

BOMBARDIER

- **Notice
of Annual Meeting
of Shareholders**

- **Management
Proxy
Circular**

2005

BOMBARDIER INC.

Notice of Annual Meeting of Shareholders 2005

Date: Tuesday, June 7, 2005

Time: 10:00 a.m. (Montréal time)

Place: Le Centre Sheraton Montréal (Salle de bal)
1201 René-Lévesque Blvd. West
Montréal (Québec)

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Friday, April 15, 2005, 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.

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the fiscal year ended January 31, 2005 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorizing the directors of Bombardier Inc. to fix their remuneration;
4. Consideration of the shareholder proposal set out in Schedule "B" to the Management Proxy Circular; and
5. Consideration of such other business as may properly come before the meeting.

By order of the Board of Directors,

Roger Carle
Corporate Secretary

Montréal, April 29, 2005

Shareholders are entitled to vote at the meeting either in person or by proxy. Any registered shareholder wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to the transfer agent for all the shares of Bombardier Inc., Computershare Trust Company of Canada, no later than 4:00 p.m. (Montréal time) on Monday, June 6, 2005. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular. **Non-registered shareholders should refer to pages 4 of the Management Proxy Circular for information on how to submit a proxy.**

Management Proxy Circular 2005

This Management Proxy Circular is provided in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting), or the Class A shares, and/or Class B shares (subordinate voting), or the Class B subordinate shares, of the Corporation to be held on Tuesday, June 7, 2005, at 10:00 a.m. (Montréal time) at Le Centre Sheraton Montréal (Salle de bal) , 1201 René-Lévesque Blvd. West, Montréal, Québec, Canada, and at any and all adjournments thereof. As used in this Management Proxy Circular, all references to “Bombardier”, the “Corporation”, “we”, “us”, “our” or similar terms are to Bombardier Inc., and unless otherwise indicated, all dollar amounts are in Canadian currency.

Section 1 : Voting Information

Who is soliciting my proxy?

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

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 5 to 11);
- the appointment of Ernst & Young LLP, chartered accountants, as the auditors of the Corporation (see page 12); and
- the shareholder proposal set out in Schedule “B” attached to this Management Proxy Circular.

How will these matters be decided at the meeting?

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

How many votes do I have?

Our Class B subordinate shares are restricted shares (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights. In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at January 31, 2005, 29.17% of the voting rights attached to all of our issued and outstanding voting securities.

Each Class A share is convertible at any time, at the option of the holder, into one Class B subordinate share. Each Class B subordinate

share will become convertible into one Class A share in the event that the majority shareholder, namely the Bombardier family, accepts a purchase offer for Class A shares or in the event the majority shareholder ceases to hold more than 50% of our issued and outstanding Class A shares.

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Friday, April 15, 2005, will be entitled to vote at the meeting and any adjournment thereof if present or represented by proxy.

How many shares are entitled to vote?

As at April 19, 2005, there were 319,470,212 of our Class A shares and 1,430,996,756 of our Class B subordinate shares issued and outstanding.

To the knowledge of our directors and officers, the only persons who, as at April 19, 2005, beneficially owned or exercised control or direction over shares carrying more than 10% of the voting rights attached to all of our issued and outstanding shares were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine. The four persons mentioned above indirectly controlled through holding companies 249,199,909 Class A shares, representing in the aggregate 78% of our outstanding Class A shares and 53.87% of all the voting rights attached to all of our issued and outstanding shares.

As at April 19, 2005, our directors (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and officers as a group, beneficially owned, directly or indirectly, 14,279,302 Class A shares and 4,959,942 Class B subordinate shares, representing 4.47% and 0.35%, respectively, of the outstanding shares of each such class.

How do I vote?

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

If your shares are held in the name of a nominee, please see the instructions below under the headings “How can a non-registered shareholder vote?” and “How can a non-registered shareholder vote in person at the meeting?” at page 4.

Voting by proxy

Whether or not you attend the meeting, you may appoint someone else to vote for you as your proxyholder. Your vote will thus be counted at the meeting. You may use the enclosed form of proxy, or any other proper form of proxy, in order to appoint your proxyholder.

The persons named in the enclosed form of proxy, namely Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine, are directors and officers of Bombardier. However, you may choose another person to act as your proxyholder, including someone who is not a holder of our shares, by deleting the names printed on the enclosed form of proxy and inserting another person's name in the blank space provided, or by completing another proper form of proxy.

How will my proxy vote?

On the form of proxy, you may indicate 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 sees fit.

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

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

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

AGAINST the shareholder proposal set out in Schedule "B".

Proxy Voting Options

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

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

Mail or Fax

Registered shareholders electing to submit a proxy by mail must complete, date and sign the form of proxy. It must then be returned to the transfer agent for our shares, Computershare Trust Company of Canada, or Computershare, either in the postage pre-paid return envelope provided or by fax at 1-866-249-7775 no later than 4:00 p.m. (Montréal time) on June 6, 2005.

Telephone

The option to submit a proxy by telephone is offered only in Canada and in the United States. Registered shareholders electing to submit a proxy by telephone must do so using a touchtone telephone. The telephone number to call is 1-866-732-VOTE (8683). Shareholders must follow the instructions, use the form of proxy received from us and provide the 5-digit Control Number, the 11-digit Holder Account Number and the 5-digit Proxy Access Number located on the form of proxy. Instructions are then conveyed by use of the touchtone selections over the telephone.

Internet

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

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

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

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

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

As of the date of this Management Proxy Circular, our management is not aware that any other matter is to be presented for action at the meeting. If, however, other matters properly come before the meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred 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. You may do this by stating clearly, in writing, that you wish to revoke your proxy and by delivering this written statement to our transfer agent, Computershare, no later than the last business day before the day of the meeting, or to the Chairman of the meeting on the day of the meeting or any adjournment thereof.

Who counts the votes?

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

Is my vote confidential?

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

How are proxies solicited?

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

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

If you are an employee and you own shares under Bombardier’s “Employee Share Purchase Plan”, or the ESPP, your shares are registered in the name of Computershare, 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 the shares owned by our employees may be exercised through the use of a voting instruction form which will permit the voting of shares by mail or fax, telephone (this option is offered only in Canada and the United States; the number to dial is **1-866-732-VOTE (8683)**) or through the Internet at www.computershare.com/ca/proxy.

The shares will be voted in accordance with the instructions received from the employee who is the beneficial owner of the shares as indicated in the 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 the nominees as directors of the Corporation as proposed by the management of the Corporation;

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

AGAINST the shareholder proposal set out in Schedule “B”.

In order for an employee to exercise his or her voting rights under the ESPP, he or she must complete and return a voting instruction form or provide his or her instructions by phone or over the Internet.

How can a non-registered shareholder vote?

If your shares are not registered in your own name, they are held in the name of a “nominee”, usually a bank, trust company, securities dealer or broker or other financial institution. Your nominee must seek your instructions as to how to vote your shares. Therefore, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders’ meetings, you will have received this Management Proxy Circular in a mailing from your nominee, together with a form of proxy or voting instruction form. Each nominee has its own signature and return instructions. It is important that you comply with these instructions if you want the voting rights attached to your shares to be exercised. If you are a non-registered shareholder who has submitted a proxy and you wish to change your voting instructions, you should contact your nominee to find out whether this is possible and what procedure to follow.

How can a non-registered shareholder vote in person at the meeting?

Since we and/or our transfer agent, Computershare, do not have a record of the names of our non-registered shareholders, if you are a non-registered shareholder and you attend the meeting, we will have no knowledge of your shareholdings or your entitlement to vote, unless your nominee has appointed you as proxyholder. Therefore, if you are a non-registered shareholder and wish to vote in person at the meeting, please insert your own name in the space provided on the form of proxy or voting instruction form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your nominee. It is not necessary to otherwise complete the form as you will be voting at the meeting.

If I have to communicate with the transfer agent, how do I do it?

You can communicate with the transfer agent at the following address:

Computershare Trust Company of Canada
Proxy Solicitation Department
100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

or by telephone: 1-800-564-6253.

Section 2 : Business of the Meeting


Election of Directors

Our articles of incorporation provide that our Board of Directors shall consist of not less than five and not more than 20 directors. Our directors are elected annually. It is proposed by our management that 15 directors be elected for the current year. The term of office of each director so elected expires upon the election of his or her successor unless he or she shall resign or his or her office shall become vacant by death, removal or other cause.


Except where authority to vote on the election of directors is withheld, the persons named in the accompanying form of proxy will vote FOR the election of the nominees whose

names are hereinafter set forth, all of whom are currently directors of Bombardier.


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

LAURENT BEAUDOIN, C.C., FCA (1)		Class A shares	Class B subordinate shares	Deferred Stock Units
	Chairman of the Board and Chief Executive Officer of Bombardier Director since 1975 Not independent	9,626,951	4,238,493	0


Mr Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He began his career in 1961 with Beaudoin, Morin, Dufresne & Associés, Chartered Accountants. In 1963, he joined Bombardier Limited as Comptroller. He was appointed General Manager in 1964 and, in 1966, became President. In 1979, he was appointed Chairman and Chief Executive Officer of Bombardier Inc. On February 1, 1999, he became Chairman of the Board and of the Executive Committee until June 10, 2003, when he was appointed Executive Chairman of the Board. Since December 13, 2004, he has assumed the responsibilities of Chairman of the Board and Chief Executive Officer of Bombardier and he has headed the Office of the President, whose members also include Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President of Bombardier and Mr. André Navari, President of Bombardier Transportation and Executive Vice President of Bombardier. He holds honorary doctorates from various universities and has received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since June 2000, he has been on the Advisory Board of Lazard Canada. Since 2002, he has been a member of the International Business Council of the World Economic Forum based in Geneva, Switzerland.

PIERRE BEAUDOIN		Class A shares	Class B subordinate shares	Deferred Stock Units
	President and Chief Operating Officer of Bombardier Aerospace Executive Vice President of Bombardier Director since 2004 Not independent	512,859	0	0


Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in 1985. In October 1990, he was appointed Vice President, of 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, to April 1996. From April 1996, to January 2001, he was President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he became President and Chief Operating Officer of Bombardier Aerospace in October 2001. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier joining Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and Mr. André Navari, President of Bombardier Transportation, in the Office of the President and he also then became a member of the Board of Directors of Bombardier.

ANDRÉ BÉRARD		Class A shares	Class B subordinate shares	Deferred Stock Units
	Corporate Director Director since 2004 Member of the Audit Committee and of the Human Resources and Compensation Committee Independent	0	5000	27,728


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 various Boards of Directors including, among others, BCE Inc., Noranda Inc., Saputo Inc. and Canam Group Inc.

J.R. ANDRÉ BOMBARDIER		Class A shares	Class B subordinate shares	Deferred Stock Units
	Vice Chairman of Bombardier Director since 1975 Not independent	(2)	265,774	0


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 Director of Junior Achievement of Québec.

JANINE BOMBARDIER		Class A shares	Class B subordinate shares	Deferred Stock Units
	President and Governor, J. Armand Bombardier Foundation, charitable organization Director since 1984 Not independent	(3)	40,001	53,036


Mrs. Janine Bombardier has been a member of our Board of Directors since 1984. She has been a Governor of the J. Armand Bombardier Foundation since March 27, 1965, and its President since August 21, 1978.

L. DENIS DESAUTELS , OC, FCA		Class A shares	Class B subordinate shares	Deferred Stock Units
	Corporate Director Director since 2003 Chairman of the Audit Committee and of the Retirement Pension Oversight Committee Independent	0	6,500	20,255


Mr. L. Denis Desautels was Auditor General of Canada from April 1, 1991 until March 31, 2001. As Auditor General of Canada, he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montreal Office of Ernst & Young. In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices, namely Montréal, Ottawa and Québec. He is currently a member of the accounting standards oversight council of the Canadian Institute of Chartered Accountants, and of the National Awards in Governance Advisory Committee of the Conference Board of Canada. He is also Chair of the Capital Health Alliance. He is a member of the Board of Directors of CARE Canada, Laurentian Bank of Canada, Groupe Jean Coutu (PJC) Inc. and Alcan Inc. He is presently an Executive-in-residence at the School of Management of the University of Ottawa.

MICHAEL J. DURHAM		Class A shares	Class B subordinate shares	Deferred Stock Units
	Corporate Director Director since 2005 Member of the Audit Committee and of the Retirement Pension Oversight Committee Independent	0	0	0


Mr. Michael J. Durham was with AMR Corporation for 20 years. He worked at American Airlines, Inc. for the first 17 years, notably as Senior Vice President, Finance and Chief Financial Officer, then for three years as President and Chief Executive Officer of Sabre, Inc., a NYSE-listed company providing information technology services to the travel industry. Mr. Durham currently serves as non-executive Chairman of the Board of Asbury Automotive Group Inc., and as Audit Committee Chairman and Board member of AGL Resources, Inc.

JEAN-LOUIS FONTAINE (4)		Class A shares	Class B subordinate shares	Deferred Stock Units
	Vice Chairman of Bombardier Director since 1975 Not independent	4,097,472	5,105	0


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 then named Vice President, Corporate Planning in 1977, a position he held until he became Vice Chairman in 1988. He currently serves on the Boards of Directors of AXA Assurances Inc. and Héroux-Devtek Inc. President of La Fondation de l'Université de Sherbrooke from 1992 to 1997, he was Chairman of the Board of Université de Sherbrooke from May 1997 to May 2000. In 2000, he served as a director of the Canadian Chamber of Commerce.

DANIEL JOHNSON		Class A shares	Class B subordinate shares	Deferred Stock Units
	Counsel, McCarthy Tétrault LLP, barristers and solicitors Director since 1999 Member of the Audit Committee, of the Retirement Pension Oversight Committee and of the Corporate Governance and Nominating Committee Independent	0	1,200	50,815


A former Prime Minister of the Province of Québec, Mr. Daniel Johnson was a member of the National Assembly of Québec for more than 17 years and held numerous offices in the Government of Québec from 1985 to 1994. He is a director of The Great-West Life Assurance Company, London Life Insurance Company, The Canada Life Assurance Company, IGM Financial Inc., Ecopia BioSciences Inc. and Victrom Human Bionics Inc. He is also Honorary Consul of the Kingdom of Sweden in Montréal.

JEAN C. MONTY		Class A shares	Class B subordinate shares	Deferred Stock Units
	Corporate Director Director since 1998 Chairman of the Human Resources and Compensation Committee and member of the Corporate Governance and Nominating Committee Independent	25,000	175,000	69,791


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. He is a director of Centria Inc., Fiera Capital Inc. and Contramax Capital Inc. and Chairman of Emergis Inc. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997.

ANDRÉ NAVARRI		Class A shares	Class B subordinate shares	Deferred Stock Units
	<p>President of Bombardier Transportation Executive Vice President of Bombardier Director since 2004 Not independent</p>	0	0	0


Mr. André Navarri has been President of Bombardier Transportation since February 22, 2004 and since December 13, 2004, Executive Vice President of Bombardier joining Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace, in the office of the President. On that same date, he also became a member of the Board of Directors of Bombardier. Prior to February 22, 2004, he was President-Operations of Alcatel, a worldwide supplier of telecom equipment from September 2001 to December 2002. From May 1999 to May 2000, he served as Chief Operating Officer, then from May 2000 to March 2001 as Chairman and Chief Executive Officer of Valeo, a worldwide automotive component maker. From April 1996 to April 1999, he was President of the Transport Sector of Alstom, a worldwide specialist in power, marine and transportation equipment.

JAMES E. PERRELLA		Class A shares	Class B subordinate shares	Deferred Stock Units
	<p>Retired Chairman and Chief Executive Officer, Ingersoll-Rand Company, a diversified industrial company and component manufacturer Director since 1999 Chairman of the Corporate Governance and Nominating Committee and member of the Human Resources and Compensation Committee Independent</p>	0	10,000	103,175


Mr. James E. Perrella started his career at Ingersoll-Rand Company in 1962 as a Production Planner. He held progressive positions as Sales Engineer, General and Operations Manager, Vice President, Executive Vice President, President and Chairman of the Board of Directors and Chief Executive Officer of Ingersoll-Rand Company. In 2000, he retired as Chairman of the Board. He is member of the Boards of Directors of ArvinMeritor, Inc. and Becton Dickinson and Company.

CARLOS E. REPRESAS		Class A shares	Class B subordinate shares	Deferred Stock Units
	<p>Chairman of the Board, Nestlé Mexico, S.A. de C.V., a food and beverage company Director since 2004 Member of the Human Resources and Compensation Committee and of the Retirement Pension Oversight Committee Independent</p>	0	0	17,027

Mr. Carlos E. Represas has been Chairman of Nestlé Mexico S. A. de C.V. since 1983. He has been a member of the Board of Directors of Vitro, S.A. de C.V. since 1988 and of the Board of Directors of Dreyer's Grand Ice Cream Holdings, Inc. since 2003. He is Global Councillor of the Conference Board of New York, and a member of the Advisory Board of the Global Business Policy Council based in Washington, D.C. He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latinamerican Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in 7 different countries. Previously, he had worked in the Mexican Treasury (1964-1967).

FEDERICO SADA G.		Class A shares	Class B subordinate shares	Deferred Stock Units
	<p>President and Chief Executive Officer, Vitro, S.A. de C.V., a glass producing company</p> <p>Director since 2003</p> <p>Member of the Corporate Governance and Nominating Committee</p> <p>Independent</p>	0	0	34,743

Mr. Federico Sada joined Vitro, S.A. de C.V. in 1974, and on January 1, 1994, he was appointed as its President and Chief Executive Officer. He is a member of the Boards of Directors of Vitro, S.A. de C.V., Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), Regio Empresas, and University of Texas MD Anderson Cancer Center. He is a former Chairman of the Mexican Council for Foreign Trade (COMCE), President of the Mexico-France Bilateral Committee of the Mexican Council for Foreign Trade (COMCE), Chairman of the Fundación Pro Museo Nacional de Historia (Castillo de Chapultepec), A.C., and Chairman of Trustees of Parque Ecológico Chipinque. He is also a member of the International Business Council of the World Economic Forum, and the World Business Council for Sustainable Development based in Geneva, Switzerland.

HEINRICH WEISS		Class A shares	Class B subordinate shares	Deferred Stock Units
	<p>Chairman and Chief Executive Officer SMS GmbH, an international group active in plant construction and mechanical engineering related to the processing of steel, non-ferrous metals and plastics</p> <p>Director since 2005</p> <p>Member of the Audit Committee</p> <p>Independent</p>	0	0	0

Dr. Heinrich Weiss is also a member of the Supervisory Boards of Commerzbank AG, Deutsche Bahn AG, HOCHTIEF AG, Thyssen-Bornemisza Group and Voith AG. He is Chairman of the Foreign Trade Advisory Council to the German Secretary of Economics and Labour, a member of the Board of the Asia Pacific Committee of German Business as well as a member of the Board of the East-West Trade Committee.

NOTES

- (1) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with Mr. J.R. André Bombardier, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 61,123,490 Class A shares of the Corporation.
- (2) Mr. J.R. André Bombardier exercises, through holding corporations which he controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 65,401,042 Class A shares of the Corporation.
- (3) Mrs. Janine Bombardier exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 61,973,490 Class A shares of the Corporation.
- (4) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Janine Bombardier), control or direction over 60,701,887 Class A shares of the Corporation.

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- (A) 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.
 - (B) The Deferred Stock Unit Plan is described on page 13.
 - (C) The number of Deferred Stock Units for each director was calculated as at January 31, 2005.

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

- (a) is, as at the date of this Management Proxy Circular, or has been, within 10 years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that, while such person was acting in that capacity:
- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise

with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; except for the following:

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

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

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

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

The following table sets forth the number of meetings of our Board of Directors and its Committees held between June 1, 2004, the date of our last annual meeting of shareholders, and March 31, 2005 and the record of attendance of the nominees at meetings of our Board of Directors and its Committees.

Number of meetings attended/ Number of meetings held					
Nominees	Board	Audit Committee	Corporate Governance and Nominating Committee	Human Resources and Compensation Committee	Retirement Pension Oversight Committee
Laurent Beaudoin	10/10	—	—	—	—
Pierre Beaudoin	4/4	—	—	—	—
André Bérard	9/10	5/5	—	8/8	—
J.R. André Bombardier	10/10	—	—	—	—
Janine Bombardier	9/10	—	—	—	—
L. Denis Desautels	9/10	5/5	—	—	3/3
Michael J. Durham	3/3	1/1	—	—	1/1
Jean-Louis Fontaine	10/10	—	—	—	—
Daniel Johnson	9/10	5/5	5/5	—	3/3
Jean C. Monty	10/10	—	5/5	8/8	—
André Navarri	4/4	—	—	—	—
James E. Perrella	7/10	—	4/5	7/8	—
Carlos E. Represas	8/10	—	—	7/8	1/1
Federico Sada G.	6/10	—	1/5	—	—
Heinrich Weiss	2/3	1/1	—	—	—
Overall attendance rate:	89%	100%	75%	94%	100%

Appointment of Auditors

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

For each of the financial years ended January 31, 2005 and 2004, Ernst & Young LLP billed us fees for services provided as summarized in the table below:

Fees	Financial Year Ended January 31, 2005	Financial Year Ended January 31, 2004
Audit fees	\$17,069,000	\$21,268,000
Audit-related fees	\$1,552,000	\$10,293,000
Tax fees	\$6,075,000	\$10,690,000
All other fees	\$146,000	\$4,465,000
Total Fees:	\$24,842,000	\$46,716,000

In the table above, the terms in the column "Fees" have the following meanings: "Audit fees" refers to all fees incurred in respect of audit services, being the professional services rendered by our auditors for the audit of the annual financial statements of Bombardier and its subsidiaries and the review of Bombardier's quarterly financial statements as well as services normally provided by the external auditors in connection with statutory and regulatory filings and engagements; "Audit-related fees" refers to the aggregate fees billed for assurance and related services by Bombardier's external auditor that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees"; "Tax fees" refers to the aggregate fees billed for professional services rendered by Bombardier's external auditor for tax compliance, tax advice, and tax planning; and "All other fees" refers to the aggregate fees billed for products and services provided by the Corporation's external auditor, other than "Audit fees", "Audit-related fees" and "Tax fees".

Our Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the independence of our auditors. The Audit Committee has adopted a policy that prohibits us from engaging the auditors for "prohibited" categories of non-audit services and requires pre-approval by such Committee of audit services and other services within certain permissible categories of non-audit services.

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

Audit Committee Information

Mr. L. Denis Desautels acts as Chairman of the Audit Committee and Messrs. André Bérard, Michael J. Durham, Daniel Johnson and

Dr. Heinrich Weiss are its other members. Each of them is independent and financially literate within the meaning of Multilateral Instrument 52-110 – Audit Committees.

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

L. Denis Desautels (Chair) – Mr. Desautels, FCA, has a Bachelor of Commerce degree from McGill University. He served as Auditor General of Canada from April 1, 1991 until March 31, 2001. As Auditor General of Canada, he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montréal Office of Ernst & Young. In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices, namely Montréal, Ottawa and Québec. He is currently a member of the accounting standards oversight council of the Canadian Institute of Chartered Accountants and of the National Awards in Governance Advisory Committee of the Conference Board of Canada. He is presently an Executive-in-residence at the School of Management of the University of Ottawa.

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

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

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

Leader of the Québec Liberal Party in December 1993, was Prime Minister of the Province of Québec from September 1994, and Leader of the Official Opposition until May 1998.

Heinrich Weiss – Dr. Weiss has a degree in electrical engineering (Dipl.-Ing.) from the Technical University of Munich, Germany and an honorary doctorate degree (Dr.-Ing.E.h.) from the Aachen University of Technology (RWTH). He has also attended various seminars and courses in business administration and economics. He became Chairman, Chief Executive Officer and major shareholder of SMS GmbH in July 1974. He is a member of the Supervisory Boards of Commerzbank AG, Hochtief AG, Deutsche Bahn AG, Thyssen-Bornemisza Group and Voith AG. He also acts as the Chairman of the Audit Committee of Deutsche Bahn AG. He is Chairman of the Foreign Trade Advisory Council to the Secretary of Economics and Labour of Germany.

Section 3: Remuneration of Directors and Executive Officers

Remuneration of Directors

Since October 1, 2003, our non-executive directors receive retainer fees of \$4,500 per month. They also earn attendance fees of \$2,000 for each Board or Committee meeting attended. In addition, a non-executive director receives an additional annual fee of \$10,000 for presiding over a Committee of the Board of Directors (other than the Audit Committee). For his part, the Chairman of the Audit Committee receives an additional annual fee of \$20,000. Committee members receive additional annual fees of \$5,000. All of the dollar amounts mentioned above in relation to our directors' remuneration are in Canadian dollars when such remuneration is paid to a director who is a resident of Canada and in US dollars when such remuneration is paid to a director who is not a resident of Canada.

Deferred Stock Unit Plan

To encourage our non-executive directors to better align their interests with those of our shareholders by having an investment in the Corporation, we have offered them since April 1, 2000, a Deferred Stock Unit Plan, or the DSU Plan, which was amended as of October 1, 2003. Our DSU Plan, as amended, stipulates that our non-executive directors are required to receive the entirety of their monthly retainer fees (i.e. \$4,500) in the form of Directors' Deferred Stock Units, or DDSUs. In addition, our non-executive directors may elect to receive 50% or more of any other remuneration (i.e. attendance fees and fees received by committee chairs and members) in the form of DDSUs. Each DDSU has a value equal to the market value of one Class B subordinate share at the time DDSUs are credited to the non-executive director. DDSUs take the form of a bookkeeping entry credited to the account of the non-executive director which cannot be converted to cash for as long as the non-executive director remains a member of the Board of Directors. All of a non-executive director's units will, upon request by such non-executive director, be redeemed for cash by us after he or she ceases to be a member of our Board of Directors; however, failing such request, the redemption

of such units for cash will occur automatically upon the expiry of a period as determined under the DSU Plan. The value of a DDSU, when converted to cash, will be equivalent to the market value of a Class B subordinate share at the time the conversion will take place. DDSUs confer the right to receive dividends paid in the form of additional DDSUs at the same rate as the dividend paid on the Class B subordinate shares.

Stock Option Plan for the Benefit of Non-Executive Directors

Effective October 1, 2003, we abolished our stock option plan for the benefit of our non-executive directors, or the Directors' Plan, which had provided for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 of our Class B subordinate shares. Despite the fact that we abolished the Directors' Plan, it remains in force for the purpose of outstanding, unexercised options. As at January 31, 2005, options for a total of 140,000 Class B subordinate shares had been granted and were outstanding.

The purchase price for the Class B subordinate shares, in respect of any outstanding option granted under the Directors' Plan, is the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the date on which such option was granted. The purchase price is payable in full at the time the option is exercised.

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

Options Exercised in the Last Completed Financial Year

During the financial year ended January 31, 2005, 80,000 Class B subordinate shares were purchased under the Directors' Plan by two of our non-executive directors and options for a total of 25,000 Class B subordinate shares were also cancelled.

Remuneration of Named Executive Officers Summary Compensation Table

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

Officers in this Management Proxy Circular) for services rendered in all capacities during the financial years ended January 31, 2005, 2004 and 2003. This information includes base salaries, bonus awards, the number of stock options granted and certain other forms of compensation, whether actually paid or deferred.

Name and Principal Position	Year Ended January 31	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonuses (\$) ⁽¹⁾	Other Annual Compensation (\$) ⁽²⁾	Awards		LTIP Payouts (\$)	
					Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (\$) ⁽¹⁾		
Laurent Beaudoin Chairman and Chief Executive Officer	2005	—	—	1,415,703 ⁽³⁾	—	—	—	—
	2004	666,667 ⁽⁴⁾	—	471,901 ⁽⁵⁾	—	—	—	—
	2003	1,000,000	—	135,838	—	—	—	—
Paul M. Tellier Former President and Chief Executive Officer	2005	1,760,000 ⁽⁶⁾	—	30,000 ⁽⁷⁾	—	—	—	—
	2004	1,920,000	—	—	1,000,000 ⁽⁸⁾	—	—	—
	2003	160,000 ⁽⁹⁾	—	—	—	—	—	—
Pierre Beaudoin President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President	2005	1,000,000	330,000	—	400,000	—	—	—
	2004	850,000	1,091,400	—	250,000	—	—	—
	2003	850,000	—	—	500,000	—	—	—
André Navarri President of Bombardier Transportation and Executive Vice President	2005	1,198,102 ⁽¹⁰⁾	503,302 ⁽¹⁰⁾	—	388,000	—	—	—
	2004	—	—	—	—	—	—	—
	2003	—	—	—	—	—	—	—
Pierre Alary Senior Vice President and Chief Financial Officer	2005	540,000	274,104 ⁽¹¹⁾	—	250,000	274,104 ⁽¹¹⁾	—	—
	2004	400,562	100,000 ⁽¹¹⁾	—	100,000	—	—	—
	2003	300,000	—	—	—	—	—	—
Carroll L'Italien Senior Vice President	2005	525,000	266,490 ⁽¹¹⁾	—	100,000	266,490 ⁽¹¹⁾	—	—
	2004	510,000	175,000 ⁽¹²⁾	—	120,000	—	—	—
	2003	485,000	—	—	180,000	—	—	—

- (1) Bonus amounts are paid in the year following the financial year in respect of which they are earned. For the year ended January 31, 2005, the bonus payable to certain senior corporate officers will be paid, on April 29, 2005, 50% in cash and 50% in the form of restricted share units or RSU's. The number of RSU's to be granted on that date will be based on the dollar amount of the portion of the bonus payable in RSU's divided by the closing price of the Class B subordinate shares on the date of grant. The RSU's will vest on the third anniversary of the date of grant and upon vesting will be converted into freely-tradable Class B subordinate shares.
- (2) The value of benefits not exceeding the lesser of \$50,000 or 10% of the sum of salary and bonuses has been omitted.
- (3) This sum includes \$1,115,703 paid to Mr. Beaudoin as pension benefits (please refer to page 18 of this Management Proxy Circular) and \$300,000 paid to Mr. Beaudoin for his services as Chairman of the Board during the financial year ended January 31, 2005.
- (4) This sum represents the salary earned by Mr. Beaudoin in his capacity as Executive Chairman of the Board of Directors from February 1, 2003 until September 30, 2003.
- (5) This sum includes \$371,901 paid to Mr. Beaudoin as pension benefits between October 1, 2003 and January 31, 2004 and \$100,000 paid to Mr. Beaudoin as fees for acting as Executive Chairman of our Board of Directors during the same period.
- (6) This sum represents the salary earned by Mr. Tellier until December 31, 2004. Mr. Tellier resigned as President and Chief Executive Officer on December 13, 2004.
- (7) This sum represents the pension benefits to which Mr. Tellier is entitled for the month of January 2005. Please refer to page 18 of this Management Proxy Circular.
- (8) Mr. Tellier, as a non-executive director, had also received, over time, various stock options grants for a total of 25,000 Class B subordinate shares.
- (9) Mr. Tellier took office on January 1, 2003 and this sum represents the salary earned by him for the month of January 2003.
- (10) Mr. Navarri was appointed President of Bombardier Transportation on February 22, 2004. His salary and bonus are in euros and an exchange rate of CAN \$1.649 was used to convert his salary and bonus into Canadian dollars.
- (11) During the second quarter, a discretionary bonus was paid to Mr. Alary in recognition of his contribution under special circumstances.
- (12) During the second quarter, a discretionary bonus was paid to Mr. L'Italien in recognition of his contribution under special circumstances.

Stock Option Plan Information

Our Stock Option Plan, or the Plan, provides for the granting to our key employees and those of our subsidiaries of non-assignable options to purchase an aggregate number of Class B subordinate shares which may not exceed 133,782,688 outstanding Class B subordinate shares. The Plan provides that no single person may hold options to acquire shares representing more than 5% of the issued and outstanding Class A shares and Class B subordinate shares combined. In addition, in any given one-year period, insiders and their associates may not be issued under the Plan a number of shares exceeding 5% of all issued and outstanding Class A shares and Class B subordinate shares combined. Furthermore, as of April 30, 2003, no more than 26,910,324 Class B subordinate shares may be reserved for issuance to insiders under the Plan.

As at January 31, 2005, 30,260,092 Class B subordinate shares had been issued and 50,200,056 Class B subordinate shares remained issuable under future option grants pursuant to the Plan representing, respectively, 1.73% and 2.87% of all issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 53,322,540 Class B subordinate shares are issuable under actual option grants (i.e. unexercised options that have neither expired nor been cancelled), representing 3.05% of all issued and outstanding Class A shares and Class B subordinate shares combined.

The option price is the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange, or the TSX, on the five trading days immediately preceding the day on which an option is granted. The option price is payable in full at the time the option is exercised. Unless otherwise determined by the Board of Directors, options granted prior to May 27, 2003, are exercisable during periods commencing not earlier than two years following the date of granting and terminating not later than ten years after such date of granting.

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

On May 27, 2003, our Board of Directors approved certain amendments to the Plan, including modifications to the applicable vesting periods. Options granted after May 27, 2003, are exercisable during periods commencing not earlier than the first anniversary of the date of granting and terminating no later than seven years after such date of granting. Furthermore, an optionee shall not have purchased more than 25% of the aggregate number of shares covered by his or her option at the expiration of the second year following the date of

granting of such option, more than 50% of the aggregate number of shares covered by his or her option at the expiration of the third year following the date of granting of such option and more than 75% of the aggregate number of shares covered by his or her option at the expiration of the fourth year following the date of granting of such option. In addition, the optionee shall, following the purchase of such shares, remain the direct owner of at least 25% of the number of shares purchased for a period of at least one year following the date of purchase.

On March 30, 2004, our Board of Directors approved additional amendments to the Plan to the effect that an optionee shall only be entitled to purchase shares covered by his or her option if, within the twelve (12) month period preceding the date on which the optionee has the right to purchase shares in accordance with the Plan, the weighted average trading price of such shares, during a period of twenty-one (21) consecutive trading days, is greater than or equal to a target price threshold established at the time the option had been granted to the optionee. If, within such twelve (12) month period, the weighted average trading price of the shares has not reached the set target price threshold, then the optionee shall be entitled to purchase such shares only upon the same terms, conditions and with the target price threshold applicable to the next tranche (i.e. 25%) of the aggregate number of shares covered by his or her options as determined under the Plan. If the target price threshold that has not been reached within such twelve (12) month period is the final target price threshold established with respect to a particular option grant, then the right of the optionee to purchase such shares can be exercised if, at any time after that twelve (12) month period, the weighted average trading price for such shares, during a period of twenty-one (21) consecutive trading days, is greater than or equal to such final target price threshold as established for the remaining term of the option. Furthermore, once the target price threshold for any particular tranche of shares underlying an option has been reached in accordance with the above, the right of the optionee to purchase shares may thereafter be exercised notwithstanding any further variation in the weighted average trading price of such shares. Shareholder approval of the above amendments was not required by the TSX. These amendments apply to all options granted after May 27, 2003.

In certain circumstances detailed below, except as may otherwise be determined by the Human Resources and Compensation Committee, optionees are required to exercise their options prior to the normally applicable expiration date of seven years from the date of granting:

- in the case of "normal" retirement, options must be exercised during the three years following the date on which retirement commenced;
- in the cases of early retirement authorized under an approved retirement plan and authorized leave of absence (including for sickness), options must be exercised within one year following the date on which the early retirement or authorized leave of absence commenced; and

- in the case of death, the legal representatives of the deceased optionee must exercise all options within 60 days commencing on the later of the date of death and the date of receipt of all required succession duty releases (if applicable);

failing which the relevant options shall be deemed to have lapsed. In addition, in the event of termination of employment or resignation by an optionee, such person's options shall end as of and from the date of termination or resignation, as the case may be.

No option granted under the Plan or any right in respect thereof may be transferred or assigned other than by will or in accordance with the laws of succession, and no option may be exercised by anyone other than the optionee during his or her life. The Board of Directors

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

The following table sets forth, as at January 31, 2005, the information with respect to all of the Corporation's compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for further issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	53,322,540	\$8.80	50,200,056
Equity compensation plans not approved by securityholders	—	—	—
Total:	53,322,540	\$8.80	50,200,056

Granting of Stock Options to our Named Executive Officers for the Financial Year Ended January 31, 2005

The following table sets forth various information with respect to stock options granted to our Named Executive Officers during the financial year ended January 31, 2005:

Name	Securities under Options Granted (#)	% of Total Options Granted to Employees in the Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Laurent Beaudoin	—	—	—	—	—
Paul M. Tellier	—	—	—	—	—
Pierre Beaudoin	400,000	2.60 %	\$4.32	\$4.13	June 10, 2011
André Navarri	238,000 150,000	2.52 %	\$6.85 \$4.32	\$6.54 \$4.13	February 25, 2011 June 10, 2011
Pierre Alary	250,000	1.62 %	\$4.32	\$4.13	June 10, 2011
Carroll L'Italien	100,000	0.65 %	\$4.32	\$4.13	June 10, 2011

Options Exercised in Last Completed Financial Year ended January 31, 2005 and Year-End Options Values

The following table summarizes for each of our Named Executive Officers the number of stock options exercised during the financial year ended January 31, 2005, the aggregate value realized upon exercise and the total number and value of unexercised options held as at January 31, 2005. Value realized upon exercise is the difference

between the closing price of a Class B subordinate share on the exercise date and the exercise price of the option. Value of unexercised options at financial year end is the difference between the closing price of a Class B subordinate share on the Toronto Stock Exchange on January 31, 2005, namely \$2.62, and the exercise price.

Exercised and Unexercised Stock Options Financial Year Ended January 31, 2005

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End		Date of Grant	Share Price on Date of Grant	Value of Unexercised Options at Financial Year End	
			Exercisable (#)	Unexercisable (#)			Exercisable (\$)	Unexercisable (\$)
Laurent Beaudoin	—	—	4,000,000	—	1996-03-20	5.1325	0	—
	—	—	2,000,000	—	1999-03-22	10.6050	0	—
Paul M. Tellier	—	—	—	1,000,000 ⁽¹⁾	2003-01-01	5.2200	—	0
	—	—	20,000 ⁽²⁾	—	1997-06-26	7.7875	0	—
	—	—	3,000 ⁽²⁾	2,000 ⁽²⁾	2002-03-27	14.5800	0	0
Pierre Beaudoin	—	—	300,000	—	1996-03-20	5.1325	0	—
	—	—	200,000	—	1999-03-22	10.6050	0	—
	—	—	125,000	375,000	2002-03-27	14.5800	0	0
	—	—	62,500	187,500 ⁽³⁾	2003-06-10	3.9300	0	0
	—	—	—	400,000 ⁽³⁾	2004-06-10	4.3200	—	0
André Navarri	—	—	—	238,000 ⁽³⁾	2004-02-24	6.8500	—	0
	—	—	—	150,000 ⁽³⁾	2004-06-10	4.3200	—	0
Pierre Alary	—	—	50,000	—	1998-09-01	8.7450	0	0
	—	—	50,000	—	1999-03-22	10.6050	0	—
	—	—	25,000	25,000	2001-05-02	22.5800	0	0
	—	—	25,000	75,000 ⁽³⁾	2003-06-10	3.9300	—	0
	—	—	—	250,000 ⁽³⁾	2004-06-10	4.3200	—	0
Carroll L'Italien	—	—	400,000	—	1999-07-26	11.2200	—	0
	—	—	45,000	135,000	2002-03-27	14.5800	0	0
	—	—	30,000	90,000 ⁽³⁾	2003-06-10	3.9300	0	0
	—	—	—	100,000 ⁽³⁾	2004-06-10	4.3200	—	0

(1) Options which Mr. Tellier received as a President and Chief Executive Officer in January 2003; they may only be exercised when the market price of the underlying shares shall have attained \$10.00.

(2) Options which Mr. Tellier received as a non-executive director.

(3) Options may only be exercised when the weighted average trading price of the underlying shares shall have reached the set target price thresholds in accordance with the March 30, 2004 amendments to the Plan as described at pages 15 and 16.

The number of shares and share prices indicated in the above table partially reflect adjustments following two-for-one stock splits which took place on July 7, 1995, July 10, 1998 and July 7, 2000.

Pension Plan

Senior officers, including our Named Executive Officers, participate in two non-contributory defined benefit pension plans. Benefits payable from the basic plan correspond to 2% of average earnings in the three continuous years of service during which they were paid their highest salary (up to the maximum earnings according to the Income Tax Act, that is \$100,000 in 2005) multiplied by the number of years of credited service.

Since January 1, 2004, the supplemental plan provides (depending on the management level) for additional benefits of 1.75%, 2.25% or 2.50% of average earnings in excess of \$100,000 multiplied by the number of years of credited service less the pension payable from the basic plan and any benefits payable from our other pension plans. Benefits are reduced by 1/3 of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier,

the date as at which the participant's age plus his years of credited service total 85. No benefits are payable from the supplemental plan if a participant has not completed five years of service.

The following table shows total annual benefits payable at age 60 from the basic plan and the supplemental plan computed on a percentage of 2.25%. Upon the death of a participant, the spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and to the designated beneficiary.

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

Annual Benefits Payable at the Age of 60

Average Remuneration	Years of Service				
	15	20	25	30	35
\$200,000	\$67,500	\$90,000	\$112,500	\$135,000	\$157,500
\$300,000	\$101,250	\$135,000	\$168,750	\$202,500	\$236,250
\$400,000	\$135,000	\$180,000	\$225,000	\$270,000	\$315,000
\$500,000	\$168,750	\$225,000	\$281,250	\$337,500	\$393,750
\$600,000	\$202,500	\$270,000	\$337,500	\$405,000	\$472,500
\$700,000	\$236,250	\$315,000	\$393,750	\$472,500	\$551,250
\$800,000	\$270,000	\$360,000	\$450,000	\$540,000	\$630,000
\$900,000	\$303,750	\$405,000	\$506,250	\$607,500	\$708,750
\$1,000,000	\$337,500	\$450,000	\$562,500	\$675,000	\$787,500
\$1,100,000	\$371,250	\$495,000	\$618,750	\$742,500	\$866,250
\$1,200,000	\$405,000	\$540,000	\$675,000	\$810,000	\$945,000

Years of credited service as at January 31, 2005 for each of the Named Executive Officers whose names appears below are as follows:

Pierre Beaudoin 19 years and 5 months
 André Navarri 11 months
 Pierre Alary 6 years and 5 months

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

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

The Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, reached the age of 60 in May 1998. Since October 1, 2003, he has been receiving, pursuant to our basic pension and supplemental pension plans, an annual pension in the amount of

\$1,115,703. Upon his death, his spouse will be entitled to receive a benefit equal to 60% of his pension benefits.

According to arrangements made with Mr. Paul M. Tellier, further to his resignation as President and Chief Executive Officer of Bombardier on December 13, 2004, he has been receiving since January 1, 2005, from our basic and supplemental pension plans, an annual pension of \$360,000. Upon his death, his spouse will be entitled to receive a benefit equal to 60% of his pension benefits.

Mr. Caroll L'Italien reached the age of 60 in October 2003. Pursuant to the basic pension plan and a special arrangement made with Mr. L'Italien under the supplemental pension plan, he would have been entitled to receive, had he retired as of January 31, 2005, an annual pension of \$181,083. The pension to which he will be entitled at age 65 will be based on his pensionable earnings and his years of credited service as of that date. As at January 31, 2005, Mr. L'Italien had 13 years of credited service. Upon his death, his spouse will be entitled to receive a benefit equal to 60% of his pension benefits.

Employment Arrangement

On December 13, 2004, Bombardier reached an agreement with Mr. Tellier as a result of his resignation as President and Chief Executive Officer of the Corporation, pursuant to which he received a one-time payment of \$3,840,000 representing 2 years of his then annual base salary. He also received an amount of \$2,000,000, representing a portion of his entitlement under his medium-term

incentive plan for the period from February 1, 2003 to January 31, 2006. According to Mr. Tellier's pension arrangement, he will receive an annual pension of \$360,000. Mr. Tellier will have until December 12, 2007 to exercise options for 1,000,000 Class B subordinate shares that were granted to him in January 2003, provided that the market price of the underlying shares shall have attained \$10.00.

Report of the Human Resources and Compensation Committee

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

As of January 31, 2005, the HRCC consisted of four "unrelated" and "independent" directors, namely Mr. Jean C. Monty who is its Chairman, and Messrs. André Bérard, James E. Perrella and Carlos E. Represas. The Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and the Senior Vice President, Mr. Carroll L'Italien, also attend meetings of the HRCC, but they do not have the right to vote on any matter before the HRCC. Messrs. Beaudoin and L'Italien do not participate in discussions concerning their own compensation and are required to leave the meetings when appropriate. The number of meetings held by the HRCC during this past year and the attendance of its members is set out on page 11 of this Management Proxy Circular.

Leadership development and succession planning

Bombardier has a comprehensive approach to have strong leaders in place not just to meet current challenges, but also to achieve its long term goals. This approach is rooted in a succession planning process, which is reviewed and updated, on an annual basis. The plan, which takes a bottom-up approach originating in the operating groups and culminates with a detailed review by the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and the Senior Vice President, Mr. Carroll L'Italien, identifies key talent for executive positions and articulates development plans for them. At the same time, the plan also highlights potential succession issues and the corresponding action plans that ensure there is talent to meet evolving leadership needs. The HRCC is updated regularly on major developments linked to the succession plan and is given a full overview presentation of the final plan annually.

As part of this commitment to building leadership capability, especially at senior levels, Bombardier has launched an intensive executive development assessment program with external consultants. So far, more than 70 senior executives have been evaluated and development plans have been put in place or will be completed soon.

Compensation policy of the Corporation

The compensation policy of the Corporation is based on the overall performance of Bombardier as well as the individual performance of its senior executives. The overall goals of the compensation policy are to attract, retain and motivate the senior executives to increase business performance and enhance shareholder value.

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

Benchmarking is performed annually by external compensation consultants who are responsible for the gathering of comparator information relevant to Bombardier's senior executive positions.

Base salary

The senior executive positions are benchmarked with positions of similar responsibility in their respective local markets. For example, senior executive positions based in Germany would be compared with similar positions in German companies comparable in size and complexity to Bombardier. For Canadian-based positions, a comparator group including large Canadian companies with international operations is used. The composition of the comparator group is reviewed every year to ensure its continued relevance.

Annual short-term incentive

Bombardier's philosophy is to link its incentive plans to the overall performance of the Corporation.

The objective of Bombardier's short-term incentive plan is to motivate its employees to achieve and surpass the financial objectives identified by Bombardier at the beginning of each financial year.

On February 22, 2004, the HRCC approved the financial drivers of the incentive plan for the financial year ending January 31, 2005. The bonus targets for Bombardier Aerospace and Bombardier Transportation were based on their respective free cash flow and net operating profit after tax while the bonus target for Bombardier Capital was based on its own operating profit. For the Corporate Office, the bonus targets were based on free cash flow and net income.

On March 29, 2005, the HRCC reviewed and approved the bonus payable for the financial year ended January 31, 2005. Bombardier Aerospace and Bombardier Transportation met partially their respective targets and the bonus to which eligible employees would have been entitled was impacted accordingly. Bombardier Capital surpassed its own targets and eligible employees were entitled to a bonus according to such overachieved targets. Corporate Office met its specific targets and eligible employees were paid a bonus accordingly; however, with respect to certain corporate senior officers, the conditions for the payment of their bonus were adjusted so as to take into account the overall performance of Bombardier.

Long-term incentive

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

The role of the HRCC is to review the provisions of the stock option plan and to make appropriate recommendations to the Board of Directors to modify it, if required. It also determines the number of stock options to be granted by the Board of Directors to senior executives. The grant is flexible and can range between 0% and 150% of the prescribed guideline depending on individual senior executive performance.

On March 30, 2004, the 2004-2005 stock option plan and the overall number of stock options to be granted were approved by the Board of Directors upon the recommendation of the HRCC. On May 25, 2004, the number of stock options granted to each individual senior executive was approved by the Board of Directors upon the recommendation of the HRCC.

In 2003, the stock option plan was modified to include specific performance targets. In 2004, those performance targets were increased to better reflect market realities. Since 2003, participants are required to keep at least 25% of shares purchased upon the exercise of options for a minimum of one year.

Pension plan and benefits

Bombardier's objective is to have its pension and benefits at the median of its comparator group. Bombardier uses external consultants to evaluate its pension and benefits and compares these results with the data of the comparator group. More information

about the pension plan costs and features is available on pages 17 and 18 of this Management Proxy Circular.

Chief Executive Officer's compensation

Mr. Paul M. Tellier, the former President and Chief Executive Officer of the Corporation, resigned on December 13, 2004. The main terms and conditions of his severance agreement are described on page 18 of this Management Proxy Circular.

Following the departure of Mr. Tellier, Mr. Laurent Beaudoin has since then assumed the responsibilities of Chief Executive Officer in addition to those of Chairman of the Board. Since October 1, 2003, Mr. Beaudoin has been receiving the pension to which he is entitled under the Bombardier basic pension plan and the supplemental pension plan. As Chairman of the Board, he is also paid annual fees. A description of Mr. Beaudoin's compensation is set out on page 14 of this Management Proxy Circular. The HRCC is presently reviewing the implementation of an incentive compensation element to Mr. Beaudoin's compensation in view of his current responsibilities.

Submitted on March 29, 2005 by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman

André Bérard

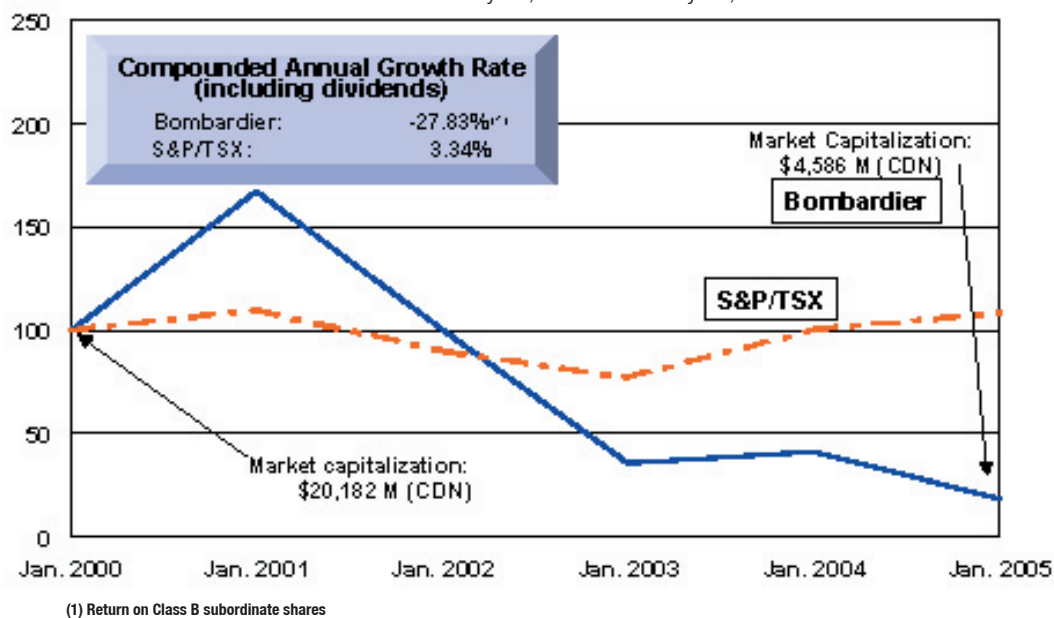
James E. Perrella

Carlos E. Represas

Section 4 : Additional Information

Performance Graph

Performance of the Class B subordinate shares of Bombardier Inc.
from January 31, 2000 to January 31, 2005



Statement of Corporate Governance Practices

We at Bombardier have always believed that what benefits our shareholders is of equal benefit to us. That is why we have always relied on good corporate governance practices as a tool both to ensure the proper management of Bombardier and to increase shareholder value.

In the past few years, there have been numerous developments in the corporate governance field, including the coming into force in Canada of *Multilateral Instrument 52-110-Audit Committees*, or MI 52-110, which sets out rules regarding the composition and responsibilities of public company audit committees. In addition, in January 2004, the Canadian Securities Administrators, or the CSA, published for comment new practices and disclosure rules with respect to corporate governance (referred to as the *Proposed CSA Practices and Disclosure Rules* in this Management Proxy Circular) which are ultimately intended to replace, at least in part, the guidelines of the Toronto Stock Exchange in matters of corporate governance currently included in the TSX Company Manual (referred to as the *TSX Corporate Governance Guidelines* in this Management Proxy Circular). At the end of October 2004, the CSA released a new version of these Practices and Disclosure Rules for comment. They consist of *Proposed National Policy 58-201-Corporate Governance Guidelines* or Proposed NP 58-201 and *Proposed National Instrument 58-101-Disclosure of Corporate Governance Practices*, or Proposed NI 58-101.

At the end of October 2004, the CSA also proposed amendments to MI 52-110 to ensure that the definition of «independence» is consistent between Proposed NI 58-101 and MI 52-110.

Although the Proposed CSA Practices and Disclosure Rules and the proposed amendments to MI 52-110 have thus far only been published for comment in draft form, we have adopted and implemented corporate governance policies and practices that already comply with and, in certain instances, surpass, these new practices and rules in the field of corporate governance because we view good corporate governance practices to be both one of the foundations of our corporate philosophy and essential to increasing shareholder value. We believe that this demonstrates our commitments that we will always carefully consider the latest corporate governance developments and strive to lead, not follow, in such matters.

Consequently, in Schedule "A" attached to this Management Proxy Circular (see pages 23 to 30), we have disclosed and compared our corporate governance practices not only to the TSX Corporate Governance Guidelines, but also, where appropriate, to the Proposed CSA Practices and Disclosure Rules as well as, where appropriate, to MI 52-110 and its proposed amendments.

Directors' and Officers' Insurance

The Corporation has purchased a Directors and Officers Liability program for the benefit of the Corporation, its directors and officers against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is US \$190,000,000 per occurrence and in the aggregate per year, at a cost of US \$2,799,250 per annum. The deductible applicable to the Corporation is US \$2,500,000 for any insured occurrence and there is no deductible applicable to individual directors and officers.

Available Documentation

Copies of our 2005 Annual Information Form, this Management Proxy Circular and our 2005 Annual Report that includes our audited consolidated financial statements as at January 31, 2005, as well as our quarterly financial statements filed since the date of our latest audited financial statements, may be obtained on request from our Public Affairs Department. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on January 31, 2005.

Proposals

Schedule "B" attached to this Management Proxy Circular (see page 31) sets out the shareholder proposal that has been submitted for consideration at our annual meeting of shareholders.

Shareholders who will be entitled to vote at our 2006 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit such proposals to our Corporate Secretary no later than January 27, 2006.

Approval of Directors

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

Montréal, April 29, 2005

Roger Carle
Corporate Secretary

**SCHEDULE “A”
BOMBARDIER INC.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

TSX Corporate Governance Guideline	Comments
<p>1. The Board of Directors should explicitly assume responsibility for stewardship of Bombardier, and specifically for:</p>	<p><i>Bombardier complies.</i> In accordance with the <i>Canada Business Corporations Act</i> (the “CBCA”) and as stated in its charter, the role of the Board of Directors of Bombardier is to supervise the management of Bombardier’s business and affairs with the objective of increasing profitability and, therefore, enhancing shareholder value. It is the role of corporate management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategy, business plan and budget approved by the Board of Directors. In this context, the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, makes recommendations to the Board of Directors with respect to matters of corporate policy after having consulted with the senior executives reporting to him. The Board of Directors then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.</p>
<p>a. adoption of a strategic planning process</p>	<p>The Board of Directors decides all matters coming under its jurisdiction pursuant to the CBCA, Bombardier’s articles of incorporation and by-laws, any applicable legislation, the policies of Bombardier or the charter of the Board of Directors and its Committees. It also acts in accordance with the Code of Ethics and Business Conduct of Bombardier which is available on our website at www.bombardier.com. The Board of Directors may assign to one of its Committees the prior review of any issues for which the Board is responsible. The recommendations of a Committee remain, however, subject to the approval of the Board.</p> <p><i>Bombardier complies.</i> As provided for under its charter, the duties of the Board of Directors include adopting a strategic plan and updating it, on at least an annual basis, by always taking into account, among other things, the opportunities and risks of the business of Bombardier and the emerging trends, and monitoring its implementation by corporate management. In addition, the Board of Directors adopts each year an appropriate business plan and budget and reviews them on a quarterly basis. Every year, the President of Bombardier Aerospace, the President of Bombardier Transportation and other senior executives from Corporate Office present, during a two-day session, the strategic plan, business plan and budget for the review and approval of the Board of Directors.</p>
<p>b. identification of principal risks, and implementing risk managing systems</p>	<p><i>Bombardier complies.</i> Pursuant to its charter, the Board of Directors reviews overall business risks and the practices and policies for dealing with these risks. In this context, it has delegated to the Audit Committee the responsibility to review the risk assessment process that is in place throughout Bombardier in order to identify, assess and manage the principal risks of Bombardier’s businesses. A thorough discussion of the risks that could materially affect Bombardier is presented as part of the Management’s Discussion and Analysis of the Financial Section of Bombardier’s Annual Report for the year ended January 31, 2005.</p>

**c. succession planning
and monitoring senior
management**

Bombardier complies. In accordance with its charter, the Human Resources and Compensation Committee reviews, reports and, where appropriate, submits recommendations to the Board of Directors, at least once a year, regarding the succession planning for the position of Chief Executive Officer of Bombardier. In addition, it ensures that the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, has put in place and is monitoring succession planning systems and policies for senior executives. The Committee reviews and recommends to the Board of Directors the appointment of the Chief Executive Officer and the senior executives reporting to him. The Committee assesses the performance of the Chairman of the Board and Chief Executive Officer against his objectives set at the beginning of each financial year and in light of such factors deemed appropriate and in the best interests of Bombardier, and it then submits its recommendations to the Board of Directors. The Committee also reviews the performance assessment of other senior executives and reports its findings and conclusions to the Board of Directors.

d. communications policy

Bombardier complies. On November 20, 2001, the Board of Directors adopted a corporate disclosure policy, which was updated on May 26, 2004. Its objective is to ensure that communications to the investing public about Bombardier are (i) timely, factual and accurate, and (ii) disseminated in a fair and impartial manner in accordance with all applicable legal and regulatory requirements. The Audit Committee has the responsibility, under its charter, of monitoring this policy and updating it, when needed. 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.

Each of the Board of Directors and the Audit Committee reviews and, where required, approves all major communications about Bombardier, including annual and quarterly financial statements and management's discussion and analysis reports, financing documents and press releases on significant matters or issues prior to their dissemination and/or filing.

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

**e. integrity of internal
control and management
information systems**

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

2. The majority of directors should be “unrelated” (independent of management and free from conflicting interest) to Bombardier and Bombardier’s majority shareholder, namely the Bombardier family

Bombardier complies. As at the date of this Management Proxy Circular, the Board of Directors is composed of 15 members.

Of the 15 directors, ten are “unrelated” under the TSX Corporate Governance Guidelines, and five are “related” as senior officers of Bombardier, namely Messrs. Laurent Beaudoin, J. R. André Bombardier, Jean-Louis Fontaine, Pierre Beaudoin and André Navarri. In addition to a majority of “unrelated” directors, the Board of Directors is composed of nine directors who have no business interests with Bombardier or with the majority shareholder, namely the Bombardier family, and they are: Messrs. André Bérard, L. Denis Desautels, Michael J. Durham, Daniel Johnson, Jean C. Monty, James E. Perrella, Carlos E. Represas, Federico Sada G. and Dr. Heinrich Weiss. The composition of the Board of Directors fairly reflects, therefore, the investment in Bombardier by the shareholders other than the majority shareholder, the Bombardier family.

Moreover, nine of the 15 directors are “independent” in accordance with the definition of “independence” as found in the Proposed CSA Practices and Disclosure Rules and they are: Messrs. André Bérard, L. Denis Desautels, Michael J. Durham, Daniel Johnson, Jean C. Monty, James E. Perrella, Carlos E. Represas, Federico Sada G. and Dr. Heinrich Weiss. Although she is “unrelated” under the TSX Corporate Governance Guidelines, Mrs. Janine Bombardier is not considered “independent”. Thus as provided for in the Proposed CSA Practices and Disclosure Rules, a majority of the members of the Board of Directors are “independent”.

In 2003, Mr. Laurent Beaudoin, who was then Executive Chairman of the Board, recommended that the Board of Directors should appoint a “Lead Director”, because he was not “unrelated” or “independent”. Accordingly, the Board named Mr. James E. Perrella to act as the “Lead Director”. Mr. Perrella is considered both an outsider and an “unrelated” and “independent” director.

3. Disclose for each director whether he or she is related, and how that conclusion was reached

Bombardier complies.

The Board of Directors has determined the status of each of its 15 members as to whether he/she is related/unrelated or independent/not independent, the results of which are indicated below:

Laurent Beaudoin	related/ not independent	he is Chairman of the Board and Chief Executive Officer of Bombardier
Pierre Beaudoin	related/ not independent	he is President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President of Bombardier
André Bérard	unrelated/ independent	
J.R. André Bombardier	related/ not independent	he is Vice Chairman of Bombardier
Jean-Louis Fontaine	related/ not independent	he is Vice Chairman of Bombardier
Janine Bombardier	unrelated/ not independent	she is an immediate family member (sister-in-law) of the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin
L. Denis Desautels	unrelated/ independent	

Comments

Michael J. Durham	unrelated/ independent	
Daniel Johnson	unrelated/ independent	
Jean C. Monty	unrelated/ independent	
James E. Perrella	unrelated/ independent	
André Navarri	related/ not independent	he is President of Bombardier Transportation and Executive Vice President of Bombardier
Carlos E. Represas	unrelated/ independent	
Federico Sada G.	unrelated/ independent	
Heinrich Weiss	unrelated/ independent	

More information on each of the directors is found on pages 6 to 10 of this Management Proxy Circular.

- 4. Appoint a Committee of directors responsible for proposing to the full Board of Directors new nominees to the Board and for assessing directors on an ongoing basis composed exclusively of outside (non-management) directors, the majority of whom are unrelated**

Bombardier complies. Bombardier has a Corporate Governance and Nominating Committee. It is composed of Mr. James E. Perrella, who acts as its Chairman, and Messrs. Daniel Johnson, Jean C. Monty and Federico Sada G. who are all “unrelated” and “independent”. Pursuant to its charter, the Committee has the responsibility of reviewing annually the credentials of nominees for election or re-election as members of the Board of Directors, monitoring the size and composition of the Board of Directors and its Committees to ensure effective decision-making and submitting its recommendations to the Board. In consultation with the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, it determines appropriate selection criteria by taking into account Bombardier’s circumstances and needs, whenever new directors have to be recruited. Mr. Laurent Beaudoin, in cooperation with the Committee, identifies potential candidates as directors and the Committee examines such candidacies and makes appropriate recommendations to the Board of Directors. The process for assessing the Board of Directors, its members and Committees on an ongoing basis is discussed under item 5 below.

- 5. Implement a process for assessing the effectiveness of the Board of Directors, its Committees and individual directors**

Bombardier complies. Each year, the Corporate Governance and Nominating Committee conducts an evaluation of the performance and effectiveness of the Board of Directors and its Committees. Directors also meet with both the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, and the Chairman of the Corporate Governance and Nominating Committee, Mr. James E. Perrella, to discuss their respective performance throughout the past year. The results of these evaluations are reviewed by the Committee with the Chairman of the Board and Chief Executive Officer and the Committee then assesses the operation and strategic direction of the Board and its Committees, their 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 corporate management and the processes related to the Board and its Committees. The Committee presents its findings and conclusions to the Board of Directors.

6. Provide orientation and education programs for new directors

Bombardier complies. Bombardier has an Orientation Program for New Directors, which enables new directors to participate in an initial information session on Bombardier in the presence of some of its senior executives. 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, its history, its current commercial activities, its corporate organization as well as the charters of the Board and its Committees. The meetings in which new directors participate (including the annual review sessions of the strategic plans and budgets) as well as discussions with other directors and with Bombardier's senior executives also permit new directors to familiarize themselves rapidly with Bombardier operations.

Bombardier also has a Continuing Education Program for Directors, which provides its directors with access, on an ongoing basis, to 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, corporate management periodically makes presentations to the directors on various topics 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 of Bombardier's various facilities are also arranged, from time to time, for the Board of Directors, as are individual visits on request.

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

Bombardier complies. The Corporate Governance and Nominating Committee is responsible for reviewing, each year, the credentials of the members of the Board of Directors and the size and composition of the Board of Directors and its Committees. As a result of the most recent assessment of the performance of the Board of Directors by its members, the Committee and the Board of Directors are of the view that its size and composition are well suited to Bombardier's current circumstances and needs and allow for its efficient functioning as a decision-making body.

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

Bombardier complies. The charter of the Corporate Governance and Nominating Committee gives it the responsibility to review, at least once a year, the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. The Committee reviews the types of compensation and the amounts paid to directors of comparable publicly traded companies in Canada and makes appropriate recommendations to the Board of Directors. Any such review covers the members of the Board who are not officers of the Corporation as well as the Committee members and Chairs. The Committee may also recommend director share ownership guidelines. The compensation received by the directors in the last fiscal year is described on page 13 of this Management Proxy Circular.

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

Bombardier complies.

The Board of Directors of Bombardier has four Committees:

- The **Human Resources and Compensation Committee** consists of four directors, all of whom are non-management, “unrelated” and “independent”. Mr. Jean C. Monty acts as its Chairman and Messrs. André Bérard, James E. Perrella and Carlos E. Repesas are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by the Committee during the past year and the attendance record of its members.

Pursuant to its charter, this Committee has the mandate to oversee the succession planning for the Chief Executive Officer and senior executives positions. In addition, the Committee assesses the performance of the Chairman and Chief Executive Officer, Mr. Laurent Beaudoin, and the senior executives reporting to him and determines their compensation.

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

The Committee also reviews the salary classes as well as the levels and degrees of participation in incentive compensation programs whether bonuses or plans based on the evolution of the market performance of Bombardier shares. The report of the Committee on pages 19 and 20 of this Management Proxy Circular provides more information on its activities.

- The **Corporate Governance and Nominating Committee** consists of four directors, all of whom are non-management, “unrelated” and “independent”. Mr. James E. Perrella chairs this Committee and Messrs. Daniel Johnson, Jean C. Monty and Federico Sada G. are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by this Committee during the past year and the attendance record of its members.

The charter of this Committee provides that it has the responsibility to monitor the selection criteria for candidates as directors and the credentials of nominees for election or re-election as members of the Board of Directors, the composition of the Board of Directors and its Committees and their performance and the remuneration of our non-executive directors. The Committee also oversees the evolution of the Bombardier 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.

- The **Retirement Pension Oversight Committee** consists of four directors, all of whom are non-management, “unrelated” and “independent”. Mr. L. Denis Desautels acts as its Chairman and Messrs. Michael J. Durham, Daniel Johnson and Carlos E. Repesas are the other members. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by this Committee during this past year and the attendance record of its members.

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

- The **Audit Committee** consists of five directors, all of whom are non-management, “unrelated” and “independent”. Mr. L. Denis Desautels is its Chairman and Messrs. André Bérard, Daniel Johnson, Michael J. Durham and Dr. Heinrich Weiss are the other members. They are all “financially literate” as required by MI-52-110. Please refer to page 11 of this Management Proxy Circular for the number of meetings held by this Committee during this past year and the attendance record of its members.

Pursuant to its charter, the mandate of the Committee is to help the directors meet their responsibilities with respect to accountability, to assist in maintaining good communication between the directors and the external auditors of Bombardier, Ernst & Young LLP, to assist in maintaining the independence of Ernst & Young LLP, to maintain the credibility and objectivity of the financial reports of Bombardier, and to investigate and assess any issue that raises significant concerns with the Committee. The charter of the Audit Committee is set out in Schedule “C” attached to this Management Proxy Circular and provides more information on its role and responsibilities.

10. The Board of Directors should expressly assume responsibility for, or assign to a Committee, the general responsibility for the approach to corporate governance issues

Bombardier complies. The responsibility pertaining to all matters relating to corporate governance has been delegated by the Board of Directors to the Corporate Governance and Nominating Committee and is more fully explained under item 9 above. The Committee has reviewed and approved the statement of corporate governance practices included in this Management Proxy Circular.

11. a. Define limits to management’s responsibilities by developing mandates for:

Bombardier complies.

(i) the Board of Directors

Pursuant to its charter, the Board of Directors is primarily responsible for supervising the management of the business and affairs of Bombardier. Any responsibility which is not delegated to either corporate management or a Committee of the Board remains with the Board of Directors. In general, all matters of policy and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board of Directors or of a Board Committee to which approval authority has been delegated. The charter of our Board of Directors also provides that it is responsible, among other things, for approving Bombardier’s strategy, business plan and budget, monitoring financial matters, internal controls, pension fund matters, environmental and occupational health and safety matters and corporate governance issues and also assessing and overseeing the succession planning of the Chief Executive Officer and senior executives reporting to him.

(ii) the Chairman of the Board and Chief Executive Officer

The Board of Directors has adopted a formal mandate which sets out specific responsibilities for the Chairman of the Board and Chief Executive Officer which is found in the Corporate Governance Manual of Bombardier. In addition, the corporate objectives which the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is responsible for meeting, are determined by the business plan and budget approved each year by the Board of Directors. The performance of the Chairman of the Board and Chief Executive Officer is assessed against the achievement of the business plan and the budget. The performance of the Chairman of the Board and Chief Executive Officer may also be assessed, in part, in relation to specific objectives that have been fixed for him by the Board of Directors upon the recommendation of the Human Resources and Compensation Committee.

**TSX Corporate Governance
Guideline**

Comments

<p>b. the Board of Directors should approve the Chairman of the Board and Chief Executive Officer's corporate objectives</p>	<p>Item 11.a.(ii) above describes the process followed by the Board of Directors for determining the corporate objectives of the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin.</p>
<p>12. Establish procedures to enable the Board of Directors to function independently of management</p>	<p>Bombardier complies. A formal structure is in place to enable the Board of Directors to function independently of management. It is provided for in the Corporate Governance Manual of Bombardier.</p> <p>As a general rule, after each meeting of the Board of Directors, the directors who are not part of corporate management and/or the majority shareholder, namely the Bombardier family, meet privately under the chairmanship of Mr. James E. Perrella, who has been named by the Board of Directors to act as the Lead Director and who is not part of corporate management and is an "unrelated" and "independent" director. They have, however, no decision-making power. The Lead Director transmits to the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, any comment, question or suggestion raised during such meetings.</p>
<p>13. a. Establish an Audit Committee with a specifically defined mandate</p>	<p>Bombardier complies. The mandate of the Audit Committee is explained under item 9 above.</p> <p>As a general rule, all meetings of the Audit Committee are attended by the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment as well as by the representatives of Ernst & Young LLP, the external auditors of Bombardier. During such meetings, the Committee also holds private sessions with each of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and the external auditors to discuss various topics of interest. The Committee monitors periodically the adequacy and effectiveness of the disclosure controls and systems of internal control of Bombardier through the reports provided by corporate management, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Ernst & Young LLP, as the case may be.</p>
<p>b. all members should be outside directors</p>	<p>Bombardier complies. None of the members of the Audit Committee is part of corporate management and they are each "unrelated" and "independent" directors. In addition, they are each "financially literate" as required by MI-52-110.</p>
<p>14. Implement a system to enable individual directors to engage outside advisors, at the Corporation's expense</p>	<p>Bombardier complies. With the prior authorization of the Corporate Governance and Nominating Committee, each director or Committee may, when needed, retain the services of outside advisors at the expense of Bombardier, except the Audit Committee and the Human Resources and Compensation Committee, which do not require any prior authorization to do so. During the last fiscal year, no outside advisor was retained by a director. Ernst & Young LLP are the external auditors of Bombardier and work closely with the Audit Committee. When required, Towers Perrin provide various services on specific matters that are reviewed by the Human Resources and Compensation Committee.</p>

SCHEDULE "B"

BOMBARDIER INC.

SHAREHOLDER PROPOSAL

The following shareholder proposal has been submitted for consideration at Bombardier's 2005 annual meeting of shareholders. The proposal was submitted in English and was translated by Bombardier into French.

Supplemental Executive Retirement Plan Disclosure Policy Proposal

Resolved: The shareholders of Bombardier Inc. ("Company") request that the Board of Directors establish a Supplemental Executive Retirement Plan Disclosure Policy ("SERP Disclosure Policy") designed to provide shareholders and investors detailed information concerning supplemental pension programs maintained for Company executives. In order to provide the full range of information to allow shareholders and investors to evaluate the appropriateness of the supplemental plan, the SERP Disclosure Policy should provide for the proxy circular disclosure of the following key aspects of the plan: A statement as to the purpose of the plan; a clear description of the number and type of executives participating in the plan; whether the plan is a defined benefit or defined contribution plan; benefit calculation formula utilized to determine benefit levels; whether past service credits or accelerated service benefits are provided; the funding mechanism for the plan; the estimated corporate liabilities associated with the plan; the estimated annual benefits payable to the plan's top five executives upon their retirement; and a tabular presentation of benefit schedule based on years of service and earnings levels.

Supporting Statement: In addition to the generous compensation and perquisites our Company provides the executive officers, it also maintains a supplemental executive retirement plan (SERP). Our Company's proxy circular provides very little information concerning the SERP. The Globe and Mail recently (Nov. 3, 2003) published an article entitled "Firms Quietly Boosting Executive Compensation" in which it reported:

Canadian companies are quietly padding executive pension plans with millions of dollars of future obligations, a practice one expert describes as the 'new stealth weapon' in boosting pay. Critics say pension plan adjustments can be a low-profile way to enhance compensation for executives.

That's because compensation costs must be disclosed annually for top executives in a company's shareholder proxy circular, but it is difficult for shareholders to calculate the value of any changes made to a CEO's pension plan.

The full level of compensation received by the Company's executive officers, including the full range of their pension benefits, should be clearly described to shareholders so that they can assess the appropriateness of these benefits. The levels of supplemental pension benefits provided senior executives and the related liabilities to the

Company are basic disclosure items that should be clearly presented on an annual basis to shareholders. We urge your support for this proposal calling on the Board to provide clear and full information regarding the Company's supplemental pension plan for Company executives.

The Board of Directors recommends that shareholders vote AGAINST the proposal for the following reasons:

- Before assessing the merits of this proposal, we believe that some background perspective would be useful for shareholders. In Canada, the Income Tax Act limits the earnings eligible under a registered pension plan at \$100,000 in 2005 when the benefits accrue at a rate of 2% per year of service. In order to provide its executives with retirement benefits in line with their earnings, Bombardier set up a supplementary pension plan for them in 1992. The Human Resources and Compensation Committee of the Board of Directors regularly examines the competitiveness of the retirement benefits of Bombardier's senior executives in comparison with those of other companies and this element of the total compensation program is at the median level of the comparator group.
- Bombardier provides extensive disclosure regarding the pension benefits provided to senior executives in Section 3 of this Management Proxy Circular in accordance with applicable securities laws. This disclosure includes a table reflecting the estimated annual benefit payable upon retirement based on years of credited service. As required by accounting standards, the cost to Bombardier of all pension benefits, including the Named Executive Officers, are included in Bombardier's financial statements.
- Considering that comprehensive and detailed information is already disclosed to the shareholders in this Management Proxy Circular and in Bombardier's financial statements, we believe there is no need to repeat in the Management Proxy Circular the information already included in the annual report.

In conclusion, we recommend that you vote **AGAINST** the shareholder proposal reproduced above.

SCHEDULE “C”

BOMBARDIER INC.

CHARTER OF THE AUDIT COMMITTEE

7.1 Audit Committee

7.1.1 Membership and Quorum

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

7.1.2 Frequency and Timing of Meetings

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

7.1.3 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 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.

7.1.4 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 as follows:

- 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, 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, Corporate Audit Services and Risk Assessment, and/or the external auditor.

C. MEETINGS

- Any member of the Audit Committee or the external auditor or the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, may request a meeting of the Committee.
- The Chairman of the Board and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Senior Vice President and Treasurer shall attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Audit Committee.
- The Chairman of the Board and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management’s discussion

and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.

- The Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, shall have direct access to the Audit Committee and shall receive notice of and attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The external auditor shall have direct access to the Audit Committee and shall receive notice of and have the right to attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The Chairman of the Board and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, or any other representative of management whose presence is requested by the Chairman of the Audit Committee or any of the Audit Committee member, 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 the Bombardier's financial statements and the compliance by Bombardier with laws and regulations and its own Code of Ethics and Business Conduct.
- b) Maintain a free and open line of communication with the management of Bombardier, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, and the external auditor.
- c) Review, before their disclosure, Bombardier's quarterly consolidated financial statements, the related management's discussion and analysis and the press release on the quarterly financial results and, if

appropriate, recommend to the Board their approval and disclosure.

- d) Review, before their disclosure, Bombardier's annual audited consolidated financial statements, the related management's discussion and analysis, and the press release on the annual consolidated financial results and, if appropriate, recommend to the Board their approval and disclosure.
- e) Review the presentation and impact of significant, unusual or sensitive matters such as disclosure of related party transactions, of significant non-recurring events, of significant risks and of 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 prospectus and other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.
- j) Review the statement of management's responsibility for the financial statements as signed by the management of Bombardier and included in any published document.
- k) Ensure that adequate procedures are in place for the review of Bombardier's public disclosure of financial information extracted or derived from Bombardier's financial statements, other than the public disclosure referred to in paragraph (c) or (d) above, and periodically assess the adequacy of those procedures.
- l) Ensure that procedures are in place for
 - (i) the receipt, retention and treatment of complaints received by Bombardier regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of Bombardier of concerns regarding questionable accounting or auditing matters.
- m) Where there is to be a change of external auditor, review all issues related to the change, including any

differences between Bombardier and the external auditor that relate to the external auditor's opinion or a qualification thereof or an external auditor's comment.

- n) Review the minutes of any meeting of the audit committee of any subsidiary and any significant issues and external auditor's recommendations.
- o) Monitor the application of, and, if need be, review and update the Corporate Disclosure Policy of Bombardier.

- **As they relate to the external auditor**

- a) Explicitly affirm that the external auditor is independent and accountable to the Board and the Audit Committee, and in that context, work constructively with the external auditor to build an effective relationship that allow for full, frank and timely discussion of all material issues, with or without management as appropriate in the circumstances.
- b) Recommend to the Board a firm of external auditors for submission to the shareholders of Bombardier.
- c) Review and make recommendations to the Board with respect to the fees payable for the external audit.
- d) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the terms of the external auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chairman of the Audit Committee.
- e) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the scope of the (i) annual audit and of other audit related services and (ii) the quarterly review services to be rendered by the external auditor; in that context, ensure that the external auditor has access to all books, records, facilities and personnel of Bombardier.
- f) Oversee the work of the external auditor for the purpose of preparing or issuing an external auditor's report or performing other audit, review or attest services for Bombardier.
- g) Review with the external auditor the contents of its report with respect to the annual consolidated financial statements of Bombardier and the results of the external audit, any significant problems encountered in performing the external audit, any significant recommendations further to the external audit and management's response and follow-up in that context

and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.

- h) Review any significant recommendations by the external auditor to strengthen the internal accounting and financial controls of Bombardier.
- i) Review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of Bombardier.
- j) To the extent practicable, assess the performance of the external auditor at least once a year.
- k) Ensure that the external auditor shall not provide the following services to Bombardier:
 - bookkeeping or other services related to the accounting records or financial statements of Bombardier;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - management functions;
 - human resources;
 - broker or dealer, investment adviser, or investment banking services;
 - legal services; and
 - expert services unrelated to the audit.
- l) All non-audit services shall require the prior approval of the Audit Committee in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee.
- m) Review and approve Bombardier's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Bombardier.

- **As they relate to the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment**

- a) At least four times a year, normally in conjunction with Bombardier Board meetings, review the report of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, on the results of the work that the Corporate Audit Services and Risk Assessment function has performed and with respect to its organization, staffing, and independence.

- b) Review and, if appropriate, approve the annual Corporate Audit Services and Risk Assessment plan.
- c) Assess the Corporate Audit Services and Risk Assessment reporting lines and make such recommendations as are necessary to preserve the independence of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment.
- d) Review significant Corporate Audit Services and Risk Assessment findings and recommendations and management's responses thereto.
- e) To the extent practicable, assess the performance of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment at least once a year.

- **As they relate to risk management**

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

- **As they relate to environmental matters**

Twice a year, review the report of the Vice President, Health, Safety and Environment to the Audit Committee with respect to environmental matters.

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

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

7.1.5 Miscellaneous

Because of the Audit Committee's demanding role and responsibilities, the Chairman of the Board and Chief Executive Officer, together with the Corporate Governance and Nominating Committee Chairman, will review any invitation to Audit Committee members to join another audit committee. Where a member of the Audit Committee simultaneously serves on the audit committee of more than three public companies, including Bombardier, the Corporate Governance and Nominating Committee will determine whether such simultaneous service impairs the ability of such member to effectively serve on the Audit Committee of Bombardier and will recommend to the Board that the Board either requires a correction to the situation or discloses in Bombardier's management proxy circular that there is no such impairment.

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

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

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