



BOMBARDIER

- **Notice of Special and Annual Meeting of Shareholders**

- **Management Proxy Circular**

2000

BOMBARDIER INC.

Notice of Special and Annual Meeting of the holders of Class A shares (multiple voting) and of the holders of Class B shares (subordinate voting)

NOTICE IS HEREBY GIVEN that the Special and Annual Meeting of the holders of Class A shares (multiple voting) (the "Class A shares") and of the holders of Class B shares (subordinate voting) (the "Class B subordinate shares") of Bombardier Inc. (the "Corporation") will be held at the Bombardier Aerospace facilities located at 200-400 chemin de la Côte-Vertu West, in Dorval, Province of Québec, on Tuesday, the 20th day of June 2000, at 10:00 in the morning (Montréal time), for the purposes of:

1. Considering and, if deemed advisable, adopting a Special Resolution (the translation of the full text of which is reproduced as Exhibit "A" to the accompanying management proxy circular) authorizing the Corporation to apply for a Certificate of Amendment under the Canada Business Corporations Act (the "Act") to amend the Articles of the Corporation.
 - 1.1 by subdividing each Class A share, issued and unissued, into two Class A shares; and
 - 1.2 by subdividing each Class B subordinate share, issued and unissued, into two Class B subordinate shares;
2. Considering and, if deemed advisable, adopting a Special Resolution (the translation of the full text of which is reproduced as Exhibit "B" to the accompanying management proxy circular) authorizing the Corporation to apply for a Certificate of Amendment under the Act to amend the attributes of the Class A shares and the Class B subordinate shares;
3. Receiving the consolidated financial statements of the Corporation for the year ended January 31, 2000, the Auditors' report thereon, and the report of the Directors to the Shareholders;
4. Electing Directors;
5. Appointing Auditors and authorizing the Directors to fix their remuneration; and
6. Transacting such other business as may properly be brought before the meeting.

Shareholders having the right to vote on item 2 above have the right to dissent (within the meaning of Section 190 of the Act) in this regard. Pursuant to the provisions of Section 190 of the Act, a dissenting shareholder is entitled to be paid the fair value of the Class A shares and of the Class B subordinate shares held by such shareholder if he objects to the Special Resolution and if such Special Resolution is adopted and brought into force by the issue of a Certificate of Amendment. A summary of the procedure to be followed under Section 190 by a dissenting shareholder is set forth on page 6 of the accompanying management proxy circular.

For the purpose of item 2 above, the special meeting of shareholders, as permitted by the articles of the Corporation, will constitute, concurrently, a meeting of the holders of Class A shares and of the holders of Class B subordinate shares and a meeting of holders of Class B subordinate shares.

Montréal, Canada, this 18th day of May 2000.

By Order of the Board of Directors,

Roger Carle
Corporate Secretary

Note: Shareholders who are unable to be present in person at the Meeting are requested to complete, sign, date and return to the Secretary of the Corporation, in the envelope provided for that purpose, the enclosed form of proxy for Class A shares if they hold any such Class A shares and the enclosed form of proxy for Class B subordinate shares if they hold any such Class B subordinate shares.

BOMBARDIER INC.

Management Proxy Circular

Solicitation of Proxies

This Management Proxy Circular (the **Circular**) is issued in connection with the solicitation by the Management of Bombardier Inc. (the **Corporation**) of proxies for use at the **Special and Annual Meeting of Shareholders of the Corporation** (the **Meeting**) to be held on Tuesday, June 20, 2000, at the place and time and for the purposes set forth in the foregoing Notice of said Meeting and at any and all adjournments thereof. For the purposes mentioned in the Notice of Meeting, the Meeting, as permitted by the articles of the Corporation, will constitute concurrently a meeting of the holders of Class A shares (multiple voting) and of the holders of Class B shares (subordinate voting) and a meeting of the holders of Class B shares (subordinate voting); the proxies will be used accordingly. The solicitation is made by mail. The cost of solicitation is borne by the Corporation.

Directors, officers or regular employees of the Corporation may also solicit proxies personally or by telephone. In addition, the Corporation has retained the services of the Transfer Agent for all the shares of the Corporation, Montréal Trust Company, for the purpose of soliciting proxies for the Meeting. The Corporation will pay, for such services, a remuneration which cannot be determined at present but which will not be significant.

Right of Revocation

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

Appointment of Proxyholders

The persons named as proxyholders in the accompanying forms of proxy are Directors or Officers of the Corporation. A shareholder has the right to appoint as proxyholder a person other than those whose names are printed as proxyholders in the accompanying forms of proxy, by striking out said printed names and inserting the name of his chosen proxyholder in the blank space provided for that purpose in the form of proxy. In either case, the completed proxy shall be delivered to the Secretary of the Corporation prior to the meeting at which it is to be used. A person acting as proxyholder need not be a shareholder of the Corporation.

Voting Shares and Principal Holders Thereof

The Class A shares (multiple voting) of the Corporation (designated herein as "Class A shares") and the Class B shares (subordinate voting) of the Corporation (designated herein as "Class B subordinate shares") are restricted shares (under Canadian securities regulations), in view of the fact that their voting rights are unequal. Each Class A share entitles the holder thereof to 10 votes and each Class B subordinate share entitles the holder thereof to one vote, on a ballot.

Each Class B subordinate share carries the right to a preferential but non-cumulative dividend at the rate of \$0.003125 per annum.

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

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business, Montréal time, on May 15, 2000 (the "Record Date"), will be entitled to vote at the Meeting and any adjournment thereof if present or represented by proxy thereat. The transferee of Class A shares or Class B subordinate shares, as the case may be, acquired after the Record Date is entitled to vote those shares at the Meeting and at any adjournment thereof if he produces properly endorsed share certificates for such shares or if he otherwise establishes that he owns the shares and demands, not later than ten days before the Meeting, that his name be included on the list of shareholders entitled to receive the Notice of Meeting, such list having been prepared as of the Record Date.

As at April 18, 2000, the Corporation had outstanding 175,686,370 Class A shares and 511,204,728 Class B subordinate shares.

To the knowledge of the Directors and Officers of the Corporation, the only persons who, as at April 18, 2000, beneficially owned or exercised control or direction over shares carrying more than 10% of the voting rights attached to all the shares of the Corporation were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both Directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine. These four persons controlled indirectly through holding companies 141,078,976 Class A shares, representing in the aggregate 80.30% of the outstanding Class A shares of the Corporation or 62.20% of all the voting rights attached to all the shares of the Corporation.

As at April 18, 2000, the Directors of the Corporation (with the exception of Mrs. Janine Bombardier and Mr. J. R. André Bombardier) and the Officers of the Corporation, as a group, owned beneficially, directly or indirectly, 2,348,910 Class A shares and 6,858,005 Class B subordinate shares, representing 1.34% and 1.34%, respectively, of the outstanding shares of each such class.

Amendments to Articles of the Corporation
Subdivision of Shares

The Special Resolution (the translation of the full text of which is reproduced as Exhibit "A" to this Circular) has the effect

- (a) of subdividing each of the Class A shares, issued and unissued, into two Class A shares, and
- (b) of subdividing each of the Class B subordinate shares, issued and unissued, into two Class B subordinate shares.

The Board of Directors of the Corporation believes that the subdivision will permit a larger distribution of the shares of the Corporation. The rate of the priority dividend on the Class B subordinate shares will be, as a direct and necessary consequence of the subdivision of the shares, changed from \$0.003125 to \$0.0015625. But, as the holder of a Class B subordinate share will hold two such shares after the subdivision, the holder is not penalized: his position with respect to this priority dividend remains exactly the same.

The amendments to the Articles of the Corporation do not have any tax consequences for the shareholders.

The Corporation expects that these amendments to its Articles will be effective on Friday, July 7, 2000.

As soon as possible thereafter, the Corporation will mail to its shareholders registered as of the close of business on Friday, July 7, 2000, the certificates representing the additional shares to which such shareholders are entitled following the subdivision.

THE SHARE CERTIFICATES FOR THE CLASS A SHARES AND THE SHARE CERTIFICATES FOR THE CLASS B SUBORDINATE SHARES PRESENTLY OUTSTANDING MUST BE RETAINED BY THE HOLDERS AND MUST NOT BE SENT TO THE CORPORATION OR THE TRANSFER AGENT.

THIS SPECIAL RESOLUTION MUST BE APPROVED BY AT LEAST TWO THIRDS OF THE VOTES CAST BY THE HOLDERS OF THE CLASS A SHARES AND OF THE CLASS B SUBORDINATE SHARES, VOTING TOGETHER.

Amendments to the Articles of the Corporation

Rights, privileges, conditions and restrictions attached to Shares

The new *Civil Code* of the Province of Québec, which came into force in 1994, introduced a new concept of "trust".

The new *Civil Code* has cast doubts as to whether Class A shares (multiple voting) that would be held in a "trust" for the benefit of members of the Bombardier Family would qualify for the purposes of the definition of "Majority Holder" in the Articles of the Corporation.

The proposal only seeks to reestablish a situation which, while already embodying the notion of “trust”, may have been adversely affected by certain provisions of the new *Civil Code* of the Province of Québec.

For this purpose, it is proposed to insert in section 3.3.4.9.3. of the Articles of the Corporation the following text: “...and, for greater certainty, any Class A share (multiple voting) held in a trust is deemed to be owned by its beneficiary under such trust;...”

The Special Resolution, the full translation of which is reproduced as Exhibit “B” to this Circular, authorizes the Corporation to apply for a Certificate of Amendment under the Canada Business Corporations Act (the “Act”) to amend the attributes of the Class A shares and the Class B subordinate shares.

THIS SPECIAL RESOLUTION MUST BE APPROVED BY AT LEAST TWO THIRDS OF THE VOTES CAST

- (A) BY THE HOLDERS OF CLASS A SHARES AND BY THE HOLDERS OF CLASS B SUBORDINATE SHARES, VOTING TOGETHER,**
- (B) BY THE HOLDERS OF CLASS A SHARES, VOTING SEPARATELY, AND**
- (C) BY THE HOLDERS OF CLASS B SUBORDINATE SHARES, VOTING SEPARATELY.**

As indicated in the Notice of Meeting of the holders of Class A shares and of the holders of Class B subordinate shares, any shareholder having the right to vote on the Special Resolution, the full text of which is reproduced as Exhibit “B” to this Management Proxy Circular, is entitled to be paid the fair value of his shares, in accordance with Section 190 of the Act, if he objects to the Special Resolution and if such Special Resolution is adopted and comes into force upon the issue of a Certificate of Amendment (“right of dissent”). The procedure to be followed by a dissenting shareholder is set forth in Section 190 of the Act and any shareholder wishing to exercise the rights afforded thereby should refer thereto. The following is a brief summary of Section 190 of the Act:

- (a) the dissenting shareholder is required to send a written objection to the Special Resolution to the Corporation at or before the Meeting;
- (b) within 10 days after the Special Resolution is adopted by the holders of Class A shares and the holders of Class B subordinate shares, the Corporation must so notify the dissenting shareholder;
- (c) such shareholder is required, within 20 days after receipt of such notice, to demand payment of the fair value of his shares from the Corporation and must send the certificate or certificates representing his shares to the Corporation or transfer agent within 30 days of such demand for payment;
- (d) the Corporation is then required, upon the coming into force of the Special Resolution, to determine the fair value of the shares held by the dissenting shareholder and to make a written offer to pay such amount to the dissenting shareholder; and

- (e) if such offer is not made or is not accepted, either party may apply to the court to fix the fair value of the shares and the dissenting shareholder will be entitled to be paid the amount fixed by the court; a shareholder who votes in favor of the Special Resolution is not entitled to dissent with respect to such Special Resolution.






Election of Directors

The Articles of the Corporation provide that the Board of Directors shall consist of not less than five and not more than 20 Directors. The Directors are elected annually. It is proposed by the Management of the Corporation that 15 Directors be elected for the current year. The term of office of each Director so elected expires upon the election of his successor unless he shall resign his office or his office shall become vacant by death, removal or other cause.

Except where authority to vote on the election of Directors is withheld, the persons named in the accompanying forms of proxy will vote for the election of the nominees whose names are hereinafter set forth, all of whom are now Directors of the Corporation.

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

Approximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as of April 18, 2000






	Class A shares	Class B subordinate shares	Series 2 preferred shares	
 <p>Vice Chairman of the Corporation Director since 1975 */***</p>		(2) 355,629	0	J.R. ANDRÉ BOMBARDIER
 <p>Executive Vice President of the Corporation and Chairman of Bombardier Capital Director since 1998</p>	4,864	116,176	0	YVAN ALLAIRE
 <p>President and Governor J. Armand Bombardier Foundation, charitable organization Director since 1984</p>		(3) 0	0	JANINE BOMBARDIER
 <p>Chairman of the Board and of the Executive Committee of the Corporation Director since 1975 */***</p>	241,216	4,960,192	0	LAURENT BEAUDOIN, c.c., FCA (1)
 <p>President and Chief Executive Officer of the Corporation Director since 1999 *</p>		0 25,175	0	ROBERT E. BROWN
<p>* Member of the Executive Committee ** Member of the Audit Committee *** Member of the Compensation Committee</p>				

(1) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with J.R. André Bombardier, Janine Bombardier and Huguette Bombardier Fontaine), control or direction over 35,111,744 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 Claire Bombardier Beaudoin, Janine Bombardier and Huguette Bombardier Fontaine), control or direction over 36,543,744 Class A shares of the Corporation.

(3) Mrs. Janine Bombardier, exercises, through holding corporations which she controls (either directly or in concert with Claire Bombardier Beaudoin, J.R. André Bombardier and Huguette Bombardier Fontaine), control or direction over 35,111,744 Class A shares of the Corporation.






Approximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as of April 18, 2000

	Class A shares	Class B subordinate shares	Series 2 preferred shares	
 Lawyer and Company Director Director since 1982 ** L'hon. JEAN-PIERRE GOYER, c.p., c.r.	0	13,800	0	
 President and Co-Chief Executive Officer Power Corporation of Canada, holding and management corporation Director since 1985 *** ANDRÉ DESMARAIS	0	63,200	0	
 Counsel McCarthy Tétrault, Barristers and Solicitors Director since 1999 ** DANIEL JOHNSON	0	600	0	
 Vice Chairman of the Corporation Director since 1975 */** JEAN-LOUIS FONTAINE (4)	2,048,736	36,313	0	
 Senior Partner Ogilvy Renault, Barristers and Solicitors Director since 1975 */*** PIERRE LEGRAND, c.r.	3,584	0	0	

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

(4) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Claire Bombardier Beaudoin, J.R. André Bombardier and Janine Bombardier), control or direction over 34,311,744 Class A shares of the Corporation.

Approximate number of shares of the Corporation beneficially owned by the nominee or which are subject to his or her control or direction as of April 18, 2000

	Class A shares	Class B subordinate shares	Series 2 preferred shares	
 <p>Chairman Ingersoll-Rand Company, diversified industrial company and components manufacturer</p> <p>Director since 1999</p> <p>JAMES E. PERRELLA</p>	0	5,000	0	
 <p>Corporate Director and Consultant</p> <p>Director since 1987 **</p> <p>DONALD C. LOWE</p>	0	266,000	0	
 <p>President and Chief Executive Officer Canadian National, transportation company</p> <p>Director since 1997 *</p> <p>PAUL M. TELLIER</p>	0	4,000	0	
 <p>President and Chief Executive Officer, BCE Inc. Chairman and Chief Executive Officer, Bell Canada telecommunications companies</p> <p>Director since 1998 */***</p> <p>JEAN C. MONTY</p>	0	5,000	0	
 <p>Timken Professor of Business Administration Emeritus Graduate School of Business Administration Harvard University</p> <p>Director since 1983</p> <p>HUGO UYTERHOEVEN</p>	0	0	0	

* Member of the Executive Committee

** Member of the Audit Committee

*** Member of the Compensation Committee

Statement of Corporate Governance Practices

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

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

Remuneration of Directors

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

Deferred Stock Unit Plan

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

Stock Option Plan for the Benefit of Non-Executive Directors

A stock option plan for the benefit of non-executive Directors of the Corporation (the "Directors' Plan") provides for the granting of non-transferable and non-assignable options to purchase a maximum of 1,000,000 Class B subordinate shares of the Corporation. As at January 31, 2000, options for a total of 174,000 Class B subordinate shares had been granted and were outstanding.

The purchase price for the Class B subordinate shares, in respect of any option granted under the Directors' Plan, is the weighted average trading price of the Class B subordinate shares

traded on the Toronto Stock Exchange on the five trading days immediately preceding the day of granting of such option. The purchase price is payable in full at the time of exercise of the option.

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

During the financial year ended January 31, 2000, options for 10,000 Class B subordinate shares were granted at \$23.10 per share.

Options Exercised in Last Completed Financial Year

During the financial year ended January 31, 2000, 67,500 Class B subordinate shares were purchased under the Directors' Plan by non-executive Directors of the Corporation, of which 40,000 at \$5.12 per share and 27,500 at \$15.575 per share, pursuant to the exercise of options.

The aggregate net value (market prices on dates of purchase less option prices) for all the 67,500 Class B subordinate shares so purchased is \$917,887.

Remuneration of Named Executive Officers

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for the Chairman of the Board and of the Executive Committee and the four other most highly compensated corporate management executive officers (collectively, the "Named Executive Officers") for services rendered in all capacities during the financial years ended January 31, 2000, 1999 and 1998. This information includes the base salaries, bonus awards, the number of stock options granted and certain other compensations, whether paid or deferred.

Name and Principal Position	As at January 31	Annual Compensation			Long-Term Compensation			All other Compensation (\$)
		Salary (\$)	Bonuses as at January 31 (\$)	Other Annual Compensation (\$) (1)	Awards		LTIP Payouts (\$)	
					Securities Under Options Granted (#)	Restricted Shares or Restricted Share Units (\$)		
Laurent Beaudoin Chairman of the Board and of the Executive Committee	2000	1,000,000	—	86,891 (2)	1,000,000	—	—	—
	1999	1,250,000	1,750,000	125,796	—	—	—	—
	1998	1,000,000	1,049,400	105,024	—	—	—	—
Jean-Louis Fontaine Vice Chairman	2000	350,000	311,500	—	100,000	—	—	—
	1999	330,000	259,380	—	—	—	—	—
	1998	310,000	177,010	—	—	—	—	—
Robert E. Brown President and Chief Executive Officer	2000	1,000,000	1,800,000	—	—	—	—	—
	1999	750,000	1,676,250	—	1,000,000	—	—	—
	1998	620,000	1,344,780	—	—	—	—	—
Yvan Allaire Executive Vice President and Chairman of Bombardier Capital	2000	650,000	794,200	—	200,000	—	—	—
	1999	500,000	621,600	—	150,000	—	—	—
	1998	425,000	425,000	—	—	—	—	—
Louis Morin (3) Vice President, Finance	2000	300,000	347,245	—	60,000	—	—	—
	1999	230,000	342,700	—	60,000	—	—	—
	1998	178,333	244,681	—	—	—	—	—

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

(2) This sum includes \$56,586 for personal use of the Corporation's aircraft.

(3) Appointed Vice President, Finance of the Corporation as of April 1, 1999.

Stock Option Plan

The Stock Option Plan (the "Plan") of the Corporation provides for the granting to key employees of the Corporation and its subsidiaries of non-assignable options to purchase an aggregate number of Class B subordinate shares which could not exceed 67,891,344 outstanding Class B subordinate shares; of this number, 38,835,094 shares are available for granting.

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

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

The following table sets forth the options granted during the financial year ended January 31, 2000.

Date of Granting	Number of Shares Covered by Options	Option Price	Closing Price on the Date of Granting
February 1, 1999	555,000	\$22.38	\$22.10
March 22, 1999	2,055,000	\$21.21	\$20.85
April 21, 1999	1,661,000	\$21.80	\$22.85
June 22, 1999	15,000	\$23.10	\$22.35
July 26, 1999	200,000	\$22.44	\$21.05
September 20, 1999	1,042,500	\$22.00	\$22.10
November 1, 1999	50,000	\$25.13	\$25.90
January 13, 2000	50,000	\$31.45	\$31.05

As at January 31, 2000, options for a total of 22,189,830 Class B subordinate shares had been granted and were outstanding.

Options exercised in last completed financial year

During the financial year ended January 31, 2000, an aggregate number of 5,567,920 Class B subordinate shares have been purchased under the Plan by key employees of the Corporation pursuant to the exercise of options as follows:

120,000	shares purchased at an option price of	\$1.53;
200,000	shares purchased at an option price of	\$1.57625;
80,000	shares purchased at an option price of	\$1.77;
4,200,000	shares purchased at an option price of	\$1.96875;
57,000	shares purchased at an option price of	\$2.5225;
40,000	shares purchased at an option price of	\$3.34;
283,970	shares purchased at an option price of	\$5.2775;
96,200	shares purchased at an option price of	\$6.145;
20,000	shares purchased at an option price of	\$6.345;
90,000	shares purchased at an option price of	\$6.5275;
10,000	shares purchased at an option price of	\$9.36;
12,500	shares purchased at an option price of	\$9.395;
150,000	shares purchased at an option price of	\$9.615;
30,000	shares purchased at an option price of	\$10.175;

55,500	shares purchased at an option price of	\$10.265;
57,500	shares purchased at an option price of	\$13.01;
41,500	shares purchased at an option price of	\$13.875;
3,750	shares purchased at an option price of	\$13.95; and
20,000	shares purchased at an option price of	\$14.77.

The aggregate net value (market prices on dates of purchase less option prices) for all the 5,567,920 Class B subordinate shares so purchased is \$145,166,213.50.

The following table summarizes for each of the Named Executive Officers the number of stock options exercised during the financial year ended January 31, 2000, the aggregate value realized upon exercise and the total number and value of unexercised options held at January 31, 2000.

Value realized upon exercise is the difference between the closing price of the Class B subordinate share on the exercise date and the exercise price of the option. Value of unexercised options at financial year end is the difference between the closing price of the Class B subordinate share on January 29, 2000 (\$29.30) and the exercise price.

Names	Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End		Value of Unexercised Options at Financial Year End	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Laurent Beaudoin	3,200,000	90,500,000	3,400,000	2,000,000	81,075,000	27,125,000
Jean-Louis Fontaine	—	—	225,000	175,000	5,444,250	2,236,625
Robert E. Brown	—	—	350,000	1,150,000	7,659,750	17,305,250
Yvan Allaire	150,000	3,072,750	—	350,000	—	3,045,000
Louis Morin	—	—	35,000	140,000	758,325	1,662,600

The number of shares indicated in the foregoing tables reflect, in part, adjustments following two-for-one stock splits which took place on January 31, 1992, July 7, 1995 and July 10, 1998.

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

Pension Plan

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

The supplemental plan provides (depending on the management level) for additional benefits of

1.5% or 2% of average salary in excess of \$86,111 times the number of years of credited service, or 2.25% of average salary times the number of year of credited service less the pension payable from the basic plan.

Benefits are reduced by 1/3 of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age plus his or her years of credited service total 85. No benefits are payable from the supplemental plan if a participant has not completed 5 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%. Upon the death of a participant, the spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and to the designated beneficiary.

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

Annual Benefits Payable at the Normal Retirement Age of 60

Average remuneration	Years of Service			
	20	25	30	35
\$200,000	\$ 80,000	\$100,000	\$120,000	\$140,000
\$300,000	120,000	150,000	180,000	210,000
\$400,000	160,000	200,000	240,000	280,000
\$500,000	200,000	250,000	300,000	350,000
\$600,000	240,000	300,000	360,000	420,000
\$700,000	280,000	350,000	420,000	490,000
\$800,000	320,000	400,000	480,000	560,000
\$900,000	360,000	450,000	540,000	630,000
\$1,000,000	400,000	500,000	600,000	700,000
\$1,100,000	440,000	550,000	660,000	770,000
\$1,200,000	480,000	600,000	720,000	840,000

Years of credited service as at January 31, 1999 for each of the Named Executive Officers hereafter mentioned:

Robert E. Brown 13 years
 Yvan Allaire 3 years and 9 months
 Louis Morin..... 17 years and 4 months

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

Robert E. Brown 18 years and 1 month
 Yvan Allaire 5 years and 3 months
 Louis Morin..... 34 years and 6 months

The Chairman, Laurent Beaudoin, reached the age of 60 in May 1998. Pursuant to the supplemental pension plan, he would have been entitled, should he have retired as of January 31, 2000, to an allowance which would have been \$895,781 according to pensionable earnings in the amount of \$1,083,333 as to this date. The allowance to which he will be entitled at age 65 will be based on his pensionable earnings and his years of credited service as of this date. As at January 31, 2000, Laurent Beaudoin had 36 years and nine months of credited service. Upon his death, his wife will be entitled to a benefit equal to 60% of the benefits to which he was entitled.

The Vice Chairman, Jean-Louis Fontaine reached the age of 60 in December 1999. Pursuant to the supplemental pension plan, he would have been entitled, should he have retired as of January 31, 2000, to an allowance which would have been \$266,062 according to pensionable earnings in the amount of \$330,000 as to this date. The allowance to which he will be entitled at age 65 will be based on his pensionable earnings and his years of credited service as of this date. As at January 31, 2000, Jean-Louis Fontaine had 35 years and 10 months of credited service. Upon his death, his wife will be entitled to a benefit equal to 60% of the benefits to which he was entitled.

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

Change-of-Control Agreement

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

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

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

If, within six months following a change in control, Mr. Brown's employment were to be terminated by him (except if such termination were the result from death or retirement), Mr. Brown would be entitled to receive from the Corporation, in addition to accrued base salary

and pro rata share of his annual target bonus, an amount in cash equal to the lesser of (a) the greater of (i) three times his annual salary (based on prior years) and (ii) two times his annual salary and bonus (based on prior years) and (b) his base salary that would have been payable for the period from the date of termination until the normal retirement date plus a proportionate bonus.

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

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

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

Report of the Compensation Committee

As at January 31, 2000, the Compensation Committee consisted of five Directors, two of whom are Officers of the Corporation, namely, the Chairman, Laurent Beaudoin, and one of the Vice Chairmen, J.R. André Bombardier, and three of whom are outside Directors, namely André Desmarais, Pierre Legrand and Jean C. Monty. The committee meets at least three times a year.

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

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

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

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

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

The performance of the Corporation and sustained growth in the value of its shares depend on striking a balance between short and long-term considerations. To this end a stock option plan was introduced in 1986 to allow options on Class B subordinate shares of the Corporation to be granted to key employees of the Corporation and its subsidiaries. This plan is described on pages 13 and 14.

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

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

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

Laurent Beaudoin

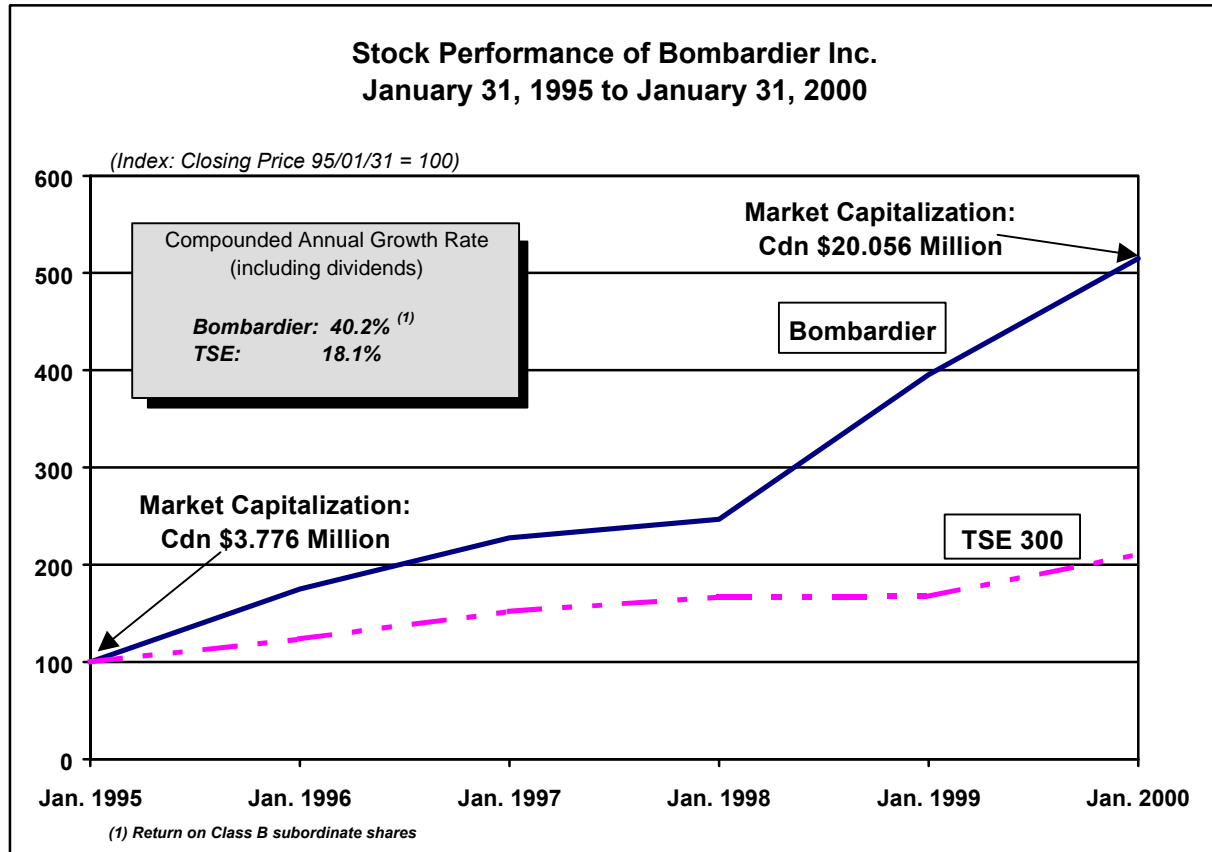
André Desmarais

J.R. André Bombardier

Pierre Legrand

Jean C. Monty

Performance Graph



Directors' and Officers' Insurance

The Corporation purchases and maintains liability insurance for Directors and Officers. The current total amount of such insurance maintained is \$125 million at a cost of \$407,200 per annum. Under this insurance policy, the Corporation's maximum possible liability beyond the payment of premiums is \$150,000 for any particular claim.

Appointment of Auditors

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

Voting of Shares Represented by Management Proxy

The accompanying forms of proxy, subject to any specific directions given therein by any shareholder, confer discretionary voting authority upon those persons designated therein. If a direction is given in the accompanying forms of proxy with respect to any matter for which a choice is provided therein, the shares represented thereby will, on any ballot that may be called for, be voted or withheld from voting in accordance with such direction. If no direction is given, the said shares will be voted in favor of the said matters.

Management of the Corporation knows of no amendments or variations to the matters identified in the Notice of Meeting and of no other business to come before the Meeting. If, however, any such amendments or variations or any other business properly come before the Meeting, the Management nominees designated in the forms of proxy shall vote the shares represented by such proxy in accordance with their best judgment.

Available Documentation

The Corporation is a reporting issuer under the securities acts of certain provinces of Canada and is thereby required to file financial statements and Management Proxy Circulars with the various securities commissions in such provinces. The Corporation also files an annual information form annually with such securities commissions. Copies of the Corporation's latest annual information form, audited financial statements, interim financial statements filed since the date of the latest audited financial statements, and Management Proxy Circular may be obtained on request from the Public Relations Department of the Corporation. The Corporation may require the payment of a reasonable charge when the request is made by someone other than a holder of securities of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short form prospectus, in which case such documents will be provided free of charge.

Approval of Directors

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

Montréal, Canada, this 18th day of May, 2000.

Roger Carle
Corporate Secretary

(TRANSLATION)

EXHIBIT "A"

SPECIAL RESOLUTION

*AMENDMENTS TO ARTICLES OF THE CORPORATION
SUBDIVISION OF CLASS A SHARES (MULTIPLE VOTING)
AND OF CLASS B SHARES (SUBORDINATE VOTING)*

RESOLVED as a Special Resolution:

THAT the Corporation be and it is hereby authorized to apply for a Certificate of Amendment under Section 173 of the Canada Business Corporations Act to amend its Articles, effective at 5 o'clock p.m., Montréal time, on Friday, July 7, 2000,

- (a) by subdividing into two Class A shares (multiple voting) each Class A share (multiple voting), issued and unissued, and
- (b) by subdividing into two Class B shares (subordinate voting) each Class B share (subordinate voting), issued and unissued;

THAT the Articles of Amendment of the Corporation, which form part of this Special Resolution, as submitted to this Meeting, be and the same are hereby approved;

THAT, notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized to revoke this Special Resolution before it is acted upon, without further approval of the shareholders; and

THAT any Director or any Officer of the Corporation be and he is hereby authorized to sign and deliver, for and on behalf of the Corporation, such Articles of Amendment and to sign and deliver such other notices and documents and to do such other acts and things as may be considered necessary or desirable to give effect to this Special Resolution.

Articles of Amendment

Section 3 of the Articles of the Corporation is amended as follows, effective at 5 o'clock p.m., Montréal time, on Friday, July 7, 2000:

1. The first sentence of the preamble is modified by replacing therein the numbers "896,000,000" by the numbers "1,792,000,000", so that said sentence will henceforth read as follows:

"The shares of the Corporation shall consist of (i) an unlimited number of preferred shares without nominal or par value issuable in series (hereinafter called "Preferred Shares"), of which 12,000,000 have been designated as "Series 2 Cumulative Redeemable Preferred

Shares” (hereinafter called “Series 2 Preferred Shares”) and 12,000,000 have been designated as “Series 3 Cumulative Redeemable Preferred Shares” (hereinafter called “Series 3 Preferred Shares”), (ii) 1,792,000,000 Class A shares (multiple voting) and (iii) 1,792,000,000 Class B shares (subordinate voting) (such Class A shares (multiple voting) and Class B shares (subordinate voting) being collectively called, where applicable, “Restricted Shares” and the rights, privileges, conditions and restrictions attaching to each such class or series of shares are as hereinafter set forth.”

2. Section 3.3.8., which follows, is added to Section 3.3:

“3.3.8. Subdivision

Each Class A share (multiple voting) issued and outstanding is changed into two Class A shares (multiple voting) and each Class B share (subordinate voting) issued and outstanding is changed into two Class B shares (subordinate voting) and the rate of the priority dividend per share per annum carried by the Class B shares (subordinate voting) is changed, in application of the second paragraph of Section 3.3.1 of these Articles, from \$0.003125 to \$0.0015625.”

EXHIBIT "B"

SPECIAL RESOLUTION

AMENDMENTS TO ARTICLES OF THE CORPORATION
CHANGES TO THE RIGHTS, PRIVILEGES, CONDITIONS AND
RESTRICTIONS ATTACHED TO THE CLASS A SHARES (MULTIPLE VOTING)
AND TO THE CLASS B SHARES (SUBORDINATE VOTING)

RESOLVED as a Special Resolution:

THAT the Corporation be and it is hereby authorized to apply for a Certificate of Amendment under Section 173 of the Canada Business Corporations Act to amend its Articles by changing the rights, privileges, conditions and restrictions attached to the Class A shares (multiple voting) and to the Class B shares (subordinate voting);

THAT the Articles of Amendment of the Corporation, which form part of this Special Resolution, as submitted to the meeting, be and the same are hereby approved;

THAT, notwithstanding that this Special Resolution has been duly adopted by the shareholders of the Corporation, the Board of Directors of the Corporation be and it is hereby authorized to revoke this Special Resolution before it is acted upon, without further approval of the shareholders; and

THAT any Director or any Officer of the Corporation be and he is hereby authorized to sign and deliver, for and on behalf of the Corporation, such Articles of Amendment and to sign and deliver such other notices and documents and to do such other acts and things as may be considered necessary or desirable to give effect to this Special Resolution.

Articles of Amendment

Section 3.3.4.9.3. of the Articles of the Corporation is amended and it will henceforth read as follows:

"3.3.4.9.3. "Majority Holder" means any one or more of the following individuals, namely, Janine Bombardier, Claire Bombardier, Huguette Bombardier and André Bombardier and their respective issue, born and to be born, so long as at all times after November 28, 1980 more than 50% of the Class A shares (multiple voting) of the Corporation for the time being outstanding are owned, directly or indirectly in any manner whatsoever, including, without limiting the generality of the foregoing, whether through interposed corporations or trusts or otherwise, by any of such individuals **and, for greater certainty, any Class A share (multiple voting) held in a trust is deemed to be owned by its beneficiary under such trust**; any document, instrument or certificate which must be executed by the Majority Holder for the purposes of this section 3.3.4. shall be properly executed if executed by any two of such individuals;"

Note: The modification is the insertion of the text in bold type.

EXHIBIT "C"

BOMBARDIER INC.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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

2. Majority of Directors should be unrelated (independent of management and free from conflicting interest) to the Corporation and the Corporation's significant shareholder, if any

The Board of Directors is composed of 15 persons. Of the 15 Directors, nine are "unrelated" under the Guidelines and the six others are either Senior Officers of the Corporation or persons who have a business relationship with the Corporation. In addition, one of the nine "unrelated" Directors is related to the majority shareholders. Hence, in addition to a majority of "unrelated" Directors, the Board is composed of eight Directors who have no business interests with the Corporation or with the majority shareholders. The composition of the Board of Directors fairly reflects, therefore, the investment in the Corporation by the shareholders other than the majority shareholders.

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

Yvan Allaire	related	- is the Executive Vice President of the Corporation and Chairman of Bombardier Capital
Laurent Beaudoin	related	- is Chairman of the Board and of the Executive Committee of the Corporation
J.R. André Bombardier	related	- is Vice Chairman of the Corporation
Robert E. Brown	related	- is President and Chief Executive Officer of the Corporation
Jean-Louis Fontaine	related	- is Vice Chairman of the Corporation
Pierre Legrand	related	- is a senior partner with Ogilvy Renault, legal counsel to the Corporation
Janine Bombardier	unrelated	
André Desmarais	unrelated	
Jean-Pierre Goyer	unrelated	
Daniel Johnson	unrelated	
Donald C. Lowe	unrelated	
Jean C. Monty	unrelated	
James E. Perrella	unrelated	
Paul M. Tellier	unrelated	
Hugo Uytterhoeven	unrelated	

4. a. Appoint a Committee of Directors responsible for proposing to the full Board new nominees to the Board and for assessing Directors on an ongoing basis

The Chairman of the Board submits to the Compensation Committee candidates to fill vacancies on the Board of Directors. If the candidacy is endorsed by the Compensation Committee, it is then submitted to the approval of the Board. While there is no formal process for assessing Directors on an ongoing basis, the Directors feel free to discuss specific situations from time to time among themselves and/or with the Chairman of the Board and if need be, steps are taken to remedy the situation, which steps may include a request for resignation.

b. Composed exclusively of outside (non-management) Directors, the majority of whom are unrelated

The Compensation Committee is composed of three outside Directors, one of whom is "related" and two of whom are "unrelated", and of two members of Management, being the Chairman of the Board and one of the Vice Chairmen of the Corporation.

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| 5. Implement a process for assessing the effectiveness of the Board, its Committees and individual Directors | See response to item 4(a) |
| 6. Provide orientation and education programs for new Directors | New Directors participate in an initial information session on the Corporation in the presence of the management representatives. In addition, they are furnished with appropriate documentation relating to the commercial activities of the Corporation and the internal organization of the Corporation. Monthly reports detailing the commercial activities of the Corporation are supplied to all Directors. The meetings in which new Directors participate (including annual strategic planning sessions) as well as discussions with other Directors and with management permit new Directors to familiarize themselves rapidly with the operations of Corporation. |
| 7. Consider reducing size of Board, with a view to improving effectiveness | The Board of Directors is of the view that its size and composition are well suited to the circumstances of the Corporation and allow for the efficient functioning of the Board as a decision-making body. |
| 8. Board should review compensation of Directors in light of risks and responsibilities | The Compensation Committee of the Board of Directors reviews periodically compensation policies in light of market conditions and practice and in light of risks and responsibilities. |
| 9. Committees of the Board should generally be composed of outside (non-management) Directors, a majority of whom are unrelated Directors | <p>The Compensation Committee is composed of three outside Directors, one of whom is "related" and two of whom are "unrelated", and of two members of Management, being the Chairman of the Board and one of the Vice Chairmen of the Corporation. The Compensation Committee has the responsibility, upon the recommendation of the President and Chief Executive Officer, for defining salary classes and levels and extent of participation in the incentive program. In addition, this Committee determines, based on the proposal of the Chairman of the Board, the persons eligible to benefit from the stock option plan and in which proportion, according to their position. The Compensation Committee also assesses the performance of the President and Chief Executive Officer; the Committee's recommendations in this regard are then presented to the Board of Directors. When a vacancy on the Board of Directors needs to be filled, the Chairman of the Board determines the person or persons whom he deems appropriate to fill the vacancy and submits his proposal to the Compensation Committee. The Compensation Committee can then endorse such recommendations, which, if endorsed, are presented to the Board of Directors.</p> <p>The Executive Committee is composed of seven Directors, three being outside Directors, one of whom is "related", the other two being "unrelated", with the other members of the Executive Committee being members of Senior Management of the Corporation. The Executive Committee can exercise all powers of the Board of Directors, subject to specific statutory exceptions, and does so in practice only between regularly scheduled Board meetings. Activities that are not in the ordinary course of business and that can be described as "fundamental changes" have always been decided upon by the Board of Directors.</p> |

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

Audit Committee. See item 13.

10. Board should expressly assume responsibility for, or assign to a committee the general responsibility for, approach to corporate governance issues

The Board of Directors is responsible for developing and monitoring the Corporation's approach to governance issues and for the Corporation's response to the Guidelines.

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

(i) the Board

The Board of Directors is, by law, responsible for managing the business and affairs of the Corporation. Any responsibility which is not delegated to either management or a committee remains with the Board. 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 or of a Board committee to which approval authority has been delegated.

(ii) the CEO

The corporate objectives which the President and Chief Executive Officer is responsible for meeting, with the rest of Management placed under his supervision, are determined by the strategic plans and the budget as they are approved each year by the Board of Directors. Performance of the President and Chief Executive Officer and Management is assessed against the achievement of the strategic plans and the budget.

b. Board should approve CEO s corporate objectives

See item 11(ii)

12. Establish procedures to enable the Board to function independently of management

While there are no formal structures in place to ensure that the Board can function independently of Management, the Board of Directors of the Corporation is free to ask one or more members of Management to withdraw during certain discussions and the Directors of the Corporation would not hesitate to meet without the presence of the members of Management who are also Directors, including the President and Chief Executive Officer, if the circumstances were to so require.

13. a. Establish an Audit Committee with a specifically defined mandate

The roles and responsibilities of the Audit Committee have been specifically defined by the Audit Committee and approved by the Board of Directors and include the review of the annual and quarterly financial statements of the Corporation. The Audit Committee has direct communication channels with both the internal and external auditors to discuss and review specific issues as appropriate.

b. all members should be non-management Directors

The Audit Committee is composed of three outside Directors, all of whom are "unrelated", and one inside Director, who is Vice Chairman of the Corporation. The Board of Directors of the Corporation believes that the presence of a member of Management on the Audit Committee facilitates the understanding by the remaining members of the Committee of given situations.

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

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

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