier has never yet encountered a situation where a compensation recoupment or adjustment would have been required had a clawback policy been in place. In addition, in the event of a dismissal for cause, Bombardier's mid-term and long-term incentive plan rules account for the cancellation of all unexercised stock options and unvested PSUs/DSUs. Furthermore, the HRCC, at its discretion, can cancel vested DSUs.

C.2 Performance Graphs

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years assuming that an amount of $100 was invested on January 31, 2008 in the Class B subordinate shares of Bombardier and in the S&P/TSX Composite Index.

Performance of the Class B subordinate shares of Bombardier from January 31, 2008 to December 31, 2012



(1) Return on Class B subordinate shares converted to US dollars, including dividends reinvested

(2) Return on S&P/TSX index converted to US dollars, including dividends reinvested

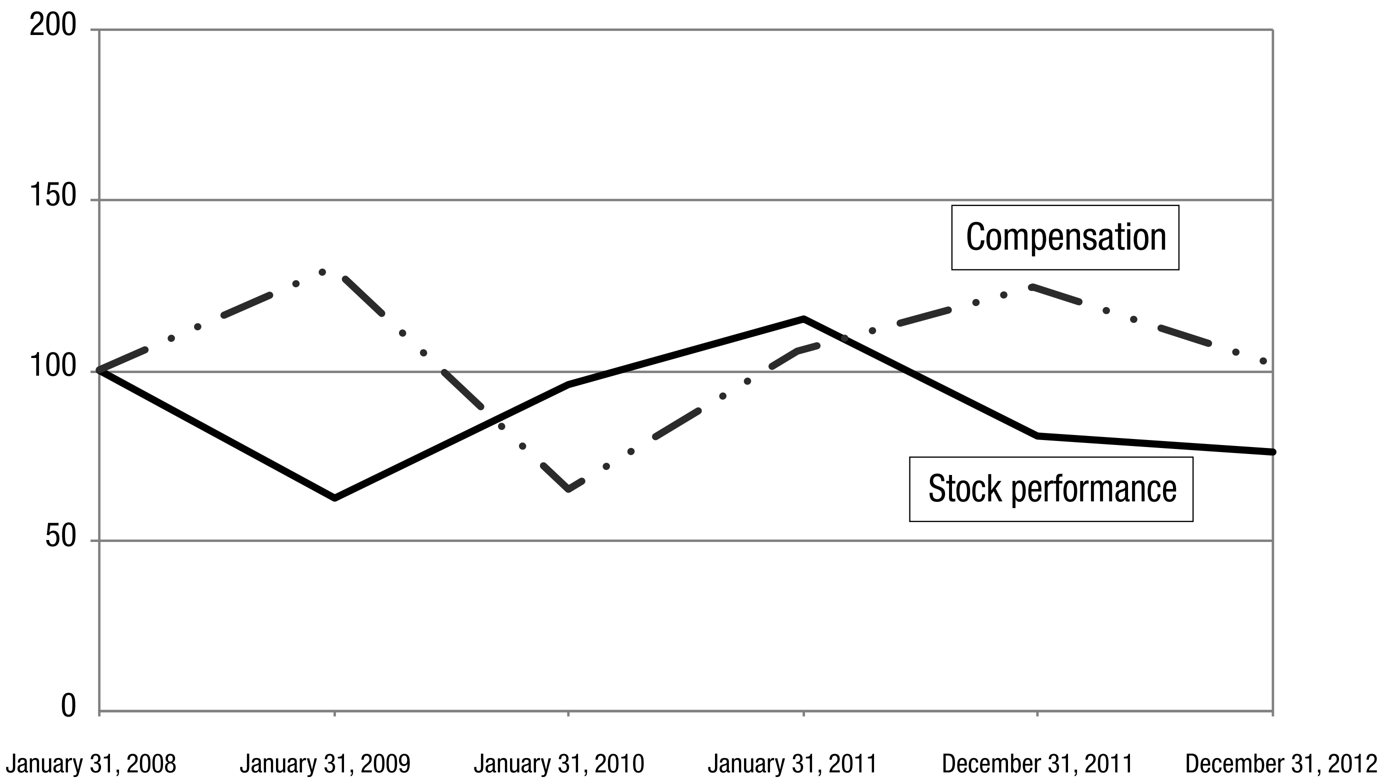
(3) Market capitalization is based on 316,961,957 Class A shares and 1,413,700,636 Class B subordinate shares as at January 31, 2008 and on 314,537,162 Class A shares and 1,415,822,354 Class B subordinate shares as at December 31, 2012. The Market capitalization is converted from Canadian dollars to US dollars. Exchange rates used were 0.9978 and 1.0043 respectively as of January 31, 2008 and December 31, 2012

The following graph illustrates the total compensation earned by the NEOs in each financial year ended on January 31 from 2008 to 2011 and in the financial years ended on December 31 for 2011 and 2012.

The trends shown by the performance graph set forth below represent a decline in the cumulative total shareholder return in fiscal 2009 due to the severe global economic conditions. From January 2009 to January 2011, cumulative total shareholder return has resumed growth. The financial year ended on December 31, 2011 shows a decrease in the total shareholder return due to the economic uncertainty in 2011 whereas the financial year ended December 31, 2012 shows a fairly stable total shareholder return. This graph shows that there is very little correlation between Bombardier's share price performance and the total compensation of its NEOs, as is required to be reported in the Circular. The non-correlation is mainly explained by the following: the graph illustrates the shares' performance using the closing price of the shares on the last day of each fiscal year while the compensation line represents the total compensation (fixed compensation namely, base salary and the change in the pension value, and at-risk compensation elements, as shown in the "Target Weighting of Compensation Elements Based on Compensation Policy" on page 26 of this Circular") for the full financial year.

Furthermore, as the stock price performance can be affected by trends unrelated to the fundamentals of the Corporation, Bombardier is still of the opinion that a better comparison would be the compensation at risk versus EBIT as illustrated in the graph on the following page.

Performance of the Class B subordinate shares compared with NEO's total compensation from January 31, 2008 to December 31, 2012



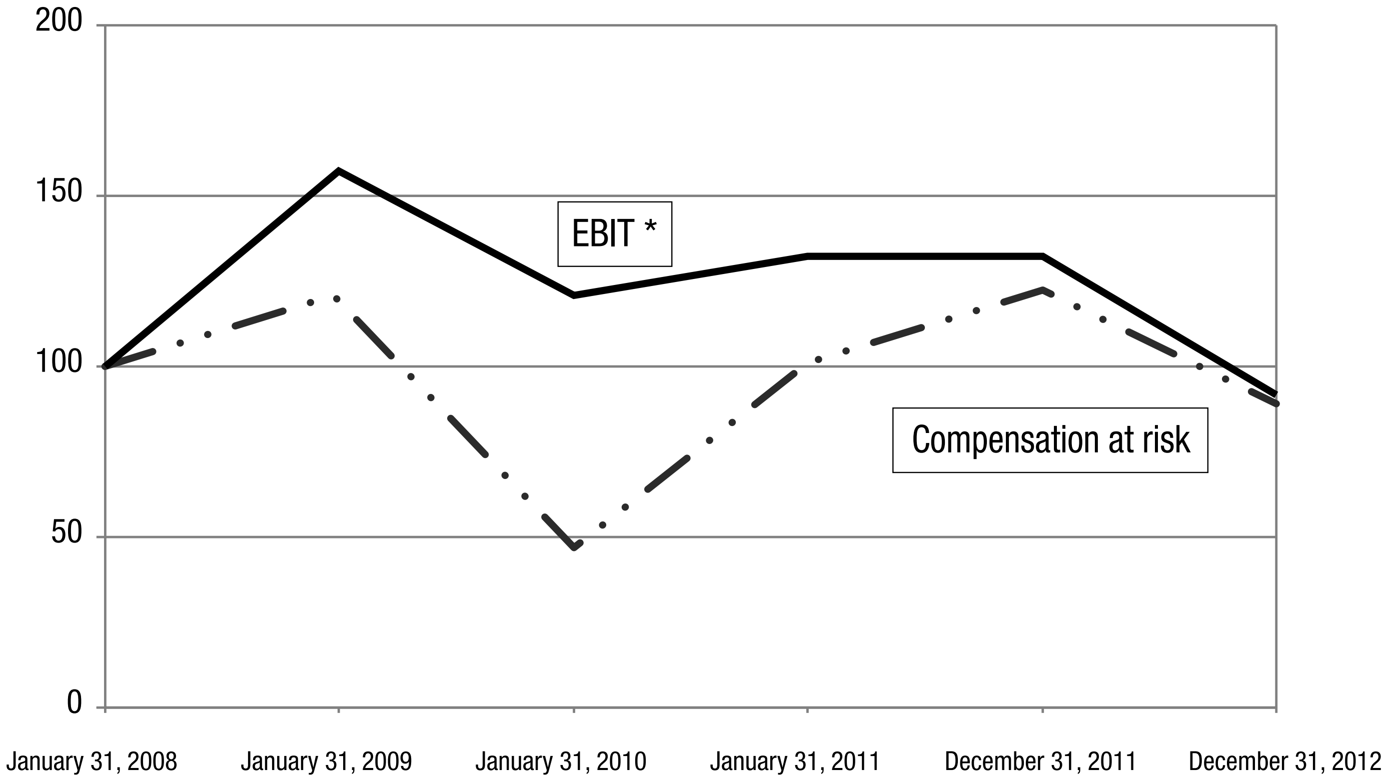
(Index : Closing Price January 31, 2008 = 100 and Total NEO's Compensation for the fiscal year ending January 31, 2008 = 100)
Closing prices converted in US dollars; total compensation for the NEO is based on the fiscal year prior to the closing stock price.

Bombardier's incentive compensation (that is, the short-term incentive plans and the mid-term and long-term incentive plans referred to in pages 28 to 37 of this Circular) is linked to the achievement of targeted results. EBIT being a common key performance indicator for both operating groups, it is a better measurement on a consolidated basis to represent the total performance of Bombardier.

In the graph below, the fixed elements of the total compensation, that is the base salary and the change in the pension value, have been removed.

This graph shows a link between the compensation at risk of the NEOs and Bombardier's performance, as measured by EBIT. Over the last five fiscal years, EBIT and compensation at risk moved in the same direction. While it is important to align pay and performance, stock price performance can be affected by trends unrelated to the fundamentals of Bombardier and as such, cannot be the sole measure of the Corporation's performance.

Bombardier's EBIT* compared with NEO's compensation at risk
(for the fiscal years ended)



* EBIT: EBIT before special items

Index : EBIT and NEO's adjusted compensation for fiscal year ending January 31, 2008 = 100

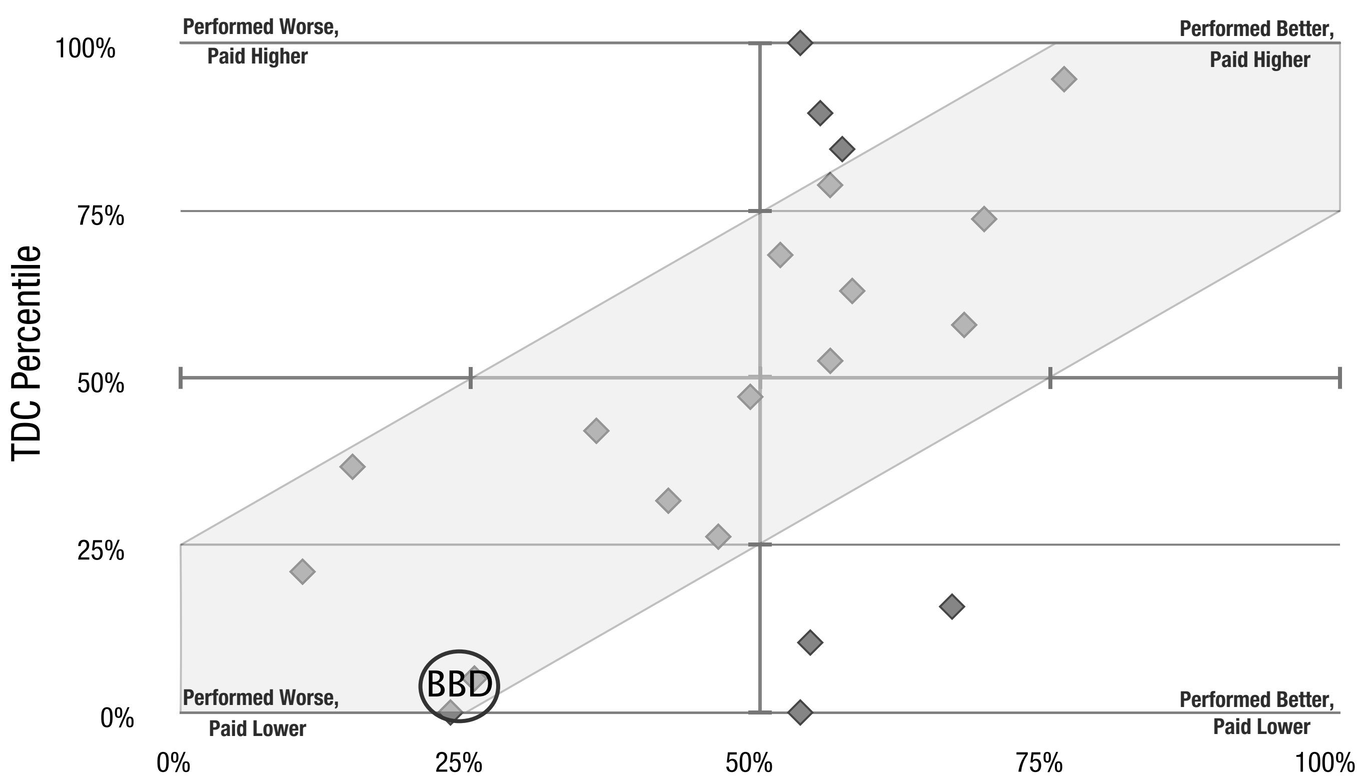
Pay for Performance

Bombardier strives to align its compensation plans with its performance. In order to confirm the achievement of this objective, a pay-for-performance analysis for the President and Chief Executive Officer, was conducted by Meridian in 2012, covering the three-year period ended December 31, 2011.

In this pay for performance study, performance is measured as the composite of four indicators, one-third on EBITDA (earnings before financing expenses, financing income, income taxes and amortization) growth, one-third on total shareholder return (TSR), one-sixth on return on equity (ROE) and one-sixth on return on invested capital (ROIC). Furthermore, pay is defined as realizable pay which includes actual base salary and bonus, mid-term incentive payouts and the gains earned through the exercise of options granted over the period.

The analysis shows pay for performance alignment below median compared to the peer group used to determine the NEOs' compensation effective in the financial year ended December 31, 2011 for executive positions in North America.

2009-2011 Composite Perf. Percentile Rank Against CEO Total Direct Comp. (TDC) Percentile



Performance (Composite of Four Indicators) Percentile

D. Executive Compensation

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

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, as established by the HRCC for the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011. It also provides a summary of the aggregate holding and value of shares, PSUs, DSUs and stock options held by him as at December 31, 2012, December 31, 2011 and January 31, 2011.

Compensation for the Year Ended	December 31, 2012 (12 months) ($)	December 31, 2011 (11 months) ($)	January 31, 2011 (12 months) ($)
Base Salary (1)	1,401,200	1,286,900	1,317,300
Performance Share Units (PSUs) (2)	Nil	Nil	Nil
Deferred Share Units (DSUs) (2)	2,455,800	3,268,900	2,289,300
Stock Options (3)	1,227,900	1,484,400	1,059,600
Annual Incentive (1)	761,100	1,574,200	1,736,900
Pension Value (4)	22,000	362,400	299,300
All Other Compensation (5)	112,200	193,100	155,100
Total Compensation	**5,980,200**	**8,169,900**	**6,857,500**

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

As at	December 31, 2012		December 31, 2011		January 31, 2011	
	Number	$	Number	$	Number	$
Shares (6)						
Class A	512,859	1,972,800	512,859	2,038,700	512,859	2,927,100
Class B Subordinate	354,954	1,340,400	75,341	299,500	68,897	391,800
PSUs	Nil	Nil	Nil	Nil	240,000	1,365,000
DSUs (7)	2,052,492	7,750,900	1,344,000	5,342,600	880,000	5,005,000
Stock Options (8)						
Exercisable	1,250,000	357,000	1,600,000	784,100	1,500,000	2,001,600
Unexercisable	2,997,883	132,200	2,435,000	268,700	2,333,000	2,235,100
Total	**7,168,188**	**11,553,300**	**5,967,200**	**8,733,600**	**5,534,756**	**13,925,600**

(1) Please refer to the table D.2 "Summary Compensation Table" on page 45 of this Circular. For the financial year ended December 31, 2011, the base salary is for the period from February 1, 2011 to December 31, 2011, an 11-month period.
(2) Please refer to the table D.3 "Granting of DSUs or PSUs to the NEOs during the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011" on page 46 of this Circular.
(3) Please refer to the table D.4 "Granting of Stock Options to the NEOs during the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011" on page 47 of this Circular.
(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended December 31, 2012 on page 52 of this Circular, to the table E.2 "Supplemental Pension Disclosure for the financial year ended December 31, 2011" on page 53 of this Circular and to the table E.3 "Supplemental Pension Disclosure for the financial year ended January 31, 2011 on page 54 of this Circular.
(5) Please refer to note (6) of the table D.2 "Summary Compensation Table" on page 45 of this Circular.
(6) The market value of shares was determined with *(i)* a closing price for Class A shares of $3.83 Cdn and a closing price for Class B subordinate shares of $3.76 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 1.0043 as of December 31, 2012, *(ii)* a closing price for both Class A shares and Class B subordinate shares of $4.06 Cdn, converted from Canadian dollars to US dollars based on an exchange rate of 0.9791 as of December 31, 2011 or *(iii)* a closing price for Class A shares of $5.72 Cdn and a closing price for Class B subordinate shares of $5.70 Cdn, both converted from Canadian dollars to US dollars based on an exchange rate of 0.9978 as of January 31, 2011, as applicable.
(7) Please refer to the table D.6 "Vested and Unvested DSUs and PSUs for the financial year ended December 31, 2012" on page 49 of this Circular and to the table D.7 "Vested DSUs Total Holding Table for NEOs during the financial year ended December 31, 2012" on page 50 of this Circular.
(8) Please refer to the table D.5 "Option-Based Awards for the Financial Year ended December 31, 2012" on page 48 of this Circular.

D.2 Summary Compensation Table *

The Summary Compensation Table shows the annual compensation information for each of the NEOs of Bombardier for the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011.

Name and Principal Position	Financial Years Ended	Base Salary ($)	Share-based Awards (PSUs or DSUs) (1) ($)	Option-based Awards (2) ($)	Non-equity Incentive Plan Compensation: Annual Incentive Plan (3) ($)	Non-equity Incentive Plan Compensation: Long-term Incentive Plan	Pension Value (4) ($)	All Other Compensation (6) ($)	Total Compensation ($)
Pierre Beaudoin	December 31, 2012	1,401,200	2,455,800	1,227,900	761,100	0	22,000	112,200	5,980,200
President and	December 31, 2011	1,286,900 (5)	3,268,900	1,484,400	1,574,200	0	362,400	193,100	8,169,900
Chief Executive Officer	January 31, 2011	1,317,300	2,289,300	1,059,600	1,736,900	0	299,300	155,100	6,857,500
Pierre Alary	December 31, 2012	726,000	674,700	337,300	272,100	0	289,400	52,800	2,352,300
Senior Vice President	December 31, 2011	643,000 (5)	852,400	384,700	608,400	0	287,500	72,200	2,848,200
and Chief Financial Officer	January 31, 2011	640,200	462,200	212,600	620,800	0	152,100	63,700	2,151,600
Guy C. Hachey	December 31, 2012	989,500	1,146,900	573,500	267,200	0	741,300	107,000	3,825,400
President and Chief	December 31, 2011	890,900 (5)	1,387,900	628,800	769,700	0	555,800	157,600	4,390,700
Operating Officer of Bombardier Aerospace	January 31, 2011	911,900	976,200	445,900	889,100	0	531,400	54,000	3,808,500
André Navarri	December 31, 2012	1,289,500	1,146,900	573,500	212,700	0	646,500	74,500	3,943,600
President and Chief	December 31, 2011	1,250,500 (5)	1,387,900	628,800	755,900	0	597,500	72,700	4,693,300
Operating Officer of Bombardier Transportation	January 31, 2011	1,253,600	976,200	445,900	1,260,300	0	493,800	69,700	4,499,500
Richard Bradeen	December 31, 2012	621,900	455,400	227,700	233,100	0	215,800	36,700	1,790,600
Senior Vice President	December 31, 2011	559,900 (5)	472,000	214,500	529,800	0	161,000	48,200	1,985,400
	January 31, 2011	573,500	267,800	119,900	556,000	0	139,400	53,600	1,710,200

(1) Please refer to the table D.3 "Granting of DSUs or PSUs to the NEOs during the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011 on page 46 of this Circular.

(2) Please refer to the table D.4 "Granting of Stock Options to the NEOs during the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011 on page 47 of this Circular.

(3) The bonus amounts are paid in cash in the year following the financial year in respect of which they are earned. For the financial year ended December 31, 2011, the bonus amounts for Messrs Beaudoin, Alary, Hachey and Bradeen were based on the base salary earned during the 11-month period from February 1, 2011 to December 31, 2011, due to the change of financial year-end of the Corporation from January 31 to December 31, effective December 31, 2011.

(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended December 31, 2012" on page 52 of this Circular, to the table E.2 "Supplemental Pension Disclosure for the financial year ended December 31, 2011" on page 53 of this Circular and to the table E.3 "Supplemental Pension Disclosure for the financial year ended January 31, 2011" on page 54 of this Circular.

(5) The base salary is for the 11-month period from February 1, 2011 to December 31, 2011, due to the change of financial year-end of the Corporation from January 31 to December 31, effective December 31, 2011.

(6) Included in this amount is the sum of $42,751 for the financial year ended December 31, 2012, of $38,778 for the financial year ended December 31, 2011 and $32,746 for the financial year ended January 31, 2011 which represents the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Mr. Pierre Beaudoin and the costs that he reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.

Also included in this amount for the financial year ended December 31, 2012 is the sum of $45,600 for Mr. André Navarri for the equivalent of dividends paid in cash on June 8, 2012 for PSUs that vested on that date.

Included in this amount for the financial year ended December 31, 2011 is the sum of $90,360, $16,940, $75,300, $47,060 and $15,060 respectively for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Richard Bradeen for the equivalent of dividends paid in cash on June 10, 2011 for PSUs that vested on that date.

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

* All compensation amounts are paid in Canadian dollars to Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen and in Euros to Mr. André Navarri. The base salary and annual incentive plan amounts are converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of 1.0008 and 1.2860 respectively for the financial year ended December 31, 2012, 1.0124 and 1.3978 respectively for the financial year ended December 31, 2011 and on the average exchange rates of 0.9750 and 1.3202 respectively for the financial year ended January 31, 2011. The exchange rates used for the share-based awards and option-based awards are provided in the notes to the tables D.3 and D.4. The exchange rates used for the pension value are provided in the notes to the tables E.1, E.2 and E.3.

D.3 Granting of DSUs or PSUs to the NEOs during the Financial Years Ended December 31, 2012, December 31, 2011 and January 31, 2011

The following table provides information with respect to the PSUs or DSUs granted to each of the NEOs of Bombardier during the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011.

NEOs	Financial Years Ended	Number of DSUs Granted (1) (#)	Number of PSUs Granted (1) (#)	% of Total PSUs or DSUs Granted to Employees in the Financial Year	Performance Period Ending on	Estimated Market Value of Grants under the PSU or DSU Plan (5) At Threshold Level of 70% of Target (6) ($)	Target (6) ($)	At Maximum Level of 150% of Target (6) ($)
Pierre Beaudoin	December 31, 2012 December 31, 2011 January 31, 2011	668,503 (2) 464,000 (3) 530,000 (4)	— — —	5.25% 5.54% 5.29%	August 14, 2015 June 6, 2014 June 7, 2013	1,719,100 2,288,200 1,602,500	2,455,800 3,268,900 2,289,300	3,683,700 4,903,300 3,433,900
Pierre Alary	December 31, 2012 December 31, 2011 January 31, 2011	183,655 (2) 121,000 (3) 107,000 (4)	— — —	1.44% 1.44% 1.07%	August 14, 2015 June 6, 2014 June 7, 2013	472,300 596,700 323,500	674,700 852,400 462,200	1,012,000 1,278,700 693,300
Guy C. Hachey	December 31, 2012 December 31, 2011 January 31, 2011	312,213 (2) 197,000 (3) 226,000 (4)	— — —	2.45% 2.35% 2.25%	August 14, 2015 June 6, 2014 June 7, 2013	802,900 971,500 683,300	1,146,900 1,387,900 976,200	1,720,400 2,081,800 1,464,300
André Navarri	December 31, 2012 December 31, 2011 January 31, 2011	— — —	312,213 (2) 197,000 (3) 226,000 (4)	2.45% 2.35% 2.25%	August 14, 2015 June 6, 2014 June 7, 2013	802,900 971,500 683,300	1,146,900 1,387,900 976,200	1,720,400 2,081,800 1,464,300
Richard Bradeen	December 31, 2012 December 31, 2011 January 31, 2011	123,967 (2) 67,000 (3) 62,000 (4)	— — —	0.97% 0.80% 0.62%	August 14, 2015 June 6, 2014 June 7, 2013	318,800 330,400 187,500	455,400 472,000 267,800	683,100 708,000 401,700

(1) The value of the PSU and DSU grants as of December 31, 2012 is shown in the table D.6 "Vested and Unvested DSUs and PSUs as of December 31, 2012" on page 49 of the Circular. The closing price of the Class B subordinate shares on December 31, 2012 was $3.76 Cdn.

(2) The PSU or DSU grants to each of the NEOs in the above table were made on August 16, 2012 on which date the closing price of the Class B subordinate shares was $3.63 Cdn. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of 1.0120 as of August 16, 2012.

(3) The PSU or DSU grants to each of the NEOs in the above table were made on June 8, 2011 on which date the closing price of the Class B subordinate shares was $6.89 Cdn. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of 1.0225 as of June 8, 2011.

(4) The PSU or DSU grants to each of the NEOs in the above table were made on June 9, 2010 on which date the closing price of the Class B subordinate shares was $4.49 Cdn. The value of the grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of 0.9620 as of June 9, 2010.

(5) Following the June 9, 2010, the June 8, 2011 and the August 16, 2012 grants of PSUs, participants must receive payment of vested PSUs at the end of the vesting period in Class B subordinate shares. Following the June 9, 2010, the June 8, 2011 and the August 16, 2012 grants of DSUs, participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier.

(6) The vesting of all PSU or DSU grants is conditional on the attainment of Bombardier's ROE targets. The estimated target, threshold and maximum values are illustrated in the above table. The PSUs/DSUs may also vest at 0% as indicated on page 33 of this Circular. The estimates do not take into consideration possible future dividend payments.

D.4 Granting of Stock Options to the NEOs during the Financial Years Ended December 31, 2012, December 31, 2011 and January 31, 2011

The following table provides information with respect to stock options granted to each of the NEOs of Bombardier during the financial years ended December 31, 2012, December 31, 2011 and January 31, 2011.

NEOs	Financial Years Ended	Grant Date	Number of Options Granted	% of Total Options Granted to Employees in the Financial Year	Option Exercise Price [(1)] ($Cdn)	Market Value of Securities Underlying Options on the Date of Grant ($)	Expiration Date
Pierre Beaudoin	December 31, 2012 December 31, 2011 January 31, 2011	August 16, 2012 June 8, 2011 June 9, 2010	1,012,883 602,000 663,000	15.55% 16.73% 17.13%	3.63 7.01 4.71	1,227,900 (2) 1,484,400 (3) 1,059,600 (4)	August 16, 2019 June 8, 2018 June 9, 2017
Pierrre Alary	December 31, 2012 December 31, 2011 January 31, 2011	August 16, 2012 June 8, 2011 June 9, 2010	278,264 156,000 133,000	4.27% 4.34% 3.44%	3.63 7.01 4.71	337,300 (2) 384,700 (3) 212,600 (4)	August 16, 2019 June 8, 2018 June 9, 2017
Guy C. Hachey	December 31, 2012 December 31, 2011 January 31, 2011	August 16, 2012 June 8, 2011 June 9, 2010	473,050 255,000 279,000	7.26% 7.09% 7.21%	3.63 7.01 4.71	573,500 (2) 628,800 (3) 445,900 (4)	August 16, 2019 June 8, 2018 June 9, 2017
André Navarri	December 31, 2012 December 31, 2011 January 31, 2011	August 16, 2012 June 8, 2011 June 9, 2010	473,050 255,000 279,000	7.26% 7.09% 7.21%	3.63 7.01 4.71	573,500 (2) 628,800 (3) 445,900 (4)	August 16, 2019 June 8, 2018 June 9, 2017
Richard Bradeen	December 31, 2012 December 31, 2011 January 31, 2011	August 16, 2012 June 8, 2011 June 9, 2010	187,829 87,000 75,000	2.88% 2.42% 1.94%	3.63 7.01 4.71	227,700 (2) 214,500 (3) 119,900 (4)	August 16, 2019 June 8, 2018 June 9, 2017

(1) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the TSX on the five trading days before the grant was made. The exercise price is shown in Canadian dollars. The actual market values as of December 31, 2012 of all stock options held by the NEOs are shown in table D.5 "Option-Based Awards for the Financial Year Ended December 31, 2012" on page 48 of this Circular.

(2) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on August 16, 2012, of $3.63 Cdn, a Black-Scholes value of 0.33 and a conversion from Canadian dollars to US dollars based on an exchange rate of 1.0120 as of August 16, 2012.

(3) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on June 8, 2011 of $6.89 Cdn, a Black-Scholes value of 0.35 and a conversion from Canadian dollars to US dollars based on an exchange rate of 1.0225 as of June 8, 2011.

(4) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on June 9, 2010 of $4.49 Cdn, a Black-Scholes value of 0.37 and a conversion from Canadian dollars to US dollars based on an exchange rate of 0.9620 as of June 9, 2010.

D.5 Option-Based Awards for the Financial Year Ended December 31, 2012

NEOs	Number of Shares Acquired on Exercise	Aggregate Value Realized [(1)] ($)	Number of Securities Underlying Unexercised Options at Financial Year-End: Exercisable	Number of Securities Underlying Unexercised Options at Financial Year-End: Unexercisable [(2)]	Option Expiration Date [(3)]	Option Exercise Price ($Cdn)	Value of Unexercised in-the-Money Options at Financial Year-End [(4)]: Exercisable ($)	Value of Unexercised in-the-Money Options at Financial Year-End [(4)]: Unexercisable [(2)] ($)
Pierre Beaudoin	300,000	378,300	—	—	June 10, 2012	2.51	—	—
	—	—	400,000	—	June 7, 2013	3.22	216,900	—
	—	—	400,000	—	June 5, 2014	5.51	—	—
	—	—	—	720,000	June 10, 2015	8.53	—	—
	—	—	450,000	—	June 10, 2016	3.45	140,100	—
	—	—	—	663,000	June 9, 2017	4.71	—	—
	—	—	—	602,000	June 8, 2018	7.01	—	—
	—	—	—	1,012,883	August 16, 2019	3.63	—	132,200
Pierre Alary	100,000	124,100	—	—	June 10, 2012	2.51	—	—
	—	—	125,000	—	June 7, 2013	3.22	67,800	—
	—	—	150,000	—	June 5, 2014	5.51	—	—
	—	—	—	135,000	June 10, 2015	8.53	—	—
	—	—	87,000	—	June 10, 2016	3.45	27,100	—
	—	—	—	133,000	June 9, 2017	4.71	—	—
	—	—	—	156,000	June 8, 2018	7.01	—	—
	—	—	—	278,264	August 16, 2019	3.63	—	36,300
Guy C. Hachey	—	—	—	600,000	June 10, 2015	8.53	—	—
	—	—	191,000	—	June 10, 2016	3.45	59,500	—
	—	—	—	279,000	June 9, 2017	4.71	—	—
	—	—	—	255,000	June 8, 2018	7.01	—	—
	—	—	—	473,050	August 16, 2019	3.63	—	61,700
André Navarri	—	—	200,000	—	June 7, 2013	3.22	108,500	—
	—	—	400,000	—	June 5, 2014	5.51	—	—
	—	—	—	325,000	June 10, 2015	8.53	—	—
	—	—	191,000	—	June 10, 2016	3.45	59,500	—
	—	—	—	279,000	June 9, 2017	4.71	—	—
	—	—	—	255,000	June 8, 2018	7.01	—	—
	—	—	—	473,050	August 16, 2019	3.63	—	61,700
Richard Bradeen	—	—	110,000	—	June 7, 2013	3.22	59,700	—
	—	—	125,000	—	June 5, 2014	5.51	—	—
	—	—	—	100,000	June 10, 2015	8.53	—	—
	—	—	65,000	—	June 10, 2016	3.45	20,200	—
	—	—	—	75,000	June 9, 2017	4.71	—	—
	—	—	—	87,000	June 8, 2018	7.01	—	—
	—	—	—	187,829	August 16, 2019	3.63	—	24,500

(1) The value represents the closing price of the Class B subordinate shares on the TSX on the date of exercise, less the exercise price of the options converted from Canadian dollars to US dollars using an average exchange rate of 1.0008.

(2) Stock options may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on page 35 of this Circular. Options granted before June 10, 2003 and options granted on or after June 10, 2009 vest only based on time. Please see page 35 of this Circular.

(3) In accordance with the terms of the Stock Option Plan, if the expiration date of an option falls during, or within ten (10) business days following the expiration of a Blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the Blackout period.

(4) The value of unexercised in-the-money options as of December 31, 2012 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. The values of the options as of December 31, 2012 held by each NEO are based on the closing price of the Class B subordinate shares on December 31, 2012 of $3.76 Cdn converted from Canadian dollars to US dollars using an exchange rate of 1.0043 as of December 31, 2012.

D.6 Vested and Unvested DSUs and PSUs for the Financial Year Ended December 31, 2012

						Market Value of PSUs/DSUs that Have Not Vested at the End of the Financial Year			
NEOs	**Number of DSUs Vested**	**Number of PSUs Vested**	**Aggregate Value Realized (1) ($)**	**Number of PSUs/DSUs that Have Not Vested at the End of the Financial Year (2)**	**Vesting Date**	**At 70% of Target (3) ($)**	**At 100% of Target (3) ($)**	**At 150% of Target (3) ($)**	**Market Value of Vested Share-Based Awards not Paid or Distributed (4)**
Pierre Beaudoin	353,500	—	—	—	June 8, 2012	—	—	—	1,334,900
	—	—	—	530,000	June 7, 2013	1,401,000	2,001,400	3,002,200	—
	—	—	—	464,000	June 6, 2014	1,226,500	1,752,200	2,628,300	—
	—	—	—	668,503	August 14, 2015	1,767,100	2,524,500	3,786,700	—
Pierre Alary	67,670	—	—	—	June 8, 2012	—	—	—	255,500
	—	—	—	107,000	June 7, 2013	282,800	404,100	606,100	—
	—	—	—	121,000	June 6, 2014	319,900	456,900	685,400	—
	—	—	—	183,655	August 14, 2015	485,500	693,500	1,040,300	—
Guy C. Hachey	149,480	—	—	—	June 8, 2012	—	—	—	564,500
	—	—	—	226,000	June 7, 2013	597,400	853,400	1,280,200	—
	—	—	—	197,000	June 6, 2014	520,800	743,900	1,115,900	—
	—	—	—	312,213	August 14, 2015	825,300	1,179,000	1,768,500	—
André Navarri	—	149,480	546,900	—	June 8, 2012	—	—	—	—
	—	—	—	226,000	June 7, 2013	597,400	853,400	1,280,200	—
	—	—	—	197,000	June 6, 2014	520,800	743,900	1,115,900	—
	—	—	—	312,213	August 14, 2015	825,300	1,179,000	1,768,500	—
Richard Bradeen	50,500	—	—	—	June 8, 2012	—	—	—	190,700
	—	—	—	62,000	June 7, 2013	163,900	234,100	351,200	—
	—	—	—	67,000	June 6, 2014	177,100	253,000	379,500	—
	—	—	—	123,967	August 14, 2015	327,700	468,100	702,200	—

(1) Market value of the Class B subordinate shares actually remitted on June 8, 2012 to Mr. André Navarri. Please refer to pages 32 to 34 of this Circular for more information on the settlement of PSUs on the vesting date. The aggregate value realized was based on a vesting price of $3.78 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 0.9679 on June 8, 2012.

(2) Only Mr. André Navarri received a grant of PSUs as of June 9, 2010, as of June 8, 2011 and as of August 16, 2012. All other NEOs received DSUs.

(3) Based on the closing price of the Class B subordinate shares on December 31, 2012 of $3.76 Cdn assuming 70%, 100% or 150% of target of plan reached and converted from Canadian dollars to US dollars based on an exchange rate of 1.0043 as of December 31, 2012. The PSUs/DSUs may also vest at 0% as indicated on page 33 of this Circular.

(4) Based on the closing price of the Class B subordinate shares on December 31, 2012 of $3.76 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 1.0043 as of December 31, 2012.

D.7 Vested DSUs Total Holding Table for NEOs during the Financial Year Ended December 31, 2012

NEOs	Number of Vested DSUs as of December 31, 2011	Number of DSUs that have Vested during the Year	Number of Additional DSUs from Equivalent of Dividends at June 9, 2012 (1)	Number of Additional DSUs from Dividends on Vested DSUs during the Year (2)	Number of Vested DSUs as of December 31, 2012	Market Value of Vested DSUs as of December 31, 2012 (3) ($)
Pierre Beaudoin	—	353,500	28,809	7,680	389,989	1,472,700
Pierre Alary	—	67,670	5,514	1,471	74,655	281,900
Guy C. Hachey	—	149,480	12,182	3,248	164,910	622,800
André Navarri	—	—	—	—	—	—
Richard Bradeen	—	50,500	4,115	1,097	55,712	210,400

(1) Corresponds to additional DSUs credited on the vesting date as dividend equivalents for the period from June 9, 2009 to June 9, 2012.
(2) Corresponds to additional DSUs credited in respect of vested DSUs following the payment of cash dividends on June 30, September 30 and December 31, 2012.
(3) Based on the closing price of the Class B subordinate shares on December 31, 2012 of $3.76 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 1.0043 as of December 31, 2012.

D.8 Incentive Plan Awards – Value Vested or Earned during the Financial Year Ended December 31, 2012

NEOs	Option-Based Awards – Value Vested during the Year (1) ($)	Share-Based Awards – Value Vested during the Year (2) ($)	Non-Equity Incentive Plan Compensation – Value Earned during the Year (3) ($)
Pierre Beaudoin	126,300	1,334,900	761,100
Pierre Alary	24,400	255,500	272,100
Guy C. Hachey	53,600	564,500	267,200
André Navarri	53,600	546,900	212,700
Richard Bradeen	18,200	190,700	233,100

(1) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. The value is equal to the difference between the closing price of Class B subordinate shares on the TSX on the vesting date and the exercise price. The closing price of Class B subordinate shares on June 9, 2012 was $3.74 Cdn. Values are converted from Canadian dollars to US dollars based on the exchange rate of 0.9679 on June 9, 2012.
(2) The value is equal to the aggregate realized value of DSUs (PSUs for Mr. André Navarri) as disclosed in the table D.6 "Vested and Unvested DSUs and PSUs for the financial year ended December 31, 2012" on page 49 of this Circular.
(3) The value is the amount of the annual incentive plan payout for financial year ended on December 31, 2012 disclosed in the table D.2 "Summary Compensation Table" on page 45 of this Circular.

D.9 Securities Authorized for Issuance under the Stock Option Plan and the 2010 DSUP

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 (Cdn$)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	Stock options (1) 28,490,089 DSUs (2) 8,246,195	5.22 n/a	Stock options: 65,610,682 DSUs: 15,753,805
Equity compensation plans not approved by security holders	—	—	—
Total	36,736,284	5.22	81,364,487

(1) Please refer to Section C.1.5.3 "Stock Option Plan" on pages 34 and 35 of this Circular for a description of the principal terms of the Stock Option Plan.
(2) Please refer to Section C.1.5.1 "Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)" on pages 32 to 34 of this Circular for a description of the principal terms of the 2010 DSUP.

E. Pension Plans

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

Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the executives are paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2012 is $132,334 Cdn) multiplied by the number of years of credited service.

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

– 2% of average base salary up to $132,334 Cdn plus 1.75% of average base salary in excess of that amount, or
– 2.25% of average base salary, or
– 2.50% of average base salary,

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

Bonuses paid under the short-term incentive plans and any other compensation are not considered in the computation of pension benefits.

Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Richard Bradeen are entitled to an accrual rate of pension of 2.50%. Upon employment, Mr. Guy C. Hachey was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each year of service completed for his first seven years of employment. The HRCC has granted to Mr. André Navarri the right to accrue, starting on April 1, 2010, his pension at an additional rate of 1.25% of the annual accrual, representing 3.75% for the next six years of his employment.

Benefits are reduced by 0.33% 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/her years of service total 85.

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

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

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

E.1 Supplemental Pension Disclosure for the Financial Year Ended December 31, 2012 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the NEOs of Bombardier between January 1, 2012 and December 31, 2012.

NEOs	Number of Years of Credited Service		Annual Benefits Payable (2)		Accrued Obligation as of December 31, 2011 (3) ($)	Change in Obligation During the Year		Accrued Obligation as of December 31, 2012 (6) ($)
	December 31, 2012	Age 65 (1)	December 31, 2012 ($)	Age 65 ($)		Compensatory Changes (4) ($)	Non Compensatory Changes (5) ($)	
Pierre Beaudoin	27.3	40.0	945,800	1,384,100	15,180,900	22,000	140,800	15,343,700
Pierre Alary	14.3	23.8	248,500	413,400	3,558,000	289,400	55,100	3,902,500
Guy C. Hachey	4.6	12.0	221,100	456,000	2,668,000	741,300	52,500	3,461,800
André Navarri	8.8	14.1	329,100	547,900	3,450,800	646,500	1,942,700	6,040,000
Richard Bradeen	15.5	23.9	235,000	362,100	3,373,000	215,800	53,900	3,642,700

(1) Credited service is limited to 40 years.
(2) Based on the average base salary over the last three years and credited service on December 31, 2012 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of 1.0043 and 1.3194 respectively as of December 31, 2012.
(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.9791 and 1.2939 respectively as of December 31, 2011.
(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of 1.0008 and 1.2860 respectively.
(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.
(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 1.0043 and 1.3194 respectively as of December 31,2012.

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

E.2 Supplemental Pension Disclosure for the Financial Year Ended December 31, 2011 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the NEOs of Bombardier between February 1, 2011 and December 31, 2011.

NEOs	Number of Years of Credited Service		Annual Benefits Payable (2)		Accrued Obligation as of January 31, 2011 (3) ($)	Change in Obligation During the Year		Accrued Obligation as of December 31, 2011 (6) ($)
	December 31, 2011	Age 65 (1)	December 31, 2011 ($)	Age 65 ($)		Compensatory Changes (4) ($)	Non Compensatory Changes (5) ($)	
Pierre Beaudoin	26.3	40.0	867,000	1,317,000	11,586,500	362,400	3,232,000	15,180,900
Pierre Alary	13.3	23.8	214,000	384,000	2,528,400	287,500	742,100	3,558,000
Guy C. Hachey	3.6	12.0	163,000	430,000	1,630,400	555,800	481,800	2,668,000
André Navarri	7.8	14.1	268,000	524,000	2,965,100	597,500	(111,800)	3,450,800
Richard Bradeen	14.5	23.9	208,000	342,000	2,563,300	161,000	648,700	3,373,000

(1) Credited service is limited to 40 years.
(2) Based on the average base salary over the last three years and credited service on December 31, 2011 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of 0.9791 and 1.2939 respectively as of December 31, 2011.
(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.9978 and 1.3715 respectively as of January 31, 2011.
(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of 1.0124 and 1.3927 respectively.
(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.
(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.9791 and 1.2939 respectively as of December 31, 2011.

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

E.3 Supplemental Pension Disclosure for the Financial Year Ended January 31, 2011 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the NEOs of Bombardier between February 1, 2010 and January 31, 2011.

	Number of Years of Credited Service		Annual Benefits Payable (2)			Change in Obligation During the Year		
NEOs	January 31, 2011	Age 65 (1)	January 31, 2011 ($)	Age 65 ($)	Accrued Obligation as of January 31, 2010 (3) ($)	Compensatory Changes (4) ($)	Non Compensatory Changes (5) ($)	Accrued Obligation as of January 31, 2011 (6) ($)
Pierre Beaudoin	25.4	40.0	821,200	1,293,100	9,584,800	299,300	1,702,400	11,586,500
Pierre Alary	12.4	23.8	195,600	375,200	2,006,600	152,100	369,700	2,528,400
Guy C. Hachey	2.7	12.0	122,700	433,000	885,800	531,400	213,200	1,630,400
André Navarri	6.9	14.1	231,800	543,100	2,230,300	493,800	241,000	2,965,100
Richard Bradeen	13.6	23.9	192,600	338,300	2,062,500	139,400	361,400	2,563,300

(1) Credited service is limited to 40 years.
(2) Based on the average base salary over the last three years and credited service on January 31, 2011 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of 0.9978 and 1.3715 respectively as of January 31, 2011.
(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.9474 and 1.387 respectively as of January 31, 2010.
(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of 0.9750 and 1.3202 respectively.
(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.
(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.9978 and 1.3715 respectively as of January 31, 2011.

* Pension obligations shown above are based on assumptions in accordance with the IFRS accounting standards for their valuation as of the plans measurement date. The values differ with the ones used in Bombardier's financial statements as at January 31, 2011 since these were determined according to the Canadian GAAP standards.

The amounts presented in the three tables above are estimates based on assumptions and employment conditions that can change over time. The assumptions used for the individual calculations are the same as those used for the computation of pension benefits obligations under the accounting principles used to prepare Bombardier's financial statements. The method used to determine any estimated amounts may differ from that used by other companies and, for that reason, any comparison of the estimated amounts of Bombardier's pension benefits obligations with those of other companies should be interpreted with caution.

F. Termination and Change of Control Provisions

Pursuant to the current employment practices of Bombardier, the compensation of each of the NEOs is revised and set on an annual basis by the HRCC as described in the Section C. "Compensation Discussion and Analysis" on pages 25 to 43 of this Circular.

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

However, Bombardier has an employment agreement with Mr. Navarri which is governed by French law. As a result, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of his base salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Navarri's employment been terminated on December 31, 2012, he would have been entitled to a cash lump sum payment of $5,076,400 (1).

In the case of Mr. Hachey, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his base salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Hachey been terminated on December 31, 2012, he would have been entitled to a cash lump sum payment of $2,856,900 (1). In order to compensate Mr. Hachey for part of the loss of his accumulated pension with his previous employer, the following additional amount would be paid if his employment is terminated by Bombardier for reasons other than cause:

Age at Termination	Additional Amount (1)
57	1,807,800
58	1,406,100

(1) Amounts are converted from Canadian dollars (for Mr. Guy C. Hachey) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of 1.0043 and 1.3194 respectively as of December 31, 2012.

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

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

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation plans assuming the event took place on December 31, 2012. As a general rule, only the accrued and vested benefits are paid under each of the compensation plans.

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

Type of Termination from Active Employment	Severance Payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs) (1)	Pension Plan	Benefits and Perquisites
Death	None	Entitled to pro-rata of bonus for portion of financial year prior to the date of death.	Already vested stock options could be exercised within the following 60 days.	Prior to April 1st, 2012, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the performance objectives. From April 1st, 2012, the PSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period, subject to meeting the performance objectives.	Upon death, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of death. All unvested DSUs expire immediately.	Value of pension benefits payable in accordance with local legal requirements (6).	All benefits expire immediately or after a minimal period of a few months (24 months if executive is survived by a spouse in Canada) Perquisites expire upon death.
Voluntary resignation or termination with cause	None	None	All options expire immediately.	All PSUs expire immediately.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination. In addition, vested DSUs may be cancelled by the HRCC if the termination of employment is due to a breach of the Corporation's Code of Ethics and Business Conduct. All unvested DSUs expire immediately.	Value of pension benefits payable in accordance with local legal requirements.	All benefits and perquisite expire immediately.
Change of control	Bombardier has no change of control agreement with any of its NEOs.						

(1) Under the 2010 DSUP, such portion of a DSU grant attributable to a financial year or years (or portion thereof) during a voluntary authorized leave of absence before the vesting date shall expire.
(2) The same applies in the case of authorized leave of absence for sickness or other reasons.
(3) The same applies if the individual becomes disabled.
(4) Mr. André Navarri is entitled to 24 months of base salary and target bonus. Mr. Guy C. Hachey is entitled to 18 months of base salary and target bonus.
(5) To compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Bombardier will pay him the additional amounts specified on page 55 of this Circular should his employment be terminated by Bombardier for reasons other than cause.
(6) Should Mr. Guy C. Hachey die before age 59, the additional amounts payable in respect of his lost accumulated pension with his previous employer as described in note 5 above would be paid to his spouse.

The following table sets forth estimates of the amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on December 31, 2012. Bombardier's practices according to its various compensation plan rules are strictly to provide the NEOs the compensation amounts or awards already accrued and vested on the date of the event. Therefore, no incremental payments are normally payable following voluntary resignation or termination with cause. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees and do not discriminate in favor of executive officers. No perquisites are payable upon any types of termination from active employment.

Supplementary Amounts Payable upon the Following Events Assumed to Occur on December 31, 2012

NEOs	Retirement ($)	Termination without Cause ($)	Death ($)
Pierre Beaudoin	—	— (1)	—
Pierre Alary	—	— (1)	—
Guy C. Hachey	1,807,800	4,664,700 (3) (4)	1,807,800
André Navarri	—	5,076,400 (5)	478,100 (2)
Richard Bradeen	—	— (1)	—

(1) Will be based on civil law requirements.
(2) Payments of all PSUs granted prior to the date of death would occur only on the vesting date and would be computed with the actual performance results. Performance of 100% of eventual targets was assumed. Please refer to Table D.6 “Vested and Unvested PSUs and DSUs for the Financial Year Ended December 31, 2012” on page 49 of this Circular for the assumptions to determine the market value as of December 31, 2012.
(3) Including an amount of $1,807,800 based on Mr. Hachey's age on December 31, 2012 and contract of employment. Please refer to page 55 of this Circular.
(4) Including a lump sum amount equal to 18 months of base salary and target bonus. Please refer to page 55 of this Circular.
(5) Lump sum amount equal to 24 months of base salary and target bonus. Please refer to page 55 of this Circular.

G. Summary

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

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

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

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the Meeting, on Thursday, May 9, 2013.

Submitted on February 19, 2013, by the Human Resources and Compensation Committee of the Board.

Jean C. Monty, Chairman

André Bérard
Thierry Desmarest
Martha Finn Brooks
Carlos E. Represas

Section 5 : Additional Information

Statement of the Corporate Governance Practices of Bombardier

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

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

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

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

Board of Directors of Bombardier

Composition

- As of the date of this Circular, the Board is composed of 15 directors. Detailed information on each of the 14 nominees proposed to be re-elected as directors is found on pages 7 to 13 and 17 to 21 and their respective attendance records at Board and Committee meetings is found on page 13 of this Circular. Because Mr. Jean-Pierre Rosso will act as director up to the Meeting, information concerning him appears in the sections of this Circular that pertain to the directors even though he will retire at the close of the Meeting and will not seek re-election as a director, having reached the mandatory retirement age of 72 years old under the Board's retirement policy.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin.

Director independence

- The CGNC has determined that 10 of the 15 current directors, and 9 of the 14 nominees proposed for election as directors of the Corporation are independent, thus representing a majority of the directors, based on the following analysis:

Director	Management	Independent	Not Independent
Laurent Beaudoin	Chairman of the Board of Directors of Bombardier		(1) Husband of Ms. Claire Bombardier Beaudoin who, through holding corporations which she controls, holds (with Mr. J.R. André Bombardier, Ms. Janine Bombardier and Ms. Huguette Bombardier Fontaine) the majority of all voting rights attached to all the issued and outstanding shares of Bombardier. (2) Father of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (3) Brother-in-law of Mr. J.R. André Bombardier, Vice Chairman of the Board of Directors, Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors, and Ms. Janine Bombardier who, through holding corporations which she controls, holds (with Ms. Claire Bombardier Beaudoin, Ms. Huguette Bombardier Fontaine and Mr. J.R. André Bombardier) the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.
Pierre Beaudoin	President and Chief Executive Officer of Bombardier		(1) Son of Mr. Laurent Beaudoin, Chairman of the Board of Directors, and Ms. Claire Bombardier Beaudoin. (2) Nephew of Ms. Janine Bombardier, of Mr. J.R. André Bombardier, Vice Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors.

Director	Management	Independent	Not Independent
André Bérard		✓	
Joanne Bissonnette			(1) Daughter of Ms. Janine Bombardier. (2) Niece of Mr. Laurent Beaudoin, Chairman of the Board of Directors, of Mr. J.R. André Bombardier, Vice Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors. (3) Cousin of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier.
J.R. André Bombardier	Vice Chairman of the Board of Directors of Bombardier		(1) Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors. (2) Brother of Ms. Janine Bombardier. (3) Uncle of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (4) Through holding corporations which he controls, Mr. J.R. André Bombardier holds (with Ms. Claire Bombardier Beaudoin, Ms. Janine Bombardier and Ms. Huguette Bombardier Fontaine) the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.
Martha Finn Brooks		✓	
L. Denis Desautels		✓	
Thierry Desmarest		✓	
Jean-Louis Fontaine	Vice Chairman of the Board of Directors of Bombardier		(1) Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors, of Mr. J.R. André Bombardier, Vice Chairman of the Board of Directors and of Ms. Janine Bombardier. (2) Uncle of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (3) Husband of Ms. Huguette Bombardier Fontaine who, through holding corporations which she controls, holds (with Mr. J.R. André Bombardier, Ms. Claire Bombardier Beaudoin and Ms. Janine Bombardier) the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.
Sheila Fraser		✓	
Daniel Johnson		✓	
Jean C. Monty		✓	
Carlos E. Represas		✓	
Jean-Pierre Rosso		✓	
Heinrich Weiss		✓	

The directorships of all director nominees are described on pages 8 to 13 of this Circular.

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board is reproduced at Schedule "C" to this Circular and also on the website of Bombardier at www.bombardier.com.

- **Stewardship of Bombardier** In accordance with the CBCA and as stated in its mandate, the role of the Board is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

  It is the role of management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategic plans, operating plans and budgets approved by the Board. In this context, the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, makes recommendations to the Board with respect to matters of corporate strategy and policy. The Board then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.

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

  Any responsibility which is not delegated to either corporate management or a Committee of the Board remains with the Board. 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 or of one of its four Committees to which approval authority is delegated.

- **Strategic planning** Every year, the President and Chief Executive Officer of Bombardier together with the President and Chief Operating Officer of Bombardier Aerospace, the President and Chief Operating Officer of Bombardier Transportation and executives from the Corporate Office present, during two separate special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of its Board. As provided for under its mandate, the duties of the Board include adopting a strategic plan presented by 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's duties also include monitoring the implementation of the strategic plan by management.

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

- **Risk Management** Pursuant to its charter, the FRMC assists the Board 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.

  More information on this Committee is provided on page 64 of this Circular.

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

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

  The internal process to deal with the leadership development and the management succession planning is described on pages 24 and 25 of this Circular.

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

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

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

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

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

  In addition, there is also an internal process to respond to questions and concerns raised by shareholders and other stakeholders. All communications from shareholders and other stakeholders are referred to the appropriate executive for response, consideration or action. If and when significant issues are raised, corporate management will in a timely manner advise the Board 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 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 responsible for Corporate Audit Services and Risk Assessment or the external auditors, Ernst & Young, as the case may be.

Committees of the Board of Directors

- The Board of Bombardier has four Committees.

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

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

  Mr. L. Denis Desautels is its Chairman and Ms. Sheila Fraser and Messrs. André Bérard, Daniel Johnson, and Jean-Pierre Rosso are the other members. Please refer to page 13 of this Circular for the number of meetings held by this Committee between January 1, 2012 and December 31, 2012 and the attendance records of its members.

  The Charter of the Audit Committee is reproduced at Schedule "D" attached to this Circular and also on the website of Bombardier at www.bombardier.com.

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

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

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

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

  Mr. Jean C. Monty acts as its Chairman and Ms. Martha Finn Brooks and Messrs. André Bérard, Thierry Desmarest and Carlos E. Represas are the other members. Please refer to page 13 of this Circular for the number of meetings held by the Committee between January 1, 2012 and December 31, 2012 and the attendance records of its members.

  Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), this Committee has the mandate to oversee the succession planning for the President and Chief Executive Officer and a number of selected senior executive positions. The corporate process supporting this responsibility of the Committee with respect to the leadership development and the management succession planning is discussed on pages 24 and 25 of this Circular.

  In addition, the Committee assesses the performance of the President and Chief Executive Officer, Mr. Pierre Beaudoin.

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

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

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

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 59 of this Circular provides more information on Bombardier's executive compensation policy and practices.

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

  Mr. Jean-Pierre Rosso chairs this Committee and Messrs. Thierry Desmarest, Jean C. Monty, Carlos E. Represas and Heinrich Weiss are the other members. Please refer to page 13 of this Circular for the number of meetings held by this Committee between January 1, 2012 and December 31, 2012 and the attendance records of its members.

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

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

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

  Mr. André Bérard is its Chairman and Ms. Martha Finn Brooks and Messrs. L. Denis Desautels, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 13 of this Circular for the number of meetings held by this Committee between January 1, 2012 and December 31, 2012 and the attendance records of its members.

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

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

Lead Director

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

Meetings of the independent directors

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

As a general rule, after each regular meeting of the Board, 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. André Bérard, in his capacity of Lead Director. They have, however, no decision-making power. The Lead Director transmits to the Chairman of the Board of Directors, Mr. Laurent Beaudoin, and/or the President and Chief Executive Officer, Mr. Pierre Beaudoin, as the case may be, any comments, questions or suggestions raised during such meetings.

Between January 1, 2012 and December 31, 2012, the independent directors held four *(4)* private meetings after the regular meetings of the Board as in each case, they then considered that it would be appropriate to do so.

Recruitment and election of directors

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

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

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

Skills and Experience Matrix"; it provides an overall periodic assessment of the skills, expertise and experience of the directors *(1)* as being or having been Chairman, Chief Executive Officer or senior executive officer of a publicly listed corporation or a significant private international corporation and *(2)* having experience, expertise or a strong understanding in areas relevant to the Corporation, such as manufacturing activities, managing and leading growth and innovation, doing business internationally, financial accounting and reporting, internal financial controls, corporate finance, mergers and acquisitions, human resources and compensation, etc.

Mr. Laurent Beaudoin, in cooperation with the members of the CGNC, identifies potential candidates as directors. The members of the Committee examine such candidacies and make appropriate recommendations to the Board. Prior to agreeing to join the Board, a candidate is fully informed of the workload and time commitment requirements.

Majority voting policy with respect to the election of directors

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

Compensation of directors

The CGNC has the responsibility to review periodically the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. It reviews the types of compensation and the amounts paid to directors of publicly traded companies in Canada and the United States that have international operations comparable in size and complexity to Bombardier, and makes appropriate recommendations to the Board. Any such review covers the directors (excluding however those who are officers of the Corporation) as well as the Committee members and Chairs.

The Committee also reviews periodically director share ownership guidelines.

The compensation received by the directors between January 1, 2012 and December 31, 2012 is found in Section 3: "Remuneration of the Directors of Bombardier" on pages 17 to 21 of this Circular.

Assessment of the directors

Each year, the members of the CGNC conduct an evaluation of the performance and effectiveness of the Board and its Committees. During 2010, they implemented a new three-year assessment process: *(1)* every first and second year, the Senior Vice President, General Counsel and Corporate Secretary interviews each director in order to obtain his/her comments or recommendations about the performance of *(i)* the Board or *(ii)* as the case may be, each Committee on which he/she sits and *(2)* every third year, each director is asked to complete a detailed questionnaire submitted by the Senior Vice President, General Counsel and Corporate Secretary to assess the performance of *(i)* the Board and *(ii)* as the case may be, each Committee on which he/she sits. A summary of the results of each evaluation is submitted to the review of the CGNC and the Chairman of the Board of Directors, Mr. Laurent Beaudoin.

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

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

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

Retirement age policy for directors

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

Mandates of the Chairman of the Board of Directors, the Chair of each Committee and the President and Chief Executive Officer

Maintaining separate positions for the Chairman of the Board of Directors and the President and Chief Executive Officer allows the Board to be more efficient in overseeing the Corporation's business and holding management accountable for the Corporation's activities. The Board adopted formal mandates which set out specific responsibilities for each of the Chairman of the Board of Directors, the Chair of each Committee and the President and Chief Executive Officer.

Mandate of the Chairman of the Board of Directors and of the Chair of each Committee

Mr. Laurent Beaudoin is mainly responsible for ensuring that the Board carries out its responsibilities effectively and clearly. His specific responsibilities include, among other things:

- managing the Board and setting the agenda in consultation with the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin;
- providing leadership to enhance Board effectiveness and ensuring that the Board works as a cohesive team;
- working with the CGNC 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.

The mandate and responsibilities of the Chair of each Committee are set out in the charter of each Committee.

Mandate of the President and Chief Executive Officer

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

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

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

At the beginning of each regular meeting of the Board, a private session is held involving only the President and Chief Executive Officer, Mr. Pierre Beaudoin, and the directors in order to allow them to review and discuss various topics of interest according to the then prevailing circumstances.

Orientation and continuing programs

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

  In addition, new directors are furnished with appropriate documentation, including a director's manual, providing them with information about, among other matters, the corporate governance practices of Bombardier, the structure of the Board 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 amalgamation and by-laws, the Code of Ethics and Business Conduct and relevant corporate policies.

  The meetings in which new directors participate (including the annual sessions for the review of the strategic orientation, operating plans and budgets) as well as discussions with other directors and with Bombardier's 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, and individual visits on request. Between January 1, 2012 and December 31, 2012, the directors had the opportunity to visit the facilities of Bombardier Aerospace, in Belfast, Northern Ireland.

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct translated in 15 languages. In addition to being available on the SEDAR website at www.sedar.com, it may also be consulted on the website of Bombardier at www.Bombardier.com in each of the 15 languages.

- A Corporate Ethic and Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the directors and to all of Bombardier's 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.
- Selected members of management are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; this process also *(1)* helps integrate the Code into Bombardier's governance system, *(2)* ensures that the Code is a top priority with leadership and *(3)* promotes integrity as a core value.
- Consistent with its commitment and strategic approach to corporate responsibility, Bombardier has deployed a Supplier Code of Conduct. This Code essentially promotes adherence by suppliers to the 10 principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.

Conflict of interest

In order to allow the directors to exercise independent judgment in considering a particular transaction or agreement in which a director or an executive has a material interest, the following principles apply: *(1)* a director or an executive is required to inform his/her colleagues of any potential conflict of interest he/she may have in connection with a particular transaction or agreement before it is brought to the attention of his/her colleagues for discussion and/or decision; and *(2)* he/she will then be required, depending on the transaction or agreement under consideration, to either leave the meeting while his/her colleagues review the matter at hand or while remaining present during the meeting, refrain from participating in any manner in the discussion involving his/her colleagues or the decision that they make.

Hiring of outside advisors

With the prior authorization of the CGNC, each director may, when needed, retain the services of outside advisors at the expense of Bombardier. The Audit Committee, the FRMC and the HRCC, each have the authority to do so. Between January 1, 2012 and December 31, 2012, no outside advisor was retained by a director.

Ernst & Young are currently the external auditors of Bombardier and work closely with the Audit Committee. As to the various services on executive compensation matters provided to Bombardier by outside advisors during the 2012 financial year, please refer to paragraph B.1 of Section 4 of this Circular.

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is $240,000,000 per occurrence and in the aggregate per year, at a cost of $1,155,727 per annum. The deductible applicable to the Corporation is $2,500,000 for any insured occurrence.

Available Documentation

Copies of the Annual Information Form for the financial year ended December 31, 2012, the 2013 Circular and the Annual Report of Bombardier that includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended December 31, 2012, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.Bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on December 31, 2012.

Shareholder Proposals

Schedule "B" attached to this Circular sets out the 4 shareholder proposals that have been submitted for consideration at the Meeting .

Shareholders of Bombardier who will be entitled to vote at the 2014 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Senior Vice President, General Counsel and Corporate Secretary of Bombardier no later than December 11, 2013.

Approval of the Board of Directors of Bombardier

The contents and the sending of this Circular have been approved by the Board.

Montréal, March 11, 2013

Daniel Desjardins
(signed)
Senior Vice President, General Counsel and Corporate Secretary

SCHEDULE "A"
BOMBARDIER INC.
ADVANCE NOTICE BY-LAW

By-law One of the Corporation is hereby amended by adding the following thereto as Section 1(f) to form part thereof.

NOMINATIONS OF DIRECTORS

1. Subject only to the *Canada Business Corporations Act* (the Act) and the Articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board of Directors of the Corporation may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

   a. by or at the direction of the Board of Directors, including pursuant to a notice of meeting;

   b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

   c. by any person (a Nominating Shareholder): *(a)* who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and *(b)* who complies with the notice procedures set forth below in this By-law.

2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation or the Assistant Secretary of the Corporation at the head office of the Corporation.

3. To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation or the Assistant Secretary of the Corporation must be made:

   a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the Notice Date) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

   b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

   In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation or the Assistant Secretary of the Corporation must set forth:

    a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: *(a)* the name, age, business address and residential address of the person; *(b)* the principal occupation or employment of the person; *(c)* the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and *(d)* any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

    b. as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

    The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. For purposes of this By-law:

    a. "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

    b. "Applicable Securities Laws" means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province of Canada.

7. Notwithstanding any other provision of this By-law, notice given to the Secretary of the Corporation or the Assistant Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (to the Secretary of the Corporation or the Assistant Secretary of the Corporation), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary or the Assistant Secretary at the address of the head office of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montreal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

8. Notwithstanding the foregoing, the Board of Directors may, in its sole discretion, waive any requirement in this By-law.

SCHEDULE "B"
BOMBARDIER INC.
SHAREHOLDER PROPOSALS

1. Summary of discussions at annual general meetings and more sustained dialogue with shareholders

It is proposed that the Board of Directors adopt a practice of publishing in electronic format a brief summary of the annual general meeting and the questions raised at the meeting within four months.

Very little is reported to other shareholders about the concerns and questions raised by shareholders at annual general meetings, as the minutes of the annual general meetings simply state that a question period was held.

Unlike large shareholders and analysts who have regular structured opportunities (conference calls) for dialogue with the leadership of the institution, small shareholders have very few opportunities for dialogue with the leadership, with the exception of the annual general meeting. Such question periods provide an opportunity for shareholders to voice their concerns and their expectations to the executive officers and the Board of Directors and to obtain their reactions and responses and commitment to correct situations.

In order to ensure that all shareholders are informed about these discussions at the annual meeting, we propose that a brief summary be prepared within four months following the meeting and that it be drafted in plain language and uploaded to the institution's website. This "***Dialogue with Investors***" section of the site should include an interactive question and answer section to encourage ongoing dialogue year around.

All codes of good governance encourage publicly listed companies to seek greater transparency in their communications and more sustained, permanent dialogue with their shareholders. Commitment to such a communications practice would enhance the Corporation's achievements in this regard.

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

Bombardier believes in and supports sustained and meaningful dialogue with its shareholders, and considers that its disclosure practices and procedures for communicating with shareholders already exceed those suggested in the proposal.

Shareholders of Bombardier have easy access to every detail of the annual meeting, which is broadcast live on the Internet. Promptly following the meeting, a link to the webcast of the entire meeting, including questions and comments from shareholders, is made available on the Investor Relations page of Bombardier's website, in its original French version as well as in a translated English version. Webcasts of Bombardier's annual meetings held since 2008 are currently available at www.Bombardier.com. Detailed presentations given by members of senior management at the annual meeting are also available for download in French and English versions on the Corporation's website.

Quarterly earnings conference calls with analysts and investors are also broadcast live and are archived on the Investor Relations page of Bombardier's website (quarterly earnings conference calls held since August 25, 2004 are available for viewing). A question period intended for media takes place at the end of this same conference call, which is also broadcast live on the Internet at www.bombardier.com.

In addition to the extensive information contained on its website, Bombardier has an internal process in place to respond to questions and concerns raised by shareholders and other stakeholders throughout the year. All communications from shareholders and other stakeholders are referred to the appropriate executives for response, consideration or action. If and when significant issues are raised, corporate management will in a timely manner advise the Board of Directors of such matters.

Finally, 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.

2. Consideration of all stakeholders in the Board of Directors' decision-making process

It is proposed that the Board of Directors revise its mandate to stipulate that its primary responsibility is to preserve and improve the viability of the Corporation and ensure that the Corporation is managed in its fundamental interest, with respect for the shareholders and the other stakeholders.

In August 2012, Rona's board of directors turned down Lowe's unsolicited bid, on the basis that the bid was not in its shareholders' best interests. Raymond Bachand, Quebec Minister of Finance at the time, said:

> "Fundamentally, in the long term, selling to Lowe's could mean economic dismantling. We're talking here of 90,000 jobs in Canada, 50,000 of which are in Québec… Lowe's has made many promises in its offer, but in the short-term, it only has one obligation and that's to maximize profits," he said.

Thus, a debate started about the responsibility of boards of directors to all the stakeholders of an organization: employees, suppliers, customers, creditors and the communities in which it operates. That is also the orientation of the amendments to the Quebec Business Corporations Act which the current Minister of Finance, Nicolas Marceau, intends to propose in the coming months. Meanwhile, the mandate of the Board of Directors, as defined in the management proxy circular, "is to supervise the management of Bombardier's business and affairs with the objective of enhancing shareholder value."

Given the fact that Bombardier is a Quebec business that for many decades has exemplified the dynamism of Quebecers as entrepreneurs and given its strategic importance to our economy, we are proposing that consideration of all stakeholders be integrated into the decision-making process of the Board of Directors. This would also allow Bombardier to give expression to its vision of the role of business in our society, which should take into consideration the economic, social and environmental dimensions of its activities and its relations with all its partners.

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

Consistent with their fiduciary duties and with the principles established in the mandate of Bombardier's Board of Directors, which mandate includes, among others, adopting communications policies; monitoring and reviewing Bombardier's pension fund investment policies and practices; monitoring and reviewing, as appropriate, Bombardier's environmental policies and practices and overseeing their compliance; and monitoring and reviewing, as appropriate, Bombardier's occupational health and safety policies and practices and overseeing their compliance, Bombardier's directors already assess a wide range of interests when exercising their business judgment. Bombardier is always mindful of its statements and actions in instances where these might affect individual stakeholders, and aims at all times to treat individual stakeholders affected by its corporate actions fairly and equitably. This is in line with the Supreme Court of Canada's recognition that boards have to balance many competing factors and interests when making decisions, thus the need to leave boards of directors the room required to make difficult decisions.

Moreover, the Supreme Court of Canada found in the *BCE* decision that "the duty of the directors to act in the best interests of the corporation comprehends a duty to treat individual stakeholders affected by corporate actions fairly and equitably".

Accordingly, as this obligation is already included within the statutory obligation to act honestly and in good faith with a view to the best interests of the Corporation, Bombardier does not feel the need to make any amendments to its Board mandate in this respect.

Regarding the conduct of its operations, it should be noted that Bombardier's Code of Ethics and Business Conduct expressly addresses ethical conduct in relation to its work environment, business practices and relationships with external stakeholders, including customers, suppliers, partners and third parties.

Given its international and diversified nature, Bombardier is subject to a great variety of national and local laws and regulations. The Corporation complies with all legal and contractual obligations in dealing with the various governments and regulatory agencies with which it is in contact.

Environmental protection is also a priority at Bombardier, regarded as a fundamental corporate social responsibility. Bombardier strives to reduce the impact of its activities and of the performance of its products on the environment, and work towards a "total life-cycle" view in product design, while maintaining its competitiveness. The Corporation adopts standards, procedures, contingency measures and management systems to ensure that its operations are managed safely, ecologically and in a sustainable way.

Bombardier's concern with stakeholder interests is further reflected in its award-winning approach to corporate social responsibility (CSR), as described on the Corporate Responsibility page of Bombardier's website. As part of this approach, Bombardier's business groups' CSR governing bodies use materiality and megatrend analyses, as well as stakeholder dialogue, to align CSR strategy, decisions and projects with business priorities, stakeholder issues and available internal resources.

In 2010, Bombardier began to develop an organization-wide strategy and process for systematically engaging with its stakeholders, using a mapping and prioritization process to establish a comprehensive list of its stakeholders. Bombardier then prioritized its stakeholders based on their interests and potential influence or impact on the Corporation. In addition, the Corporation also carried out industry benchmarking, obtained informal stakeholder feedback and conducted stakeholder impact assessments for specific projects such as new facilities. Through these activities, Bombardier was able to identify and prioritize its stakeholder groups, deepen its understanding of stakeholder expectations and interests, and select a variety of stakeholder engagement mechanisms.

Bombardier's 2011 CSR Report, which is available for viewing on the Corporate Responsibility page of Bombardier's website, was recognized by various awards and listings. For instance, following Bombardier's participation in Sustainable Asset Management's (SAM) Corporate Sustainability Assessment, the Corporation was listed on both the Dow Jones Sustainability North America and Dow Jones Sustainability World Indexes, benchmark indicators of sustainability, for the fifth consecutive year. Following SAM's Corporate Sustainability Assessment, Bombardier ranked within 1% of the Sector Leader's score and within the top 15% of its sector, Aerospace & Defence, and achieved the largest proportional improvement in its sustainability performance over the prior year.

3. Clawback Policy

On December 13, 2012, the engineering firm SNC-Lavalin decided to suspend the payment of severance pay to its former president and chief executive officer, Pierre Duhaime, who was arrested last November for fraud allegedly connected to the McGill University Health Centre (MUHC).

To ensure that pay for performance is only awarded if objectives are actually and honestly met, we recommend that Bombardier adopt a pay-for-performance policy that will allow cash and equity-based compensation paid to them to be clawed back and gains on the exercise of options awarded to be refunded if they are found guilty of fraud, negligence or misconduct. Such offences can give rise to the restatement of the financial results or significantly sully the business's reputation. Such a policy should also apply if executive officers engage in conduct that is prohibited under Bombardier's Code of Ethics and Business Conduct.

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

At the beginning of 2013, the HRCC reviewed and considered the creation and adoption of a formal clawback policy which would allow Bombardier to recover incentives in certain circumstances where misconduct resulted in an overpayment of incentive compensation.

While Bombardier has not yet adopted a clawback policy, it intends to do so in 2013. Bombardier recognizes that such policy is consistent with emerging best practices and is closely monitoring legislative developments and market practice in this area to assist it in developing the most appropriate form and scope for its policy.

Of note, Bombardier has never yet encountered a situation where a compensation recoupment or adjustment would have been required had a clawback policy been in place. In addition, it has been a longstanding practice of Bombardier that in the event of a dismissal for cause, mid-term and long-term incentive plan rules account for the cancellation of all unexercised stock options and unvested PSUs/DSUs. Furthermore, the HRCC, at its discretion, can cancel vested DSUs.

4. Pension plans – more disclosure about their oversight

It is proposed that the Board of Directors reassure shareholders and stakeholders annually that the pension plans offered by the Corporation are managed in accordance with governance best practices.

The Corporation offers defined benefit and defined contribution plans. In recent years a number of concerns have been voiced about the solvency and management of such plans. Taking as a starting point the excellent document published by the Canadian Institute of Chartered Accountants entitled *20 Questions Directors Should Ask About their Role in Pension Governance*, we will outline the issues raised by such plans for directors, shareholders, employees, in short all stakeholders. Defined contribution pension plans are increasingly the preferred choice of organizations.

> "With defined contribution pension plans, the members bear the investment risk. For that reason, conventional wisdom holds that defined contribution plans carry little (if any) investment liability and risk exposure for directors. This conventional wisdom is wrong. **Directors bear responsibility because the sponsor is involved in the selection of investment managers, in the asset classes that are offered, and in confirming that the book value limit in foreign investments is not exceeded. Member education and monitoring of investment performance and choices are matters that warrant the Board's ongoing attention.** Directors bear risks of litigation due to failure to educate members, or selection and retention of poor investments or managers.
>
> Sponsors bear the funding and investment risks for defined benefit pension plans. They must track the funded status and asset performance. Specifically, the need for additional contribution outlays may significantly affect the financial results of the sponsoring organization. Also, the tracking entails monitoring capital markets in Canada and in major markets abroad, as most plans invest close to the book value limit in foreign investments."

In this regard, it is worth mentioning that as at December 21, 2011, this deficit amounted to $3.2 billion or 28.7% of the company's long-term liabilities. The plan had pension obligations of $9.2 billion and assets of only $6.3 billion, which explains the plan deficit of $3.2 billion.

A verbal report and a certificate as to the good health of the plans and the quality of the Board of Directors' oversight should be an item on the agenda of the annual general meeting.

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

Bombardier has several pension plans that provide eligible employees and former employees with retirement benefits to supplement other sources of retirement income, including government pension programs and personal retirement savings.

The pension plans themselves are generally (depending on applicable laws) managed by, and investment decisions are directed by, pension plan committees or boards of trustees. In addition, in certain jurisdictions, pursuant to applicable pension plan regulations, the Board of Directors may not be directly involved in the management of or in any decisions of any pension plan.

However, pursuant to the Board of Directors' mandate, through the work and recommendations of the FRMC, comprised solely of independent directors, the Board of Directors regularly monitors and reviews Bombardier's pension fund investment policies and practices, in the context of pension plan liabilities.

The FRMC also assists the Board of Directors in fulfilling its oversight responsibilities in relation to pension plan fund management and will obtain, as required, the necessary information, presentations and recommendations from management in order for the FRMC to periodically review the fulfillment of Bombardier's obligations towards its various retirement plans and the investment of assets of such retirement plans, and receive appropriate information concerning investment policies, investment performance, actuarial liability profile, funding and accounting deficits and related impact on results, funding policies, compliance reports in relation to various investment policies or legislative requirements and the audited financial statements of the retirement plans.

In addition, the HRCC, comprised solely of independent directors, oversees and, depending on their strategic importance, reviews and recommends modifications to Bombardier's pension plans for Board approval, approves and reports such modifications to the Board for information, is simply informed of such modifications, or such modifications are delegated to management.

The Corporation has contributed several billions of dollars to its pension plans over the years. These contributions, together with strong fund performance, helped improve the ratio of assets over pension benefit obligation from 55% on December 31, 2003 to 74% on December 31, 2012, despite the financial crisis of 2008 and record low interest rates.

In addition, the Corporation provides shareholders with exhaustive, transparent disclosure in its Annual Report in accordance with accounting rules on pension plans, including funded status and details on risk reduction initiatives which the Corporation implemented in recent years with regard to its pension plans. Such disclosure is made available to all shareholders, contrary to a verbal report at the annual meeting of shareholders which would only be available to attending shareholders and those viewing the live broadcast or webcast following the meeting.

The Corporation continuously monitors the coming into effect of new regulatory requirements and the evolution of best practices so as to be able to adjust its own policies and practices in light of its requirements. The Corporation considers that its pension plan disclosure complies with current requirements applicable to such matters.

In light of the Board of Directors' oversight and transparent disclosure practices already observed with respect to Bombardier's pension plans, and taking into account current requirements, the Board does not believe that it would be necessary or appropriate to adopt the additional processes suggested in the proposal. The Board of Directors does not intend to provide the type of certificate requested by MÉDAC, which is not required by applicable laws and regulations.

SCHEDULE "C"
BOMBARDIER INC.
MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER INC.

Mandate of the Board

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

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

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

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

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

A. Approving Bombardier's strategy

– adopting a strategic plan, updating it on at least an annual basis, taking into account, among other things, the opportunities and risks of the business, and monitoring the implementation of the strategic plan by management;

– adopting, on an annual basis, an appropriate business plan which reflects the implementation of the first year of the strategic plan, and reviewing it on a quarterly basis.

B. Monitoring financial matters and internal controls

– through the work and recommendations of the Audit Committee, monitoring the quality and integrity of Bombardier's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:

a) the integrity and quality of Bombardier's financial statements and other financial information and the appropriateness of their disclosure;

b) external auditors' independence and qualifications;

c) the performance of Bombardier's internal audit function and of Bombardier's external auditors; and

d) Bombardier's compliance with its own Code of Ethics and Business Conduct and all applicable legal and regulatory requirements;

– except to the extent delegated by the Board, the responsibility of all decisions involving a minimum amount, as provided in the Administration Policy pertaining to the various levels of authority;

– based on the recommendations of the Audit Committee, recommending to the shareholders of Bombardier the appointment of its external auditors;

– through the work and recommendations of the Finance and Risk Management Committee, ensuring that an appropriate risk assessment process is in place to identify, assesses and manage the principal risks of Bombardier's business;

– adopting communications policies and monitoring Bombardier's investor relations programs; Bombardier's communications policies *(i)* address how Bombardier interacts with analysts, investors, other key stakeholders and the public, *(ii)* contain measures for Bombardier to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and *(iii)* are reviewed at least annually.

C. Monitoring pension fund matters

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

D. Monitoring environmental matters

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

E. Monitoring occupational health and safety matters

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

F. Overseeing the succession planning of the Chief Executive Officer and a number of selected senior executive positions through the appropriate mechanisms put in place by the Human Resources and Compensation Committee

- appointing the Chief Executive Officer, monitoring his performance and overseeing the appointment of a number of selected senior executive positions;
- approving the compensation of the Chief Executive Officer and ensuring that an appropriate portion of the compensation of the Chief Executive Officer' and of a number of selected senior executive positions is tied to the short-, mid- and long-term performance of Bombardier;
- ensuring that recruitment, training and development processes are in place to attract, motivate and retain qualified executives to meet Bombardier's business objectives.

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

SCHEDULE "D"
BOMBARDIER INC.
CHARTER OF THE AUDIT COMMITTEE OF BOMBARDIER INC.

Audit Committee

1.1 Membership and Quorum

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

1.2 Frequency and Timing of Meetings

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

1.3 Chairman of the Audit Committee

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

A. PROVIDING LEADERSHIP TO ENHANCE THE AUDIT COMMITTEE'S EFFECTIVENESS

- ensuring that the Audit Committee works as a cohesive team and providing the leadership essential to achieve this;

– ensuring that the resources available to the Audit Committee (in particular timely and relevant information) are adequate to support its work.

B. MANAGING THE AUDIT COMMITTEE

– setting the agenda of the Audit Committee, in consultation with the Senior Vice President and Chief Financial Officer, and prior to the meeting of the Audit Committee, circulating the agenda to the members of the Audit Committee;

– adopting procedures to ensure that the Audit Committee can conduct its work effectively and efficiently, overseeing the Audit Committee structure and composition, scheduling and management of meetings;

– ensuring that the conduct of the Audit Committee meetings provides adequate time for serious discussion of relevant issues;

– ensuring that the outcome of the meeting of the Audit Committee and any material matters reviewed at such meeting are reported to the Board at its next regular meeting.

1.4 Mandate of the Audit Committee

A. PURPOSE

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

B. OBJECTIVES

The objectives of the Audit Committee are :

– to help the directors meet their responsibilities with respect to accountability;

– to assist in maintaining good communication between the directors and the external auditor;

– to assist in maintaining the external auditor's independence;

– with the assistance of the Senior Vice President responsible for 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 responsible for 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 responsible for Corporate Audit Services and Risk Assessment may request a meeting of the Committee.

– The Chairman of the Board, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer shall attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Audit Committee.

– The President and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management's discussion and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.

– The Senior Vice President responsible for 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 President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President responsible for 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 responsible for 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) Monitor the application of, and, if need be, review and make appropriate recommendations to management in order to update the Corporate Disclosure Policy of Bombardier.

– As they relate to the external auditor

a) Explicitly affirm that the external auditor is independent and accountable to the Board and the Audit Committee, and in that context, work constructively with the external auditor to build an effective relationship that allow for full, frank and timely discussion of all material issues, with or without management as appropriate in the circumstances.

b) Recommend to the Board a firm of external auditors for submission to the shareholders of Bombardier.

c) Review and make recommendations to the Board with respect to the fees payable for the external audit.

d) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the terms of the external auditor's *(i)* annual audit services engagement letter and *(ii)* the quarterly review services engagement letter; each of these letters shall be signed by the Chairman of the Audit Committee.

e) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the scope of the *(i)* annual audit and of other audit related services and *(ii)* the quarterly review services to be rendered by the external auditor; in that context, ensure that the external auditor has access to all books, records, facilities and personnel of Bombardier.

f) Review with the external auditor the contents of its report with respect to the annual consolidated financial statements of Bombardier and the results of the external audit, any significant problems encountered in performing the external audit, any significant recommendations further to the external audit and management's response and follow-up in that context and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.

g) Review any significant recommendations by the external auditor to strengthen the internal accounting and financial controls of Bombardier.

h) Review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of Bombardier.

i) To the extent practicable, assess the performance of the external auditor at least once a year.

j) Ensure that the external auditor shall not provide the following services to Bombardier:
   - bookkeeping or other services related to the accounting records or financial statements of Bombardier;
   - financial information systems design and implementation;
   - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
   - actuarial services;
   - internal audit outsourcing services;
   - management functions;
   - human resources;
   - broker or dealer, investment adviser, or investment banking services;
   - legal services; and
   - expert services unrelated to the audit.

k) All non-audit services shall require the prior approval of the Audit Committee in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee.

l) Review and approve Bombardier's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Bombardier.

– As they relate to the Senior Vice President responsible for Corporate Audit Services and Risk Assessment

a) At least four times a year, in conjunction with Bombardier Board meetings, review the report of the Senior Vice President responsible for 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 independence of the Senior Vice President responsible for Corporate Audit Services and Risk Assessment.

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 responsible for 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 President and Chief Executive Officer of the Corporation.

f) Once a year, review the terms of the charter of the Corporate Audit Services and Risk Assessment to ensure that they continue to be relevant and, if need be, make any appropriate modifications thereto.

– As they relate to the Audit Committee's terms of reference

Each year, review the Charter of the Audit Committee in order to ensure that it continues to be relevant and make recommendations to the Corporate Governance and Nominating Committee regarding its responsibilities therein.

1.5 Miscellaneous

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

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