BOMBARDIER

- Notice of Annual Meeting of Shareholders

- Management Proxy Circular

2010

Bombardier Inc.

Notice of Annual Meeting of Shareholders 2010

Date: Wednesday, June 2, 2010

Time: 9:30 a.m. (Montréal time)

Place: Centre Mont-Royal
Auditorium – level 1
2200 Mansfield Street,
Montréal, Québec, Canada

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Friday, April 16, 2010, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,

"Roger Carle"
(signed)

Roger Carle
Corporate Secretary

Montréal, Québec, Canada, April 16, 2010

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended January 31, 2010 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consideration and, if deemed appropriate, approval of the 2010 Deferred Share Unit Plan of Bombardier Inc. set out in Schedule "A" to the Management Proxy Circular;
5. Consideration and, if deemed appropriate, approval of the three shareholder proposals set out in Schedule "B" to the Management Proxy Circular; and
6. Consideration of such other business as may properly come before the meeting.

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

Any registered shareholder, ***that is a shareholder who has requested and received from Computershare Investor Services Inc., the transfer agent for all the shares of Bombardier Inc., a share certificate on which his/her shares are registered in his/her name,*** wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Tuesday, June 1, 2010. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular on page 4.

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

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

Table of Contents

REMINDER TO THE READER

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

This Management Proxy Circular is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting), or the Class A shares, and/or Class B shares (subordinate voting), or the Class B subordinate shares, of the Corporation to be held on Wednesday, June 2, 2010, at 9:30 a.m. (Montréal time) at the Centre Mont-Royal, Auditorium – level 1, 2200 Mansfield Street, Montréal, Québec, Canada, and at any and all adjournments thereof.

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

Section 1: Voting Information

Who is soliciting my proxy?

The management of Bombardier is soliciting your proxy for use at the annual meeting of the holders of the Class A shares and/or Class B subordinate shares of the Corporation. The entire cost of the solicitation will be borne by Bombardier.

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 6 to 12 and 15 to 20);
- the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation (see pages 13 and 14);
- the approval of the 2010 Deferred Share Unit Plan of the Corporation set out in Schedule "A" to this Management Proxy Circular (see pages 60 to 67); and
- each of the three shareholder proposals set out in Schedule "B" attached to this Management Proxy Circular (see pages 68 to 71).

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?

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

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at January 31, 2010, 31.27% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

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

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Friday, April 16, 2010, will be entitled to vote at the meeting and any adjournment thereof if present or represented by proxy.

How many shares are entitled to be voted?

As at March 31, 2010, there were 316,133,737 Class A shares and 1,438,660,906 Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and officers of the Corporation, the only persons who, as at March 31, 2010, beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were 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 indirectly controlled, through holding companies, 249,199,909 Class A shares, and 1,118,275 Class B subordinate shares, representing in the aggregate 78.83% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.20% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on page 8 and in the notes (A),(D), (F) and (G) on page 11 of this Management Proxy Circular as to the number of Class A shares and Class B subordinate shares held by each of these four persons.

As at March 31, 2010, the directors of Bombardier (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,688,275 Class A shares and 1,503,760 Class B subordinate shares, representing 5.60% and 0.10%, respectively, of the outstanding shares of each such class.

How do I vote?

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

If you are eligible to vote as a non-registered shareholder, please see the instructions below under the headings "As a non-registered shareholder, how do I vote?" and "As a non-registered shareholder, how do I vote in person at the meeting?" at page 6.

Voting by proxy

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

How will my proxyholder vote?

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

FOR the approval of the 2010 Deferred Share Unit Plan of the Corporation set out in Schedule "A"; and

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

Proxy Voting Options

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

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

Mail or Fax

Registered shareholders electing to submit a proxy by mail must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc., or Computershare, either in the postage pre-paid return envelope provided or by fax at 1-866-249-7775 no later than 4:00 p.m. (Montréal time) on Tuesday, June 1, 2010.

Telephone

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

Internet

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

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

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

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

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

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

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

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

Who counts the proxies?

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

Is my vote confidential?

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

How are proxies solicited?

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

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

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

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

Voting rights attached to your shares may be exercised through the use of a voting instruction form which will permit the voting of shares by mail, fax, telephone (the number to dial for the employees of the Corporation in Canada and in the United States is 1-866-732-VOTE (8683) and for the employees of the Corporation outside Canada and the United States is 312-588-4290) or over the Internet at www.investorvote.com.

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

FOR the election of all the nominees proposed as directors;

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

FOR the approval of the 2010 Deferred Share Unit Plan of the Corporation set out in Schedule "A"; and

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

In order for you to exercise your voting rights as an employee shareholder under the ESPP, you must complete and return a voting instruction form by mail or fax or provide your instructions by phone or over the Internet.

As a non-registered shareholder, how do I vote?

Applicable securities laws and regulations require nominees of non-registered shareholders to seek the latter's voting instructions in advance of the meeting. Therefore, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Management Proxy Circular in a mailing from your nominee, together with a proxy form or voting instruction form, as the case may be.

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

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

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

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

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

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

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

How do I communicate with Computershare, the transfer agent of Bombardier?

You can communicate with Computershare, the transfer agent of Bombardier, at the following address:

Computershare Investor Services Inc.

100 University Avenue
9th Floor
Toronto, Ontario M5J 2Y1

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

Section 2 : Business of the Meeting

Election of the Directors of Bombardier

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

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

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

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your nominee, if you are a non-registered shareholder, will vote for the election of the 14 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier.

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

LAURENT BEAUDOIN, C.C., F.C.A. (A)

Chairman of the Board of Directors of Bombardier
Westmount, Québec, Canada
Age: 71
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	13,052,944	812,500	1,501,844 (C)
2009	13,052,944	812,500	1,465,458 (C)
Change	—	—	36,386 (C)

Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He launched his career in 1961 by founding a chartered accountants firm in Quebec City. He joined Bombardier in 1963 as Comptroller, became General Manager in 1964 and President and Chief Executive Officer in 1966. In June 2008, he handed over his responsibilities as Chief Executive Officer to Mr. Pierre Beaudoin, and remained Chairman of the Board of Directors. He holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since 2002, he has been a member of the International Business Council of the World Economic Forum based in Geneva, Switzerland. Since December 2003, he is the Chairman of the Board of Bombardier Recreational Products Inc.

PIERRE BEAUDOIN

President and Chief Executive Officer of Bombardier
Westmount, Québec, Canada
Age: 47
Director since 2004
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	512,859	1,312	—
2009	512,859	1,312	—
Change	—	—	—

Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in 1985. In October 1990, he was appointed Vice President, Product Development of the Sea-Doo/Ski-Doo division. From June 1992 to January 1994, he was Executive Vice President of the Sea-Doo/ Ski-Doo division of Bombardier and he acted as its President from January 1994, until April 1996. From April 1996, to January 2001, he was President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he became President and Chief Operating Officer of Bombardier Aerospace in October 2001. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier and he also then became a member of the Board of Directors of Bombardier. Since June 4, 2008, he assumes the responsabilities of President and Chief Executive Officer of Bombardier. He is a member of the Boards of Directors of Power Corporation of Canada and Bombardier Recreational Products Inc.

ANDRÉ BÉRARD

Corporate Director
Montréal, Québec, Canada
Age: 69
Director since 2004
Lead Director
Chairman of the Finance and Risk Management Committee
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	5,000	218,774
2009	—	5,000	169,563
Change	—	—	49,211

Mr. André Bérard was Chairman of the Board of National Bank of Canada from 2002 to 2004, after having assumed the duties of Chairman of the Board and Chief Executive Officer from 1990 to 2002, President and Chief Executive Officer in 1989 and President and Chief Operating Officer from 1986 to 1989. Between 1958 and 1986, he held various positions of increasing responsibilities at National Bank of Canada. He is a member of the Boards of Directors of BCE Inc., BMTC Group Inc., Saputo Inc. and TransForce Inc.

J.R. ANDRÉ BOMBARDIER

Vice Chairman of Bombardier
Montréal, Québec, Canada
Age: 67
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	(D)	265,774	—
2009	(D)	265,774	—
Change	—	—	—

Mr. J. R. André Bombardier joined Bombardier in 1969 as Vice President, Industrial Division. He successively held the positions of Vice President, Research and Development, Ski-Doo Division (1970), Assistant to the President and in charge of new products (1973), Vice President of Marketing, Marine Products Division (1975) and President of Roski Ltd., a subsidiary of Bombardier (1976). He became Vice Chairman in 1978. He is a member of the Board of Directors of Bombardier Recreational Products Inc.

JANINE BOMBARDIER (E)

President and Governor,
J. Armand Bombardier Foundation,
charitable organization
Westmount, Québec, Canada
Age: 76
Director since 1984
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	(F)	40,001	173,455
2009	(F)	40,001	143,554
Change	—	—	29,901

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

MARTHA FINN BROOKS

Corporate Director
Atlanta, Georgia, United States
Age: 50
Director since 2009
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	—	18,227
2009	—	—	—
Change	—	—	18,227

Mrs. Martha Finn Brooks was, until her retirement in May 2009, President and Chief Operating Officer of Novelis, Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan, she worked over 15 years at engine manufacturer Cummins Inc. where she held various positions of increasing responsibility, ultimately becoming Vice President and General Manager, Engine Business Sales and Marketing. She is a member of the Board of Directors of Harley-Davidson, Inc.

L. DENIS DESAUTELS, O.C., F.C.A.

Corporate Director
Ottawa, Ontario, Canada
Age: 66
Director since 2003
Chairman of the Audit Committee
Member of the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	10,000	107,957
2009	—	10,000	85,968
Change	—	—	21,989

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 Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants and was recently a member of the Expert Panel on Securities Regulation in Canada. He is Chairman of Laurentian Bank of Canada and a director of Groupe Jean Coutu (PJC) Inc. He also sits on the Board of Directors of CARE Canada and on the Board of Governors of the International Development Research Centre (IDRC).

THIERRY DESMAREST

Chairman of the Board of Directors of Total S.A., a multinational energy (oil, gas and chemicals) corporation
Paris, France
Age: 64
Director since 2009
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	—	22,021
2009	—	—	—
Change	—	—	22,021

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

JEAN-LOUIS FONTAINE (G)

Vice Chairman of Bombardier
Westmount, Québec, Canada
Age: 70
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	4,097,472	6,465	—
2009	4,097,472	6,465	—
Change	—	—	—

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

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors
Montréal, Québec, Canada
Age: 65
Director since 1999
Member of the Audit Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	1,200	104,252
2009	—	1,200	101,726
Change	—	—	2,526

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

JEAN C. MONTY

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	25,000	175,000	244,084
2009	25,000	175,000	202,262
Change	—	—	41,822

Corporate Director
Montréal, Québec, Canada
Age: 62
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

On April 24, 2002, Mr. Jean C. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.), following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President and Chief Executive Officer in March 1993. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997. He is Vice Chairman of the Board of Directors of Centria Inc. Since December 2008, he is a Director of Alcatel-Lucent SA and Chairman of its Audit and Finance Committee.

CARLOS E. REPRESAS

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	—	117,214
2009	—	—	91,712
Change	—	—	25,502

Chairman of the Board, Nestlé Group Mexico, a food and beverage company
Mexico City, Mexico
Age: 64
Director since 2004
Member of the Human Resources and Compensation Committee, the Finance and Risk Management Committee and the Corporate Governance and Nominating Committee
Independent

Mr. Carlos E. Represas has been Chairman of Nestlé Group Mexico since 1983. He is a member of the Board of Directors of Merck & Co., Inc. since February 2009. He is a member of the Latin American Business Council (CEAL). He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latinamerican Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

JEAN-PIERRE ROSSO

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	—	130,930
2009	—	—	84,090
Change	—	—	46,840

Chairman, World Economic Forum USA Inc., an independent non-profit organization affiliated to the World Economic Forum, a non-profit foundation based in Geneva, Switzerland
New York, New York, United States
Age: 69
Director since 2006
Chairman of the Corporate Governance and Nominating Committee
Member of the Audit Committee
Independent

Mr. Jean-Pierre Rosso has chaired World Economic Forum USA Inc., based in New York City, United States, since April 2006. He served as Chairman of CNH Global N.V., an agricultural and construction equipment manufacturer, from November 1999 until his retirement in May 2004. He was Chief Executive Officer of CNH Global N.V. from November 1999 to November 2000. He acted as Chairman and Chief Executive Officer of Case Corporation, an agricultural and construction equipement manufacturer, from March 1996 to November 1999, after having been President and Chief Executive Officer of Case Corporation from April 1994 to March 1996. He was President of the Home & Building Control Business of Honeywell, Inc. from 1992 to 1994 and before that, President of European operations of Honeywell, Inc. from 1987 until 1991. He is a director of Medtronic Inc., Eurazeo and USI.

HEINRICH WEISS

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

Dusseldorf, Germany
Age: 67

Director since 2005
Member of the Corporate Governance and Nominating Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2010	—	—	176,140
2009	—	—	135,475
Change	—	—	40,665

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

NOTES

(*) The information appearing on pages 7 to 11 of this Management Proxy Circular is determined as at January 31, 2010 and January 31, 2009, respectively.

(A) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with Mr. J.R. André Bombardier, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 61,123,490 Class A shares and 812,500 Class B subordinate shares.

(B) “Deferred Stock Units” are: (i) in the case of Mmes. Janine Bombardier and Martha Finn Brooks and Messrs. André Bérard, L. Denis Desautels, Thierry Desmarest, Daniel Johnson, Jean C. Monty, Carlos E. Represas, Jean-Pierre Rosso and Heinrich Weiss, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 17 of this Management Proxy Circular; and (ii) in the case of the Chairman of the Board of Directors of Bombardier, Mr. Laurent Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Stock Unit Plan for Senior Officers which is more fully explained on page 31 of this Management Proxy Circular. The number of Deferred Stock Units for each director and for Mr. Laurent Beaudoin has been determined as at January 31, 2010 and January 31, 2009, respectively.

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

(D) Mr. J.R. André Bombardier exercises, through holding corporations which he controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 65,401,042 Class A shares.

(E) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board of Directors of the Corporation (please refer to page 56 of this Management Proxy Circular). Although Mrs. Janine Bombardier has attained the prescribed retirement age, the Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Mrs. Bombardier as a director of the Corporation during their annual meeting to be held on Wednesday, June 2, 2010.

(F) Mrs. Janine Bombardier exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 61,973,490 Class A shares.

(G) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Janine Bombardier), control or direction over 60,701,887 Class A shares.

(H) No Series 2, Series 3 or Series 4 Preferred Shares are beneficially owned by a nominee or are subject to his or her control or direction.

The following table sets forth the number of meetings of the Board of Directors of Bombardier and its Committees held between February 1, 2009 and January 31, 2010 and the record of attendance at these meetings of the 14 nominees for election to the Board of Directors who are all current directors of the Corporation.

Nominees	Board of Directors (1)	Audit Committee Chairman: L. Denis Desautels	Corporate Governance and Nominating Committee Chairman: Jean-Pierre Rosso	Human Resources and Compensation Committee Chairman: Jean C. Monty	Finance and Risk Management Committee Chairman: André Bérard	Individual Attendance Rate
Laurent Beaudoin	11/11	(2)	(2)	(2)	(2)	100%
Pierre Beaudoin	11/11	(2)	(2)	(2)	(2)	100%
André Bérard	11/11	6/6	—	7/7	8/8	100%
J.R. André Bombardier	11/11	—	—	—	—	100%
Janine Bombardier	10/11	—	—	—	—	91%
Martha Finn Brooks (3) (4)	5/5	3/3	—	3/3	—	100%
L. Denis Desautels	11/11	6/6	—	—	8/8	100%
Thierry Desmarest	8/11	—	—	—	—	73%
Jean-Louis Fontaine	11/11	—	—	—	—	100%
Daniel Johnson	11/11	6/6	—	—	8/8	100%
Jean C. Monty	10/11	—	4/4	7/7	—	95%
Carlos E. Represas	10/11	—	—	6/7	8/8	92%
Jean-Pierre Rosso	10/11	6/6	4/4	—	—	95%
Heinrich Weiss (4)	10/11	—	2/4	2/4	—	74%
Overall Attendance Rate	**95%**	**100%**	**83%**	**89%**	**100%**	—

(1) Two special sessions for the review of the strategic orientation and the operating plans and budgets of the Corporation were held during the year.
(2) The Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the President and Chief Executive Officer, Mr. Pierre Beaudoin, are not members of any of the Committees of the Board of Directors of Bombardier; however, they are entitled to attend and to participate in all the meetings of the Committees, but not to vote.
(3) Mrs. Martha Finn Brooks became a member of the Board of Directors on August 24, 2009.
(4) Mr. Heinrich Weiss was a member of the Human Resources and Compensation Committee from February 1, 2009, until September 1, 2009, when he was replaced by Mrs. Martha Finn Brooks.

To the knowledge of Bombardier 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 ten years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that:

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

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

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

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

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; and

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

Appointment of the External Auditors of Bombardier

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

For each of the financial years ended January 31, 2010 and 2009, Ernst & Young, LLP, billed Bombardier the following fees for their services:

Fees	Financial Year Ended January 31, 2010 ($)	Financial Year Ended January 31, 2009 ($)
Audit fees	13,628,000	14,057,000
Audit-related fees	1,279,000	4,215,000
Tax fees	4,458,000	4,454,000
All other fees	189,000	394,000
Total Fees	**19,554,000**	**23,120,000**

In the table above, the terms in the column "Fees" have the following meanings: "Audit fees" refers to all fees incurred in respect of audit services, being the professional services rendered by Ernst & Young, LLP, for the audit of the annual financial statements of Bombardier and those of its subsidiaries and the review of its quarterly financial statements as well as services normally provided by Ernst & Young, LLP, in connection with statutory and regulatory filings and engagements; "Audit-related fees" refers to the aggregate fees billed for assurance and related services and also includes mergers and acquisitions due diligence services by Ernst & Young, LLP, that are reasonably related to the performance of the audit or review of the financial statements of Bombardier and are not reported under "Audit fees", including audits of the Corporation's employee benefit plans, audits required under its banking arrangements and mergers and acquisitions due diligence services which explains the higher level of "Audit-related fees" in 2009; "Tax fees" refers to the aggregate fees billed for professional services rendered by Ernst & Young, LLP, for tax compliance, tax advice, and tax planning, including the preparation or review of tax returns, transfer pricing documentation and assistance with tax audits rendered to the Corporation and its many subsidiaries around the world; and "All other fees" refers to the aggregate fees billed for products and services provided by Ernst & Young, LLP, other than "Audit fees", "Audit-related fees" and "Tax fees", primarily translation of financial information.

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

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

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

Audit Committee Information

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

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

L. Denis Desautels (Chairman) – Mr. Desautels, F.C.A., is the Chairman of the Audit Committee since 2003. He has a Bachelor of Commerce degree from McGill University. He served as Auditor General of Canada from April 1, 1991 until March 31, 2001; he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montréal Office of Ernst & Young, LLP, (formerly Clarkson Gordon). In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices, namely Montréal, Ottawa and Québec. He is currently Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants. He is a member of the audit committee of Laurentian Bank of Canada and Groupe Jean Coutu (PJC) Inc.

André Bérard – Mr. Bérard is a member of the Audit Committee since 2004. He has a Fellow's Diploma of the Institute of Canadian Bankers. He attended the Special Management Program at Harvard 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 is a member of the audit committee of BCE Inc., BMTC Group Inc. and TransForce Inc.

Martha Finn Brooks – Mrs. Martha Finn Brooks holds a B.A. in economics and political science and an M.B.A. in international business from Yale University. She was, until May 2009, President and Chief Operating Officer of Novelis Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan Inc., she worked over 15 years at engine manufacturer Cummins Inc. where she held various positions of increasing responsibility, ultimately becoming Vice President and General Manager, Engine Business Sales and Marketing. She was a member of the audit committee of International Paper Company between 2004 and 2007. She is currently a member of the Board of Directors of Harley-Davidson, Inc.

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

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

Section 3: Remuneration of the Directors of Bombardier

Summary Compensation Table

The Summary Compensation Table below shows all of the annual compensation information for each of the members of the Board of Directors of Bombardier for the financial year ended January 31, 2010, with the exception of the President and Chief Executive Officer, Mr. Pierre Beaudoin, who did not receive any compensation for acting as a director of the Corporation.

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

Name of Board Members	Total Fees Earned (1) (2) ($)	Pension Value (3) ($)	All Other Compensation (4) ($)	Total Compensation ($)
Laurent Beaudoin	540,000	1,037,600	62,390	1,639,990
André Bérard	162,100	—	—	162,100
J.R. André Bombardier (5)	—	270,700	44,280	314,980
Janine Bombardier	94,500	—	—	94,500
Martha Finn Brooks	80,000	—	—	80,000
L. Denis Desautels	150,800	—	—	150,800
Thierry Desmarest	110,000	—	—	110,000
Jean-Louis Fontaine (5)	—	394,700	37,160	431,860
Daniel Johnson	137,300	—	—	137,300
Jean C. Monty	132,800	—	—	132,800
Carlos E. Represas	165,000	—	25,000 (6)	190,000
Jean-Pierre Rosso	160,000	—	—	160,000
Heinrich Weiss	135,000	—	—	135,000

(1) The amounts payable to the directors who are resident of Canada namely, Mrs. Bombardier and Messrs. Beaudoin, Bérard, Bombardier, Desautels, Fontaine, Johnson and Monty are payable in Canadian dollars; they were converted from Canadian dollars to US dollars based on an average exchange rate of $0.8918 for the financial year ended January 31, 2010. The amounts payable to the directors who are not resident of Canada namely, Mrs. Brooks and Messrs. Desmarest, Represas, Rosso and Weiss are paid in US dollars.

(2) Please refer to the table "Fees Earned during the Financial Year ended January 31, 2010" on page 16 of this Management Proxy Circular.

(3) Only Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are entitled to pension payments earned during their active service as senior executives of Bombardier. Please refer to the table "All Other Compensation" on page 17 of this Management Proxy Circular.

(4) Only Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as executive officers of Bombardier. Please refer to the table "All Other Compensation" on page 17 of this Management Proxy Circular.

(5) Messrs. J.R. André Bombardier and Jean-Louis Fontaine did not receive any compensation for acting as directors of the Corporation during the financial year ended January 31, 2010.

(6) Mr. Carlos E. Represas received an additional amount of $25,000 for his services as Chairman of the Mexico Advisory Board of Bombardier.

The following table provides the various fees to which the members of the Board of Directors of Bombardier were entitled during the financial year ended January 31, 2010 with the exception, however, of Messrs. Pierre Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine, who were not entitled to any fees.

Type of Fees (1)	**($)**
Annual Retainer	
Chairman of the Board of Directors (2)	600,000
Board Members (other than the Chairman)	80,000
Audit Committee Chairman	20,000
Other Committee Chairman	10,000
Committee Members (other than the Chairman)	5,000
Fees	
Board and Committee Attendance Fees	2,500
Travel Fees (3)	2,500

(1) A director who is a resident of Canada receives his/her fees in Canadian dollars while a director who is not a resident of Canada receives the same amount of fees but in US dollars.
(2) The Chairman of the Board of Directors does not receive any additional retainer or attendance fees.
(3) Every time a director has a one-way travel time of three hours or more from his/her residence, he/she is entitled to travel fees in addition to his/her regular attendance fees.

Fees Earned during the Financial Year ended January 31, 2010

The following table shows the remuneration earned during the financial year ended January 31, 2010 by the directors of the Corporation entitled to receive them:

	Annual Retainer Fees			Attendance Fees							
Director	**Board (2) ($)**	**Committee ($)**	**Total ($)**	**Board ($)**	**Committee ($)**	**Total ($)**	**Travel Fees (3) ($)**	**Total Fees Earned ($)**	**Total Fees Paid in Cash ($)**	**Total Fees Credited in DDSUs ($)**	**Number of DDSUs Credited (4)**
Laurent Beaudoin (1)	540,000	—	540,000	—	—	—	—	540,000	540,000	—	—
André Bérard (1)	72,000	18,000	90,000	24,800	47,300	72,100	—	162,100	—	162,100	49,211
Janine Bombardier (1)	72,000	—	72,000	22,500	—	22,500	—	94,500	—	94,500	29,901
Martha Finn Brooks (3)(5)	40,000	5,000	45,000	12,500	15,000	27,500	7,500	80,000	—	80,000	18,227
L. Denis Desautels (1)(6)	72,000	22,500	94,500	24,800	31,500	56,300	—	150,800	78,800	72,000	21,989
Thierry Desmarest (3)(6)	80,000	—	80,000	20,000	—	20,000	10,000	110,000	30,000	80,000	22,021
Daniel Johnson (1)(7)	72,000	9,000	81,000	24,800	31,500	56,300	—	137,300	137,300	—	2,526
Jean C. Monty (1)	72,000	13,500	85,500	22,500	24,800	47,300	—	132,800	—	132,800	41,822
Carlos E. Represas (3)(6)	80,000	10,000	90,000	25,000	35,000	60,000	15,000	165,000	79,200	85,800	25,502
Jean-Pierre Rosso (3)	80,000	15,000	95,000	25,000	25,000	50,000	15,000	160,000	—	160,000	46,840
Heinrich Weiss (3)	80,000	7,500	87,500	25,000	10,000	35,000	12,500	135,000	—	135,000	40,665

(1) This director received his/her fees in Canadian dollars which were converted from Canadian dollars to US dollars based on an average exchange rate of $0.8918 for the financial year ended January 31, 2010.
(2) The full amount of the annual Board retainer fees was credited in DDSUs to every director, except for (i) Mr. Laurent Beaudoin who does not participate in the "Director Deferred Stock Unit Plan" which is more fully explained on page 17 of this Management Proxy Circular and (ii) Mr. Daniel Johnson (in the case of Mr. Johnson, see note (7) below).
(3) This director received his/her remuneration in US dollars and was also entitled to travel fees of $2,500 for each meeting which he/she attended.
(4) Included in these numbers are additional DDSUs credited to a director if and when dividends on the Class B subordinate shares of Bombardier are declared payable by the Board of Directors.
(5) Mrs. Martha Finn Brooks became a director on August 24, 2009.
(6) This director elected to receive only his annual Board retainer of $80,000 in the form of DDSUs; however, Mr. Represas elected to receive all of his fees in DDSUs starting on January 1, 2010.
(7) Although Mr. Johnson elected to receive in cash all of his fees since February 1, 2008, he is credited with additional DDSUs with respect to those DDSUs that he accumulated in his account until February 1, 2008, when dividends on the Class B subordinate shares of Bombardier are declared payable by Bombardier.

All Other Compensation

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine during the financial year ended January 31, 2010. They were entitled to these compensation elements as former senior executives of Bombardier. Details about pension benefits and perquisites are provided in Section 4: "Remuneration of the Executive Officers of Bombardier" from page 21 to 50 of this Management Proxy Circular.

Director (1)	Pension Benefits (2) ($)	Total of Other Compensation Excluding Pension Benefits (3) ($)
Laurent Beaudoin	1,037,600	62,390
J.R. André Bombardier	270,700	44,280
Jean-Louis Fontaine	394,700	37,160

(1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of $0.8918 during the financial year ended January 31, 2010.
(2) Details of the pension plans for executives of Bombardier are provided on page 42 of this Management Proxy Circular.
(3) Represents the estimated costs to Bombardier to provide car rental and maintenance and premium paid for group insurance. The actual car rental costs were added to an estimated maintenance cost taking into consideration the personal use of their respective car by Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine.

Director Deferred Stock Unit Plan

To encourage the directors of Bombardier who are not employees of the Corporation to better align their interests with those of the shareholders by having an investment in the Corporation, a Director Deferred Stock Unit Plan, or the DDSU Plan, was implemented on April 1, 2000; it was amended in 2003, 2006, 2007 and 2008. The DDSU Plan provides that the directors of Bombardier who are not employees of the Corporation are required to receive the entirety of their annual Board retainer fees in the form of Director Deferred Stock Units, or DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained on page 19 of this Management Proxy Circular) is met. Thereafter, they have the option to be paid their annual Board retainer fees in cash or to keep receiving 50% or more of such fees in the form of DDSUs. In addition, they may elect to receive 50% or more of any other remuneration (i.e., attendance fees, fees received by Committee chairs and members and travel fees) in the form of DDSUs.

DDSUs have a value equal to the weighted average trading prices of the Class B subordinate shares of the Corporation on the Toronto Stock Exchange for the five trading days immediately preceding the date when DDSUs are credited to each director who is not an employee of the Corporation. DDSUs take the form of a bookkeeping entry credited to his/her account which cannot be redeemed for cash for as long as he/she remains a member of the Board of Directors. All DDSUs will, upon request by him/her, be redeemed for cash by Bombardier after he/she she ceases to be a member of the Board of Directors; however, failing such request, the redemption of such DDSUs for cash will occur automatically upon the expiry of a period as determined under the DDSU Plan. The value of a DDSU, when redeemed for cash, will be equivalent to the closing price of the Class B subordinate shares on the last trading day preceding the day of the redemption. DDSUs confer the right to receive dividends paid in the form of additional DDSUs at the same rate as the dividend paid on the Class B subordinate shares of Bombardier. The DDSU plan is not dilutive.

Stock Option Plan for the Benefit of the Directors of Bombardier

Effective October 1, 2003, the stock option plan for the benefit of the non-executive directors of Bombardier, or the Directors' Plan, was abolished. It provided for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 of the Class B subordinate shares of Bombardier, subject to the limits prescribed by applicable regulatory authorities in respect of shares which may be offered for subscription and purchase under the various incentive plans of the Corporation. The Directors' Plan also provided that the maximum number of options held by any one person thereunder cannot exceed 5% of the outstanding Class B subordinate shares. Despite the fact that the Directors' Plan was abolished, it continues to apply to outstanding, unexercised options. As at January 31, 2010, options for a total of 15,000 Class B subordinate shares, which had been previously granted, were still outstanding, representing 0.0009% of all issued and outstanding Class A shares and Class B subordinate shares combined. 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. As of January 31, 2010, all remaining stock options were 100% vested.

Each option is first exercisable at any time following the date of granting such option until the expiration of the tenth year following the date of granting of such option, unless the Human Resources and Compensation Committee decides otherwise. Options will expire at the earlier of the expiration of the tenth year following the date of granting of such options, and the date on which the optionee ceases to act as director of the Corporation. Notwithstanding the foregoing, (1) if an optionee should resign of his duties as director, be removed of his duties as director by the shareholders of the Corporation, become disqualified to exercise his duties as director or not be re-elected as a director, he shall be entitled to exercise his rights under his options that were vested on the date of his resignation, removal, disqualification or non re-election (except upon the mandatory retirement of a director who will then have been a director of Bombardier for at least five years, in which case such director will be entitled to exercise his/her option with respect to all the shares for which such option will not then have been exercised), within one (1) year of the date of his resignation, removal, disqualification or non re-election, and (2) upon the death of an optionee, his legal representatives shall be entitled to exercise his rights under his options that were vested at the time of his death, within sixty (60) days of the later of the date of his death and the date of receipt of all required succession duty releases (if applicable). Under no circumstances, however, shall any option expire later than ten (10) years after the date of its grant.

Options Exercised in the Most Recently Completed Financial Year

During the financial year ended January 31, 2010, no options were exercised by the directors of Bombardier to acquire Class B subordinate shares under the Directors' Plan and 10,000 options were cancelled or expired, as the case may be.

Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010

Director	Number of Shares Acquired on Exercise	Aggregate Value Realized (1) ($)	Number of Securities underlying Unexercised Options at Financial Year End (2)		Option Expiration Date	Option Exercise Price (CAN $)	Value of Unexercised in-the-Money Options at Financial Year-End (1)	
			Exercisable	Unexercisable			Exercisable ($)	Unexercisable ($)
Janine Bombardier	—	—	5 000	—	March 27, 2012	14.58	—	—
Daniel Johnson	—	—	5 000	—	March 27, 2012	14.58	—	—
Jean C. Monty	—	—	5 000	—	March 27, 2012	14.58	—	—
J.R. André Bombardier (2)	—	—	200,000	—	April 17, 2010	18.745	—	—
Jean-Louis Fontaine (2)	—	—	200,000	—	March 27, 2012	14.58	—	—

(1) Represents the value that would have been realized if the options under the option-based awards had been exercised on January 31, 2010 on the basis of the January 31, 2010 closing price of the Class B subordinate shares on the Toronto Stock Exchange of CAN $5.04 converted from Canadian dollars to US dollars based on an exchange rate of $0.9474.

(2) Messrs J.R. André Bombardier and Jean-Louis Fontaine were granted the stock options shown above as former senior executives of Bombardier during their years of active service with the Corporation. These options were granted under the Stock Option Plan for Executives as described on pages 28 to 30 of this Management Proxy Circular.

Minimum Shares and/or DDSUs Holding Requirement

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

On February 1, 2008, the Board of Directors implemented a minimum shares and/or DDSUs holding requirement pursuant to which each director has to hold shares and/or DDSUs having a minimum value of CAN $400,000 (which is equal to US $380,000 based on an exchange rate of $0.9474 as of January 31, 2010 and to US $323,520 based on an exchange rate of $0.8088 as of January 31, 2009) throughout his/her tenure as a director.

The rules of the DDSU Plan provide that until a director (who is not an employee of the Corporation) meets this minimum shares and/or DDSUs holding requirement, his/her Board annual retainer fees will be entirely credited to him/her in the form of DDSUs. Once the prescribed threshold is met, the director will have the option to receive his/her annual Board retainer in cash or in DDSUs.

Director Shares and/or DDSUs/DSUSOs Holding Table

The following table provides information on the number and value of the Class A shares and/or Class B subordinate shares of Bombardier and/or DDSUs/DSUSOs held by the nominees for election to the Board of Directors of Bombardier, excluding Mr. Pierre Beaudoin who is a Named Executive Officer (in his case, please refer to page 36 of this Management Proxy Circular).

Director	Financial Year Ended January 31, (1)	Number of Class A Shares	Number of Class B Subordinate Shares	Total Value of Shares (2) ($)	Number of DDSUs/ DSUSOs	Total Value of DDSUs/ DSUSOs (2) ($)	Total Number of Shares and DDSUs/ DSUSOs	Total Value of Shares and DDSUs/ DSUSOs (2) ($)	Share Ownership Threshold
Laurent Beaudoin (3)	2010	13,052,944	812,500	66,206,100	1,501,844	7,171,100	15,367,288	73,377,200	Yes
	2009	13,052,944	812,500	43,142,500	1,465,458	4,504,000	15,330,902	47,646,500	Yes
	Net change	0	0	23,063,600	36,386	2,667,100	36,386	25,730,700	
André Bérard	2010	—	5,000	23,900	218,774	1,044,600	223,774	1,068,500	Yes
	2009	—	5,000	15,400	169,563	521,100	174,563	536,500	Yes
	Net change	—	0	8,500	49,211	523,500	49,211	532,000	
J.R. André Bombardier	2010	65,401,042	265,774	313,552,200	—	—	65,666,816	313,552,200	Yes
	2009	65,401,042	265,774	204,467,800	—	—	65,666,816	204,467,800	Yes
	Net change	0	0	109,084,400	—	—	0	109,084,400	
Janine Bombardier	2010	61,973,490	40,001	296,108,000	173,455	828,200	62,186,946	296,936,200	Yes
	2009	61,973,490	40,001	193,101,000	143,554	441,200	62,157,045	193,542,200	Yes
	Net change	0	0	103,007,000	29,901	387,000	29,901	103,394,000	
Martha Finn Brooks	2010	—	—	—	18,227	87,000	18,227	87,000	No (4)
	2009	—	—	—	—	—	—	—	—
	Net change	—	—	—	—	—	—	—	—
L. Denis Desautels	2010	—	10,000	47,700	107,957	515,500	117,957	563,200	Yes
	2009	—	10,000	30,700	85,968	264,200	95,968	294,900	No
	Net change	—	0	17,000	21,989	251,300	21,989	268,300	
Thierry Desmarest (3)	2010	—	—	—	22,021	105,100	22,021	105,100	No (5)
	2009	—	—	—	—	—	—	—	
	Net change	—	—	—	—	—	—	—	
Jean-Louis Fontaine	2010	4,097,472	6,465	19,595,900	—	—	4,103,937	19,595,900	Yes
	2009	4,097,472	6,465	12,778,900	—	—	4,103,937	12,778,900	Yes
	Net change	0	0	6,817,000	—	—	0	6,817,000	
Daniel Johnson	2010	—	1,200	5,700	104,252	497,800	105,452	503,500	Yes
	2009	—	1,200	3,700	101,726	312,600	102,926	316,300	No
	Net change	—	0	2,000	2,526	185,200	2,526	187,200	
Jean C. Monty	2010	25,000	175,000	955,000	244,084	1,165,500	444,084	2,120,500	Yes
	2009	25,000	175,000	615,700	202,262	621,600	402,262	1,237,300	Yes
	Net change	0	0	339,300	41,822	543,900	41,822	883,200	
Carlos E. Represas	2010	—	—	—	117,214	559,700	117,214	559,700	Yes
	2009	—	—	—	91,712	281,900	91,972	281,900	No
	Net change	—	—	—	25,502	277,800	25,502	277,800	
Jean-Pierre Rosso	2010	—	—	—	130,930	625,200	130,930	625,200	Yes
	2009	—	—	—	84,090	258,400	84,090	258,400	No
	Net change	—	—	—	46,840	366,800	46,840	366,800	
Heinrich Weiss	2010	—	—	—	176,140	841,100	176,140	841,100	Yes
	2009	—	—	—	135,475	416,400	135,475	416,400	Yes
	Net change	—	—	—	40,665	424,700	40,665	424,700	

(1) The number of the Class A shares, Class B subordinate shares, DDSUs or DSUSOs (see note (3) below) held by each director for the financial years ended January 31, 2010 and January 31, 2009 is determined as at January 31, 2010 and as at January 31, 2009 respectively.

(2) The total value for the financial year ended January 31, 2010 is calculated on the basis of the January 31, 2010 closing prices of the Class A share and the Class B subordinate share on the Toronto Stock Exchange of CAN $5.04, in both cases, converted from Canadian dollars to US dollars based on an exchange rate of $0.9474. The total value for the financial year ended January 31, 2009 is calculated on the basis of the January 31, 2009 closing prices of the Class A share and the Class B subordinate share on the Toronto Stock Exchange of CAN $3.85 and CAN $3.80 respectively converted from Canadian dollars to US dollars based on an exchange rate of $0.8088.

(3) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of Bombardier, received an annual incentive of CAN $1,400,000, CAN $2,285,000 and CAN $3,675,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units for Senior Officers (DSUSOs) (CAN $3.50 per DSUSO), 487,205 DSUSOs (CAN $4.69 per DSUSO) and 555,975 DSUSOs (CAN $6.61 per DSUSO), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, with the reinstatement of the payment of dividends on the Class A shares and the Class B subordinate shares of Bombardier since June 3, 2008, Mr. Laurent Beaudoin is credited with additional DSUSOs if and when dividends are declared by the Board of Directors. As of January 31, 2010, Mr. Laurent Beaudoin holds 1,501,844 DSUSOs. Please refer the description of the Deferred Stock Unit Plan for Senior Officers on page 31 of this Management Proxy Circular for more details.

(4) Since Mrs. Martha Finn Brooks has become a director on August 24, 2009 only, she has not reached the threshold yet.

(5) Since Mr. Thierry Desmarest has become a director on January 21, 2009 only, he has not reached the threshold yet.

Section 4: Remuneration of the Executive Officers of Bombardier

A. Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee of the Board of Directors of Bombardier, or the HRCC, is comprised of the following **four independent directors**:

– Mr. Jean C. Monty (Chairman),
– Mr. André Bérard,
– Mrs. Martha Finn Brooks and
– Mr. Carlos E. Represas.

Having requested to be relieved of his duties as a member of the HRCC, Mr. Heinrich Weiss was replaced, on September 1, 2009, by Mrs. Martha Finn Brooks (who became a director of Bombardier on August 24, 2009).

None of the HRCC members during the financial year ended January 31, 2010 was an active chief executive officer with a publicly-traded entity. The current members each have experience in executive compensation as either (1) a former chief executive officer of a publicly-traded corporation, or (2) a senior executive officer who had executive responsibility for very sizeable businesses.

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

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

The HRCC held seven meetings during the financial year ended January 31, 2010; the table below outlines the main activities of the HRCC during the last financial year.

Meeting	Main activities of the HRCC
February, 2009	Approval of: • the salary increases for the senior executive officers of the Corporation other than the President and Chief Executive Officer, • the 2009-2010 annual incentive plans and • the salary scales and budget increases for the 2009-2010 financial year. Review of: • the design for the 2009-2010 short-term and long-term incentive plans of the Corporation, • the draft executive compensation disclosure section of the 2009 management proxy circular and • the 2009-2010 salary increase and annual incentive plan of the President and Chief Executive Officer of the Corporation.
March, 2009	Approval of: • the annual incentive payments for the 2008-2009 financial year and • the executive compensation disclosure section of the 2009 management proxy circular. Review and approval of: • the stock ownership guidelines for senior executives, • the long-term incentive plans for the 2009-2010 financial year and • the 2009-2010 total compensation of the President and Chief Executive Officer of the Corporation.
June, 2009	Approval of: • the stock option and performance stock unit grants pursuant to the 2009-2010 mid- and long-term incentive programs. Review of: • the 2009-2010 long-term incentive program documentation and recommendation to the Board of Directors for its approval and • the report on health and safety matters. Review and approval of: • the comparator group for senior executive positions in Canada and the USA.
September, 2009	Review of: • organizational changes at Bombardier Aerospace and • the report of Towers Perrin with respect to their independence.
December, 2009	Review of: • the annual total compensation for selected senior executive positions, • the salary scales and budget increases for the 2010-2011 financial year, • the new approach for the management of the pension plans of the Corporation, their assets and related risks, • the report on health and safety matters and • the 2009-2010 leadership and succession planning report.
On-going	• Appointments (total compensation and other terms and conditions) and terminations (settlements). • Amendments to current pension plans.

B. Mandate of the Human Resources and Compensation Committee

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

– oversee the succession planning for the President and Chief Executive Officer and also for senior executive positions;
– ensure that succession planning systems and policies for senior executives, including processes to identify, develop and retain the qualified personnel required to meet the business objectives of Bombardier, are in place and followed;
– assess the performance of the President and Chief Executive Officer and the senior executives reporting to him and determine their compensation;
– review and approve a total compensation policy that takes into account, among other things,
  - base salary,
  - short-term incentives,
  - mid-term and long-term incentives and
  - pensions, benefits and perquisites;
– review the design of equity-based compensation plans with respect to the granting of performance share units, deferred share units and stock options and make appropriate recommendations to the Board of Directors for its approval;
– review the salary classes as well as the levels and degrees of participation in incentive compensation programs (such as short-term incentives or plans based on the evolution of the market performance of Bombardier's shares); and
– review twice a year occupational health and safety matters and report to the Board on them.

B.1 Independent Consultant

The HRCC has the authority to retain any independent consultants of its choice to advise its members on total executive compensation policy matters, and to determine the fees and the terms and conditions of the engagement of these consultants. In 2007, the HRCC conducted a search to select an outside consulting firm and as a result, Towers Perrin was retained for a mandate of three years. Towers Perrin mandate will be reviewed by the HRCC in 2010.

During the financial year ended January 31, 2010, Towers Perrin conducted a comprehensive review of senior executive compensation relative to best market practices. They also provided their assessment with respect to the trends and practices on executive compensation to the HRCC. Towers Perrin reported directly to the HRCC on these matters. The HRCC did not direct Towers Perrin to perform its services in any particular manner.

The HRCC reviewed both the mandate and performance of Towers Perrin and found them satisfactory. However, the decisions made by the HRCC are the responsibility of the Committee and may reflect factors and considerations other than information and recommendations provided by Towers Perrin.

In accordance with the policy adopted at its meeting of April 1, 2008, the HRCC has to pre-approve additional work of a material nature assigned to Towers Perrin. The HRCC will not approve any such work that, in its view, could compromise the independence of Towers Perrin as advisor to the HRCC. The HRCC received from Towers Perrin formal confirmation that they remained independent irrespective of the other mandates performed by Towers Perrin.

Towers Perrin earned the following fees during each of the financial years ended January 31, 2010 and 2009:

Towers Perrin's Mandates and Fees (1)	Financial year ended January 31, 2010 ($)	Financial year ended January 31, 2009 ($)
HRCC Mandates (executive compensation)	335,400	224,000
Bombardier Mandates (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	3,406,900	3,652,500
Total Fees	**3,742,300**	**3,876,500**

(1) Fees were converted from Canadian dollars to US dollars based on exchange rates of $0.9474 as of January 31, 2010 and $0.8088 as of January 31, 2009.

B.2 Leadership Development and Management Succession Planning

In recognition of the importance that Bombardier places on talent management and leadership development, it has been included as one of the five top priorities of its Way Forward strategic initiative.

Bombardier is therefore fully committed to the continued attraction, retention and development of qualified and committed leaders at all levels of its organization to drive its long term business success. Its efforts are anchored by its performance management process (PMP) which directly links the achievement of business objectives with the personal development of leaders across the organization. The feedback and performance evaluation that leaders receive as part of the PMP become key discussion points for subsequent leadership development review and management succession sessions to identify and review (1) overall leadership quality and depth, (2) succession candidates for key positions and high potential employees and (3) progress on development plans.

The management succession plan process originates in each operating group, that is Bombardier Aerospace and Bombardier Transportation and, after a series of escalating reviews, culminates in a detailed and integrated assessment of the leadership status by Bombardier senior management. This program is further reinforced by quarterly talent reviews of the development plans of the organization's top leaders by the President and Chief Executive Officer, the respective Group Presidents and Chief Operating Officers and the Group Vice Presidents for Human

Resources. Talent review sessions were held for each operating group during the financial year ended January 31, 2010 in conjunction with regularly scheduled operational reviews.

A summary of the management succession plan was presented to the Board of Directors in February 2010. The HRCC monitors progress on the action plans identified in this plan.

C. Compensation Discussion and Analysis

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

C.1 Compensation Policy

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

During the financial year ended January 31, 2010, the HRCC reviewed and confirmed the current executive compensation policy applicable to senior executives. This confirmation was made on the recommendation of Towers Perrin based on its review of best market practices.

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. Each of these elements is discussed below.

C.1.1 Compensation Objectives and Target Weightings

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

Each of the elements of the compensation package (base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites) are separately considered in the benchmarking in order to be consistent with general market practices. The HRCC approves the formula and target amount for each element of compensation separately based on Bombardier's financial goals. Each element by itself could be slightly below or above the median. However, the total target value of the compensation package comprised of all elements is positioned at the median of the benchmark results. The table below shows the key components of compensation and their respective form and performance period:

Elements	Component	Form	Performance Period
Base salary	Fixed	Cash	One year
Short-term incentives	Variable	Cash	One year
Mid-term incentives	Variable	Performance share units or Deferred share units	Three years
Long-term incentives	Variable	Stock options	Seven years

The table on the following page sets forth the percentage of each component of the total compensation package for (1) the President and Chief Executive Officer, Mr. Pierre Beaudoin, (2) the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, and (3) the three other most highly compensated senior management executive officers of Bombardier, namely the President and Chief Operating Officer of Bombardier Aerospace, Mr. Guy C. Hachey, the President and Chief Operating Officer of Bombardier Transportation, Mr. André Navarri, and the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, Mr. Richard Bradeen, (all of whom are collectively referred to as the "Named Executive Officers" or "NEOs" of Bombardier (or individually "NEO") in this Management Proxy Circular) in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended January 31, 2010.

The target weightings of each component intend to emphasise on the at-risk compensation of each senior executive to ensure his/her alignment with shareholders' interests. The relative weighting of each component of direct compensation is aligned with each senior executive's ability to influence the short- and long-term performance of Bombardier.

Target Weighting of Compensation Elements Based on Compensation Policy						
Named Executive Officers	**Base salary**	**Short-term incentive**	**Mid-term incentive**	**Long-term incentive**	**Total direct compensation (1)**	**Total at-risk compensation (2)**
Pierre Beaudoin	22%	27%	34%	17%	100%	78%
Pierre Alary	35%	31%	23%	11%	100%	65%
Guy C. Hachey	30%	28%	28%	14%	100%	70%
André Navarri	30%	28%	28%	14%	100%	70%
Richard Bradeen	37%	33%	20%	10%	100%	63%

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

C.1.2 Benchmarking of senior executive positions

Benchmarking is performed annually by Towers Perrin, the independent executive compensation consultant retained by the HRCC; they are responsible for gathering comparator information relevant to Bombardier's senior executive positions. The composition of the comparator group is also reviewed and approved every year by the HRCC to ensure its continued relevance.

Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, a comparator group including large Canadian companies with international operations is used for Canadian-based positions. A US comparator group may be used for some Canadian-based positions in Bombardier Aerospace and Bombardier Transportation when the Canadian market does not provide an appropriate comparison base. For US-based positions, a relevant US comparator group is used. European positions are benchmarked using a combination of relevant European countries and companies.

The 2009-2010 comparator group used for the Named Executive Officers of Bombardier is provided in the table below. The compensation data for these companies come from reliable sources.

	Comparator group for Messrs. Pierre Beaudoin, Pierre Alary and Richard Bradeen	**Comparator group for Mr. Guy C. Hachey**	**Comparator group for Mr. André Navarri**
Names of comparator companies	AbitibiBowater Alcan BCE Canadian National Railway Celestica Nortel Networks Quebecor Royal Bank of Canada Thomson Reuters Corporation	*Same as for Messrs Pierre Beaudoin, Pierre Alary and Richard Bradeen plus the following companies:* Bell Helicopter-Textron CAE Inc. CGI Group General Electric Canada Inc. IBM Canada Pratt & Whitney SNC-Lavalin	Bilfinger Berger BMW Daimler Deutsch Bahn Druckmaschinen EADS (Airbus) GEA Heidelberger Henkel Klöckner & Co Linde MAN Salzgitter Siemens ThyssenKrupp

In 2008, the HRCC gave a mandate to Towers Perrin to develop a new executive compensation peer group to benchmark Canadian- and US-based executive positions. The revision of the previous comparator group became necessary because it was no longer relevant as a result of (1) market consolidation or (2) the deterioration of the financial conditions affecting some of the selected companies; for instance, since the previous comparator group was determined, Alcan was acquired by Rio-Tinto and AbitibiBowater, Nortel Networks and Quebecor World have filed for bankruptcy protection.

The new comparator group, approved in June 2009, will be used to review the executive compensation levels and programs starting with the 2010-2011 financial year.

The comparator group for European positions will remain unchanged.

The HRCC validates the introduction of new compensation programs or any significant modifications to existing ones through stress-testing processes. During the financial year ended January 31, 2010, the HRCC stress-tested the changes to the mid- and long-term incentive plans (including the introduction of a Deferred Share Units (DSU) plan) and Share Ownership Guidelines (SOG) for senior executives. Details of the changes to the incentive plans, the introduction of the DSU plan and the SOG are provided in Section C.1.5 "Mid-term and Long-term Incentive Plans" on pages 26 to 31 of this Management Proxy Circular.

C.1.3 Base Salary

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

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

C.1.4 Short-term Incentive Plans

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

At its meeting of February 17, 2009, the HRCC approved the financial metrics (Earnings before Interest and Taxes, or EBIT, and Average Net Utilized Assets, or ANUA and their quantitative targets) for the short-term incentive plans for the financial year ended January 31, 2010. At its meeting of March 31, 2009, the HRCC revised the plan for the Corporate Office to include the results of Flexjet.

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

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

For Bombardier Aerospace, the HRCC approved the inclusion of two measures of customers satisfaction that is (1) On-time Delivery and (2) Fleet Dispatch Reliability and their respective quantitative targets.

Finally, these plans also limit, for the financial year ended January 31, 2010, the total bonus envelope to predetermined percentages of 5% of EBIT for Bombardier Aerospace, 7.5% of EBIT for Bombardier Transportation and 10% of EBIT for Flexjet. Bonus payments are proportionally reduced if the EBIT limit is reached. Accordingly, no bonus is paid if EBIT for the year is null or negative, even if the ANUA target and/or the measures of customer satisfaction are met.

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

The table on the following page provides a qualitative description of the objectives of the plans and the respective results of each operating group. Quantitative results are not provided because they contain sensitive information the public disclosure of which would seriously prejudice Bombardier's interests. The HRCC assesses the actual results compared with the pre-established targets to determine the quantum of the payout.

Group	Target objectives (1) based on:		Results	Aggregate results
Bombardier Aerospace	Earnings before Interest and Taxes (EBIT)	(33.33% of target bonus)	0%	41.67%
	Average Net Utilized Assets (2)	(33.33% of target bonus)	0%	
	On-time Delivery (3)	(16.67% of target bonus)	33.33%	
	Fleet Dispatch Reliability (4)	(16.67% of target bonus)	8.33%	
Flexjet	Earnings before Interest and Taxes (EBIT)	(50% of target bonus)	0%	0%
	Average Net Utilized Assets (2)	(50% of target bonus)	0%	
Bombardier Transportation	Earnings before Interest and Taxes (EBIT)	(66.67% of target bonus)	66.67%	66.67%
	Average Net Utilized Assets (2)	(33.33% of target bonus)	0%	
Corporate Office	Aerospace objectives	(47.5% of target bonus)	19.79%	51.46%
	Transportation objectives	(47.5% of target bonus)	31.67%	
	Flexjet objectives	(5% of target bonus)	0%	
President and Chief Executive Officer	Aerospace objectives	(35% of target bonus)	16.53%	59.86%
	Transportation objectives	(35% of target bonus)	23.33%	
	Flexjet objectives	(5% of target bonus)	0%	
	Strategic developments as defined by the Board of Bombardier The Board has defined specific strategic targets with respect to sales, restructuring and profitability.	(25% of target bonus)	20%	

(1) EBIT and ANUA were selected as measures for the short-term incentive plans to ensure that they would reflect Bombardier's success in achieving its targets for profitability and return for shareholders.
(2) Net Utilized Assets are based on the net segmented assets as set forth in Bombardier's financial statements.
(3) On-time Delivery represents the percentage of aircraft delivered to the customers on or before the customer original or amended contract date.
(4) Fleet Dispatch Reliability reports the number of successful aircraft take-offs free of mechanical issues.

The following table provides the minimum, target and maximum bonus payable to the Named Executive Officers according to the short-term incentive plans as well as the actual payout earned for the financial year ended January 31, 2010 expressed as a percentage of salary.

Named Executive Officers	Minimum	Target	Maximum	Actual Results
Pierre Beaudoin	0%	125%	250%	75%
Pierre Alary	0%	90%	180%	46%
Guy C. Hachey	0%	90%	180%	38%
André Navarri	0%	90%	180%	60%
Richard Bradeen	0%	90%	180%	46%

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

The objective of the Bombardier mid-term and long-term incentive plans is to align its management's interest with shareholder value growth and to retain key talent. Bombardier uses a combination of performance share units, or PSUs, deferred share units, or DSUs, and stock options as mid-term and long-term incentives.

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

At its March 31, 2009 meeting, the HRCC approved the following changes to the mid-term and long-term incentives plans. These changes were subsequently approved by the Board.

– For the President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace, the President and Chief Operating Officer of Bombardier Transportation, the Senior Vice Presidents of the Corporate Office and the senior executives reporting directly to each group President and Chief Operating Officer and who are members of their respective leadership team, Stock Ownership Guidelines (SOG) were introduced as described in Section 1.5.6 on pages 30 and 31 of this Management Proxy Circular.
– Senior executives who are eligible to mid-term and long-term incentive plans and whose positions are above a certain grade level could voluntarily elect to receive their mid-term grant in the form of PSUs or DSUs. The election must be made on the date of the grant and the choice is irrevocable.
– For the group of executives subject to SOG, restrictions apply until the executive reaches his/her target ownership of Bombardier shares as described in Section 1.5.6.
– Other management employees entitled to mid-term incentive can only be granted PSUs.

– As a result of a worldwide benchmarking, the emphasis on stock options is reduced. Prior to June 2009, the value of the mid-term and long-term grants was equally allocated in the form of PSUs and stock options. Starting in June 2009, the HRCC decided to provide 66 ⅔% of the value of the grant in the form of PSUs or DSUs and 33 ⅓% in the form of stock options. This change in policy means that for those executives still eligible to receive stock options, fewer options will be granted while more PSUs or DSUs will be offered. The grant of stock options is also offered to fewer levels of management and applicable rules are modified as described in Section 1.5.3 on pages 28 and 29 of this Management Proxy Circular. The dilution effect will therefore be reduced.

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

- they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
- they promote management retention since the grants vest over a certain number of years;
- the value of the grants depends on the future value of the Bombardier Class B subordinate shares;
- it limits the dilution effect on shareholders since the Class B subordinate shares paid upon vesting of PSUs are only purchased on the secondary market; and
- in the case of PSUs, the cost to Bombardier is known in advance since the target level of PSUs granted each year are acquired up front.

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

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

The objective of both the PSU Plan and the DSU Plan is to reward key employees of the Corporation who particularly contribute to the creation of economic value for Bombardier and its shareholders. These plans are designed to motivate them to exceed the financial targets of the Corporation. However, they are penalized if the targets are not met.

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

Only senior management as approved by the HRCC or top management above a certain salary grade level may elect to receive DSUs instead of PSUs. The DSU Plan was introduced to help senior executives reach their mandatory stock ownership targets as described in Section 1.5.6 on pages 30 and 31 of this Management Proxy Circular. For the senior executives subject to the Stock Ownership Guidelines, DSUs constitute the default alternative of selection for mid-term incentives in countries where DSUs are allowed.

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

– a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate shares of Bombardier if the pre-determined Return on Equity, or ROE, targets are attained during the vesting period;
– the settlement of PSUs in shares is made at the end of the vesting period;
– the settlement of vested DSUs in shares is made only upon the participant's termination of employment, death or retirement;
– the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
– the ROE targets are determined at the date of the grant by the HRCC and shall not be modified during the vesting period;
– the number of Class B subordinate shares which may be delivered on the vesting date could be eliminated, reduced or increased depending on the actual results of the average ROE during the vesting period:

Three-year vesting based on three-year average ROE	
Vesting Percentage (1)	**Average ROE**
0%	2% (2) below target
70%	Target minus 2% (2)
100%	Target
150%	More than 5% above target

(1) Interpolation between 70% and 150%
(2) Target minus 4% in respect of 2008 grants.

- the PSU Plan confers the right to receive dividends to be paid either in the form of additional PSUs or in cash at the same rate as the dividend paid on Class B subordinate shares of Bombardier; the form of payment of these dividends is determined by the HRCC; these dividends are paid at the end of the three-year vesting period in accordance with the vesting rules;
- under the DSU Plan, dividends could only be settled as additional units of DSUs; and
- please refer to Section F "Termination and Change of Control Provisions" on pages 44 to 50 of this Management Proxy Circular for the treatment of PSUs and DSUs in such cases.

On March 31, 2010, the Board of Directors of Bombardier approved the adoption of a new 2010 Deferred Share Unit Plan which will replace the existing DSU Plan. The 2010 Deferred Share Unit Plan and the current DSU Plan are substantially similar, except that the new plan contemplates the delivery upon settlement of Class B subordinate shares issued from treasury or purchased on the secondary market while the current DSU Plan contemplates the delivery of Class B subordinate shares purchased on the secondary market or cash, at the discretion of the HRCC. The 2010 Deferred Share Unit Plan is more fully described in Schedule "A" on pages 60 to 67 of this Management Proxy Circular. Shareholders of the Corporation will be asked to pass a resolution approving the 2010 Deferred Share Unit Plan at their annual meeting on June 2, 2010.

The following table shows the impact of the financial results of Bombardier on the PSU grants of senior executives which vested during the financial year ended January 31, 2010:

PSUs Granted in 2006-2007	
Vesting Percentage	**Average ROE Results Achieved**
150%	Target plus 6%

C.1.5.2 Restrictions on PSUs/DSUs Trading

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

No restrictions on DSUs trading are required since when each DSU participant terminates employment for any reason, he or she receives Class B subordinate shares (or, in the case of the current DSU Plan, shares or their cash equivalent at the discretion of the HRCC). Actual settlements of DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

C.1.5.3 Stock Option Plan

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

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

- the granting of non-assignable options to purchase Class B subordinate shares may not exceed 133,782,688;
- the annual grant of stock options is made within a 1% dilution limit;
- the number of shares reserved for issuance shall not exceed 10% of all the issued and outstanding Class A shares and Class B subordinate shares combined;
- no single person may hold options to acquire more than 5% of all issued and outstanding Class A and Class B subordinate shares combined;
- in any given one-year period, insiders and their associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class A and Class B subordinate shares combined; and
- as of April 30, 2003, the number of Class B subordinate shares reserved for issuance to insiders was fixed at 26,910,324.

As of March 31, 2010, 34,569,017 Class B subordinate shares had been issued and 60,315,096 Class B subordinate shares remained issuable under future option grants. These numbers represent respectively 1.97% and 3.44% of all issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 38,898,575 Class B subordinate shares are issuable under options already granted (i.e. unexercised options that have neither expired nor been cancelled), representing 2.22% of all issued and outstanding Class A shares and Class B subordinate shares combined.

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

– a grant of stock options represents the right to purchase an equal number of Class B subordinate shares of Bombardier at the determined exercise price;
– the exercise price equals 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 an option is granted;
– stock options granted prior to June 2003 are conventional options with a term of ten years vesting at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant;
– all remaining stock options granted prior to June 2003 are 100% vested;
– stock options granted since June 2003 and before June 2009 are performance options with a term of seven years; they vest at a rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant if the performance vesting criteria are met;
– the performance criteria for the stock options granted since June 2003 and before June 2009 are based on the price of the Bombardier Class B subordinate shares; the weighted average trading price of these shares has to reach the target price established at the time of the grant for at least 21 consecutive trading days in each year following the grant date. If the target price is not reached in a given year, the exercise of the grant is carried forward to the following year at the target price of the following year;
– stock options granted since June 2009 are conventional time-vested options with a term of seven years vesting at a rate of 100% at the end of the third anniversary of the date of grant; the 3-year vesting period was selected to align the vesting rules of the long-term incentive plan to the vesting schedule of the mid-term incentive plan; and
– please refer to Section F "Termination and Change of Control Provisions" on pages 44 to 50 of this Management Proxy Circular for the treatment of stock options in such cases.

The following table shows the impact of the financial performance of Bombardier until January 31, 2010 on the stock option grants made to the senior executives prior to June 2009:

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

C.1.5.4 Restrictions on the Exercise of Stock Options

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

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

C.1.5.5 Right to Amend the Stock Option Plan

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

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

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

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

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

C 1.5.6 Stock Ownership Guidelines

Upon the exercise of any options granted prior to June 2009, the stock options holder shall remain the direct owner of at least 25% of the number of shares so acquired for a period of at least one year following the respective date of each such exercise. This requirement was eliminated for options granted on or after June 2009.

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

- the President and Chief Executive Officer,
- the President and Chief Operating Officer of Bombardier Aerospace,
- the President and Chief Operating Officer of Bombardier Transportation,
- the Senior Vice Presidents of the Corporate Office and
- the senior executives reporting directly to the President and Chief Operating Officer of Bombardier Aerospace or Bombardier Transportation, as the case may be, and who are members of their leadership teams.

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

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

The value of the portfolio is determined based on the highest of the book value or the market value of the Bombardier shares held on January 31st of each calendar year. The portfolio may result from shares acquired through exercise of options,from the vesting of PSUs or DSUs, obtained through participation in the Bombardier Share Purchase Plan or bought on the open market.

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

There is no prescribed period to reach the stock ownership target. However, senior executives are not allowed to cash in their PSUs or stock options granted on or after June 2009 until they have reached their individual target, except in order to cover the cost of acquiring the shares and the applicable local taxes. DSUs may not be disposed of until the senior executive terminates his employment, retires or dies.

The senior executives may voluntarily decide to keep the shares acquired through the exercise of options granted before June 2009 or following vesting of PSUs granted prior to June 2009.

The following table presents the target and ratio of actual values of shares owned by the NEOs as of January 31, 2010 over their base salary at that date:

Name of NEOs	Target as a multiple of base salary	Actual multiple of base salary as of January 31, 2010 (1)
Pierre Beaudoin	5 x	0.0 (2)
Pierre Alary	3 x	0.2
Guy C. Hachey	4 x	0.1
André Navarri	4 x	3.1
Richard Bradeen	3 x	0.1

(1) The Stock Ownership Guidelines came into effect on June 10, 2009.
(2) Mr. Pierre Beaudoin has agreed that only the shares he acquires on or after June 10, 2009 will be taken into account to determine the attainment of his stock ownership target. Shares already held by Mr. Pierre Beaudoin before June 10, 2009 (please refer to page 36 of this Management Proxy Circular) are not considered in the multiple disclosed above.

C.1.6 Deferred Stock Unit Plan for Senior Officers

Under the Deferred Stock Unit Plan for Senior Officers, or the DSUSO Plan, designated senior officers are given the opportunity to receive all or a portion of the cash bonus awarded to them in respect of a financial year, if any, in the form of Deferred Stock Units, or DSUSOs. The number of DSUSOs credited to a senior officer who elects to participate in this plan is based on the value of the Class B subordinate shares of Bombardier as determined in accordance with the terms of the plan. In addition, when Bombardier pays out dividends on the Class B subordinate shares, additional DSUSOs are credited to the account of the participating senior officer. The DSUSO plan is not dilutive.

Upon the senior officer ceasing to be a senior officer (as a result of retirement, death, permanent disability or termination), the DSUSOs are automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the last trading day preceding the date on which the senior officer ceases to be a senior officer. As of January 31, 2010, no executives, with the exception of the Chairman of the Board of Directors, Mr. Laurent Beaudoin, held DSUSOs.

C.1.7 Share Purchase Plan

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

C.1.8 Pension Plans, Benefits and Perquisites

The objective of Bombardier is to provide pension, benefits and perquisites at the median of the comparator group. External consultants are used to benchmark the pension, benefits and perquisites offered by Bombardier to its senior executives with those of the comparator groups.

Benefits programs for senior executives are, as a general rule, similar to those of non-unionized employees, except however that higher limits would apply to life insurance, long-term disability, medical services and dental care coverage.

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

- The amount allocated for the rental of a company provided car depends on the level of responsibility of senior executives; they are allowed to exceed it but they then have to contribute through payroll deductions. Bombardier reimburses reasonable expenses for the use and maintenance of the car.
- All senior executives are entitled to have an annual complete medical check-up.
- Bombardier assumes the annual fees incurred by senior executives for financial counselling up to a maximum amount of CAN $3,000.
- As a general rule, Bombardier does not reimburse any fitness club, sport club or business club membership fees.
- Only the President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and the President and Chief Operating Officer of Bombardier Transportation are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of corporate aircraft incurred by senior executives for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed by the Named Executive Officer is included in the amounts required to be disclosed as perquisites, as applicable, under the column "All Other Compensation", in the "Summary Compensation Table" on page 37 of this Management Proxy Circular.

More details about the executive pension plans are provided in Section E "Pension Plans" on page 42 of this Management Proxy Circular.

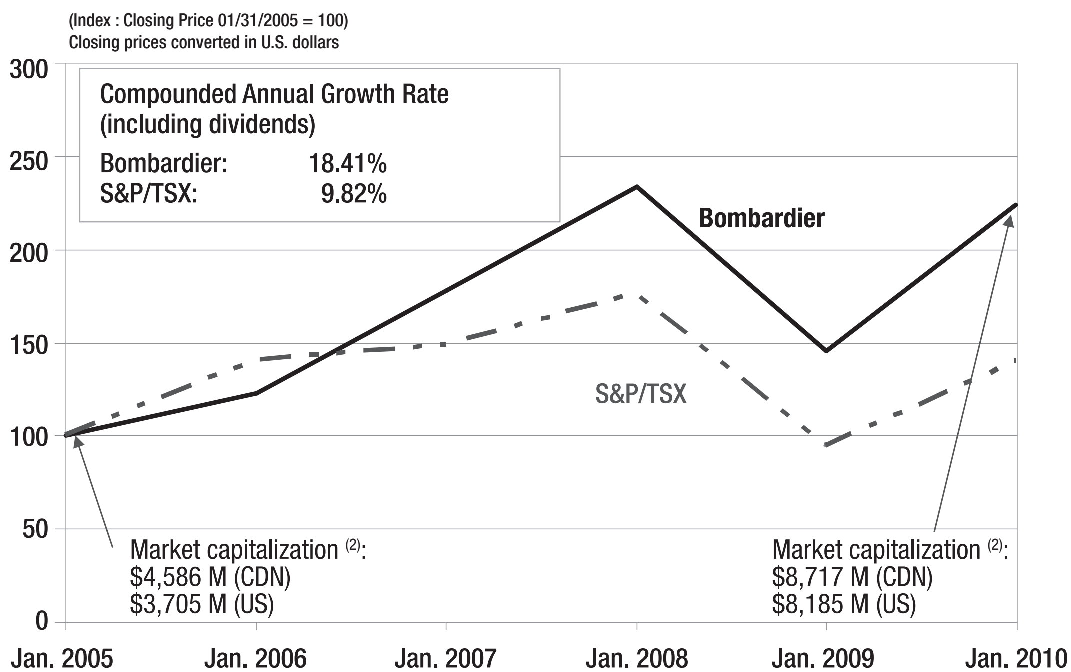
C.1.9 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no outstanding loan for the financial year ended January 31, 2010.

C.2 Performance Graphs

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years assuming that an amount of $100 was invested on January 31, 2005 in the Class B subordinate shares of Bombardier and in the S&P/TSX Composite Index.

Performance of the Class B subordinate shares of Bombardier from January 31, 2005 to January 31, 2010



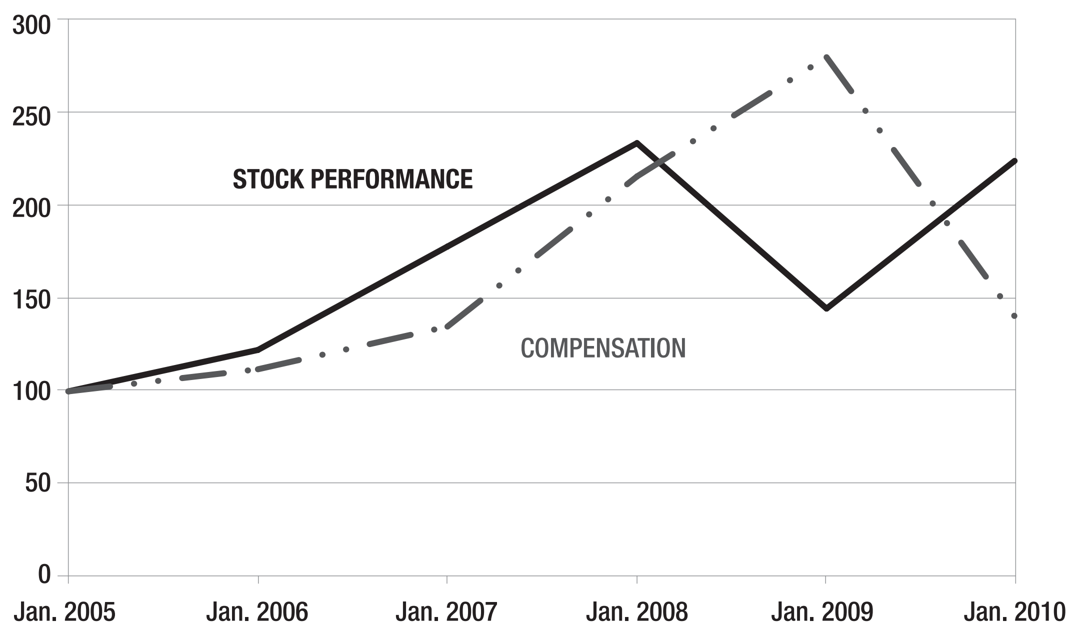
(1) Return on Class B subordinate shares

(2) Market capitalization is based on 342,000,010 Class A shares and 1,408,466,958 Class B subordinate shares as at January 31, 2005 and on 316,231,937 Class A shares and 1,413,419,069 Class B subordinate shares as at January 31, 2010.

The following graph illustrates the total compensation earned by the five Named Executive Officers (NEOs) in each year of the five-year period ending on January 31, 2010. This graph clearly shows that there is no correlation between Bombardier's share price performance and the total compensation of its NEOs. The non-correlation is mainly explained by the following: the total compensation of the NEOs includes base salary and at-risk compensation elements (as shown in the table "Target Weighting of Compensation Elements Based on Compensation Policy" on page 24 of this Management Proxy Circular"); and the graph illustrates the shares' performance using the closing price of the shares on the last day of its fiscal year while the compensation line represents the total compensation for the full financial year.

Furthermore, as the stock price performance can be affected by trends unrelated to the fundamentals of the Corporation, Bombardier is still of the opinion that the true comparison should be the compensation at risk versus earnings before interest and taxes (EBIT) as illustrated in the next graph.

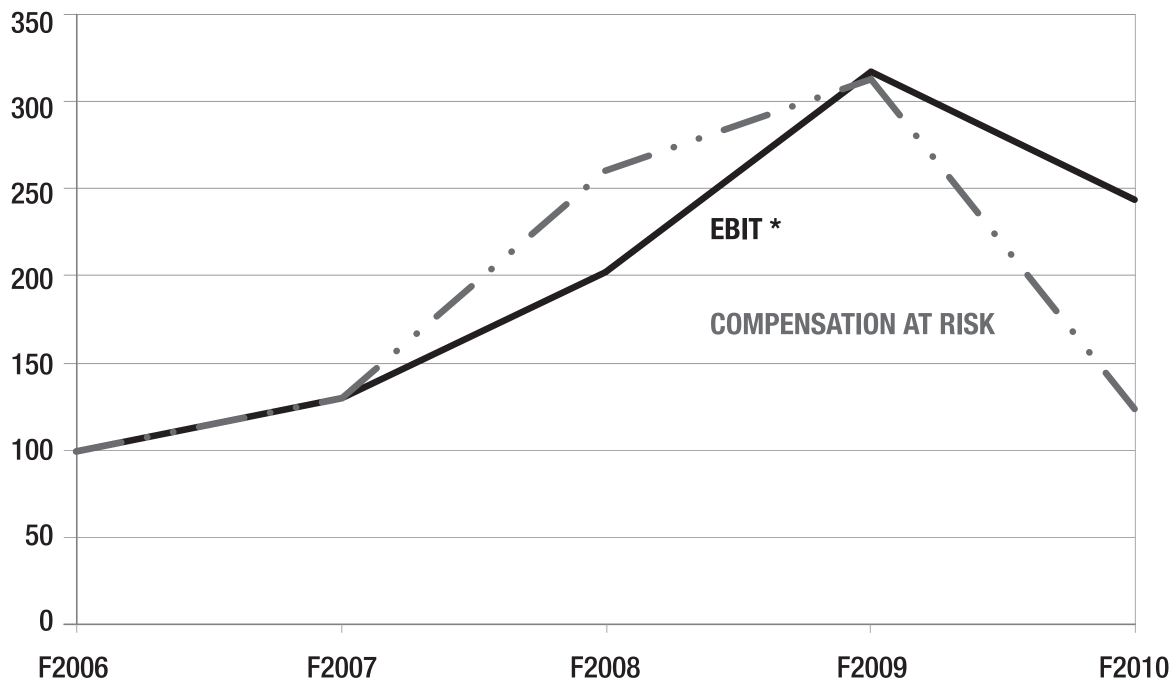
Performance of the Class B subordinate shares compared with NEOs total compensation from January 31, 2005 to January 31, 2010



(Index : Closing Price January 31, 2005 = 100 and Total NEOs Compensation for the fiscal year ending January 31, 2005 = 100)
Closing prices converted in U.S. dollars; total compensation for the NEOs is based on the fiscal year prior to the closing stock price.

Bombardier's incentive compensation (that is, the short-term incentive plans and the mid-term and long-tem incentive plans referred to in pages 25 to 31 of this Management Proxy Circular) is linked to the achievement of targeted results. EBIT being a common key performance indicator for both groups, it is the better measurement on a consolidated basis to represent the total performance of Bombardier. The graph below clearly shows a link between the compensation at risk of the NEOs and Bombardier's performance, as measured by EBIT. While it is important to align pay and performance, stock price performance can be affected by trends unrelated to the fundamentals of Bombardier and as such, does not properly reflect the performance of Bombardier.

Bombardier's EBIT* compared with NEOs compensation at risk from February 1, 2005 to January 31, 2010



* EBIT: EBIT from continuing operations before special items
Index : EBIT and NEOs adjusted compensation for fiscal year ending January 31, 2006 = 100

D. Executive Compensation

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

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, as established by the HRCC for the financial years ended January 31, 2010 and January 31, 2009. It also provides a summary of the aggregate holding and value of shares, PSUs, DSUs and stock options held by him as at January 31, 2010 and January 31, 2009. Since Mr. Pierre Beaudoin was named President and Chief Executive Officer of Bombardier on June 4, 2008, this table also includes his compensation as President and Chief Operating Officer of Bombardier Aerospace prior to that date.

Compensation for the year ended January 31	2010 ($)	2009 ($)
Salary (1)	1,162,900	1,049,000
Performance Share Units (PSUs) (2)	Nil	1,853,400
Deferred Share Units (DSUs) (2)	1,027,800	Nil
Stock Options (3)	528,600	2,251,900
Annual Incentive (1)	870,200	1,104,300
Pension Value (4)	184,600	1,486,100
All Other Compensation (5)	117,900	81,200
Total Compensation	**3,892,000**	**7,825,900**

Aggregate Holding and Value of Shares, PSUs, DSUs and Stock Options				
As at January 31	**2010**		**2009**	
	Number	**$**	**Number**	**$**
Shares (6)				
Class A	512,859	2,448,800	512,859	1,597,000
Class B Subordinate	1,312	6,300	1,312	4,000
PSUs (7)	390,000	1,862,200	490,000	1,505,900
DSUs (7)	350,000	1,671,200	Nil	Nil
Stock Options (8)				
Exercisable	1,362,500	1,302,000	1,287,500	328,700
Unexercisable	2,057,500	1,320,100	1,882,500	172,200
Total	**4,674,171**	**8,610,600**	**4,174,171**	**3,607,800**

(1) Please refer to the table D.2 “Summary Compensation Table” on page 37 of this Management Proxy Circular.
(2) Please refer to the table D.3 “Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2010 and January 31, 2009” on page 38 of this Management Proxy Circular.
(3) Please refer to the table D.4 “Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2010 and January 31, 2009” on page 39 of this Management Proxy Circular.
(4) Please refer to the table E.1 “Supplemental Pension Disclosure for the financial year ended January 31, 2010” on page 43 of this Management Proxy Circular and to the table E.2 “Supplemental Pension Disclosure for the financial year ended January 31, 2009” on page 43 of this Management Proxy Circular.
(5) Please refer to note (5) of the table D.2 “Summary Compensation Table” on page 37 of this Management Proxy Circular.
(6) The market value of shares was determined with (i) a closing price for Class A shares of CAN $5.04 and a closing price for Class B subordinate shares of CAN $5.04, both converted from Canadian dollars to US dollars based on an exchange rate of $0.9474 as of January 31, 2010 or (ii) a closing price for Class A shares of CAN $3.85 and a closing price for Class B subordinate shares of CAN $3.80, both converted from Canadian dollars to US dollars based on an exchange rate of $0.8088 as of January 31, 2009, as applicable.
(7) Please refer to the table D.6 “Exercised and Unexercised PSUs and DSUs for the Financial Year ended January 31, 2010” on page 41 of this Management Proxy Circular.
(8) Please refer to the table D.5 “Outstanding Option-Based Awards for the Financial Year ended January 31, 2010” on page 40 of this Management Proxy Circular.

D.2 Summary Compensation Table

The Summary Compensation Table shows the annual compensation information for each of the Named Executive Officers of Bombardier for the financial years ended January 31, 2010 and January 31, 2009.

Name and Principal Position	Financial Years Ended January 31	Salary ($)	Share-based Awards (PSUs or DSUs)[1] ($)	Option-based Awards[2] ($)	Non-equity incentive plan compensation: Annual Incentive Plan[3] ($)	Non-equity incentive plan compensation: Long-term Incentive Plan ($)	Pension Value[4] ($)	All Other Compensation ($)	Total Compensation ($)
Pierre Beaudoin President and Chief Executive Officer	2010 2009	1,162,900 1,049,000	1,027,800 1,853,400	528,600 2,251,900	870,200 1,104,300	0 0	184,600 1,486,100	117,900[5] 81,200[5]	3,892,000 7,825,900
Pierre Alary Senior Vice President and Chief Financial Officer	2010 2009	561,200 520,300	196,800 347,500	102,200 422,200	260,000 486,000	0 0	161,400 166,400	39,600 39,900	1,321,200 1,982,300
Guy C. Hachey President and Chief Operating Officer of Bombardier Aerospace	2010 2009	805,300 556,100[6]	434,600 1,544,500	224,400 1,876,600	302,000 548,200	0 0	402,200 294,600	47,000 53,100	2,215,500 4,873,100
André Navarri President and Chief Operating Officer of Bombardier Transportation	2010 2009	1,299,500 1,312,400	434,600 965,300	224,400 1,016,500	714,700 1,126,100	0 0	344,800 361,500	24,800 23,200	3,042,800 4,805,000
Richard Bradeen Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management	2010 2009	503,500 469,100	146,800 308,900	76,400 312,800	233,200 438,200	0 0	147,100 171,900	35,800 35,000	1,142,800 1,735,900

(1) Please refer to the table D.3 "Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2010 and January 31, 2009" on page 38 of this Management Proxy Circular.
(2) Please refer to the table D.4 "Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years ended January 31, 2010 and January 31, 2009" on page 39 of this Management Proxy Circular.
(3) The bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.
(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular and to the table E.2 "Supplemental Pension Disclosure for the financial year ended January 31, 2009" on page 43 of this Management Proxy Circular.
(5) Included in this amount is the sum of $76,267 for the financial year ended January 31, 2010 and $40,665 for the financial year ended January 31, 2009 which represents the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Mr. Pierre Beaudoin and the costs that he reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.
(6) Mr. Guy C. Hachey was appointed President and Chief Operating Officer of Bombardier Aerospace on May 12, 2008; his annual base salary rate was CAN $900,000.
(7) All compensation amounts are paid in Canadian dollars to Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen and in Euros to Mr. Navarri. The salary and annual incentive plan amounts are converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of CAN $0.8918 and Euro 1.4018 respectively for the financial year ended January 31, 2010 and on the average exchange rates of CAN $0.8534 and Euro 1.2428 respectively for the financial year ended January 31, 2009 . The exchange rates used for the share-based awards and option-based awards are provided in the notes to the tables D.3 and D.4. The exchange rates used for the pension value are provided in the notes to the tables E.1 and E.2.

D.3 Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years Ended January 31, 2010 and January 31, 2009

The following table provides information with respect to the PSUs or DSUs granted to each of the Named Executive Officers of Bombardier during the financial years ended January 31, 2010 and January 31, 2009.

Named Executive Officers	Financial Years ended January 31	Number of PSUs or DSUs Granted (1) (#)	% of Total PSUs or DSUs Granted to Employees in the Financial Year ended January 31	Performance Period ending on	Estimated Future Market Value of Grants under the PSU Plan or DSU Plan(4) At Threshold Level of 70% of Target (5) ($)	Target (5) ($)	At Maximum Level of 150% of Target (5) ($)
Pierre Beaudoin	2010 2009	350,000 (2) 240,000 (3)	5.63% 4.10%	June 10, 2012 June 10, 2011	719,500 1,297,400	1,027,800 1,853,400	1,541,700 2,780,100
Pierre Alary	2010 2009	67,000 (2) 45,000 (3)	1.08% 0.77%	June 10, 2012 June 10, 2011	137,700 243,300	196,800 347,500	295,100 521,300
Guy C. Hachey	2010 2009	148,000 (2) 200,000 (3)	2.38% 3.41%	June 10, 2012 June 10, 2011	304,200 1,081,200	434,600 1,544,500	651,900 2,316,800
André Navarri	2010 2009	148,000 (2) 125,000 (3)	2.38% 2.13%	June 10, 2012 June 10, 2011	304,200 675,700	434,600 965,300	651,900 1,448,000
Richard Bradeen	2010 2009	50,000 (2) 40,000 (3)	0.80% 0.68%	June 10, 2012 June 10, 2011	102,800 216,200	146,800 308,900	220,200 463,400

(1) For the financial year ended January 31, 2009, only PSUs were granted. For the financial year ended January 31, 2010, DSUs were granted to Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen and PSUs were granted to Mr. André Navarri due to fiscal restrictions in France. The value of the PSU and DSU grants as of January 31, 2010 is shown in the table D.6 "Exercised and Unexercised PSUs and DSUs as of January 31, 2010" on page 41 of this Management Proxy Circular. The closing price of the Class B subordinate shares on the Toronto Stock Exchange on January 31, 2010 was CAN $5.04.

(2) The PSU or DSU grants to each of the NEOs in the above table were made on June 10, 2009, on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN $3.26. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of $0.9008 as of June 10, 2009.

(3) The PSU grants to each of the NEOs in the above table were made on June 10, 2008, on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN $7.91. The value of the grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of $0.9763 as of June 10, 2008.

(4) Following the June 10, 2008 grant of PSUs, participants elected to receive payment of vested PSUs at the end of the vesting period in cash or in Class B subordinate shares. Following the June 10, 2009 grant of PSUs, participants must receive payment of vested PSUs at the end of the vesting period in Class B subordinate shares. Following the June 10, 2009 grant of DSUs, participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier.

(5) The vesting of all PSU or DSU grants is conditional on the attainment of Bombardier's ROE targets. The estimated target, threshold and maximum values are illustrated. The estimations do not take into consideration possible future dividend payments.

D.4 Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years Ended January 31, 2010 and January 31, 2009

The following table provides information with respect to stock options granted to each of the Named Executive Officers of Bombardier during the financial years ended January 31, 2010 and January 31, 2009.

Named Executive Officers	Financial Years ended January 31	Grant Date	Number of Options Granted	% of Total Options Granted to Employees in the Financial Year	Option Exercise Price (1) (CAN $)	Global Market Value of Securities Underlying Options on the Date of Grant ($)	Expiration Date
Pierre Beaudoin	2010 2009	June 10, 2009 June 10, 2008	450,000 720,000	17.18% 11.80%	3.45 8.53	528,600 (2) 2,251,900 (3)	June 10, 2016 June 10, 2015
Pierrre Alary	2010 2009	June 10, 2009 June 10, 2008	87,000 135,000	3.32% 2.21%	3.45 8.53	102,200 (2) 422,200 (3)	June 10, 2016 June 10, 2015
Guy C. Hachey	2010 2009	June 10, 2009 June 10, 2008	191,000 600,000	7.29% 9.84%	3.45 8.53	224,400 (2) 1,876,600 (3)	June 10, 2016 June 10, 2015
André Navarri	2010 2009	June 10, 2009 June 10, 2008	191,000 325,000	7.29% 5.33%	3.45 8.53	224,400 (2) 1,016,500 (3)	June 10, 2016 June 10, 2015
Richard Bradeen	2010 2009	June 10, 2009 June 10, 2008	65,000 100,000	2.48% 1.64%	3.45 8.53	76,400 (2) 312,800 (3)	June 10, 2016 June 10, 2015

(1) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the Toronto Stock Exchange on the five trading days before the grant was made. The exercise price is shown in Canadian dollars. The actual market values as of January 31, 2010 of all stock options held by the NEOs are shown in table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular.

(2) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 10, 2009 of CAN $3.26, a Black-Scholes value of 0.40 and a conversion from Canadian dollars to US dollars based on an exchange rate of $0.9008 as of June 10, 2009.

(3) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 10, 2008 of CAN $7.91, a Black-Scholes value of 0.405 and a conversion from Canadian dollars to US dollars based on an exchange rate of $0.9763 as of June 10, 2008.

D.5 Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010

Named Executive Officers	Number of Shares Acquired on Exercise	Aggregate Value Realized (1) ($)	Number of Securities Underlying Unexercised Options at Financial Year End: Exercisable	Number of Securities Underlying Unexercised Options at Financial Year End: Unexercisable (2)	Option Expiration Date	Option Exercise Price (CAN $)	Value of Unexercised in-the-Money Options at Financial Year-End (3): Exercisable ($)	Value of Unexercised in-the-Money Options at Financial Year-End (3): Unexercisable (2) ($)
Pierre Beaudoin	—	—	500,000	0	March 27, 2012	14.58	—	—
	—	—	62,500	187,500	June 22, 2010	3.93	65,700	197,200
	—	—	0	400,000	June 10, 2011	4.32	—	272,800
	—	—	300,000	0	June 10, 2012	2.51	719,100	—
	—	—	300,000	100,000	June 7, 2013	3.22	517,200	172,400
	—	—	200,000	200,000	June 5, 2014	5.51	—	—
	—	—	0	720,000	June 10, 2015	8.53	—	—
	—	—	0	450,000	June 10, 2016	3.45	—	677,700
Pierre Alary	—	—	50,000	0	May 2, 2011	22.58	—	—
	—	—	25,000	75,000	June 22, 2010	3.93	26,300	78,900
	—	—	0	250,000	June 10, 2011	4.32	—	170,500
	—	—	100,000	0	June 10, 2012	2.51	239,700	—
	—	—	93,750	31,250	June 7, 2013	3.22	161,600	53,900
	—	—	75,000	75,000	June 5, 2014	5.51	—	—
	—	—	0	135,000	June 10, 2015	8.53	—	—
	—	—	0	87,000	June 10, 2016	3.45	—	131,000
Guy C. Hachey	—	—	0	600,000	June 10, 2015	8.53	—	—
	—	—	0	191,000	June 10, 2016	3.45	—	287,600
André Navarri	—	—	59,500	178,500	February 24, 2011	6.85	—	—
	—	—	0	150,000	June 10, 2011	4.32	—	102,300
	—	—	75,000	0	June 10, 2012	2.51	179,800	—
	—	—	100,000	100,000	June 7, 2013	3.22	172,400	172,400
	—	—	200,000	200,000	June 5, 2014	5.51	—	—
	—	—	0	325,000	June 10, 2015	8.53	—	—
	—	—	0	191,000	June 10, 2016	3.45	—	287,600
Richard Bradeen	—	—	25,000	75,000	June 22, 2010	3.93	26,300	78,900
	—	—	40,000	0	Sept. 22, 2010	24.20	—	—
	—	—	0	150,000	June 10, 2011	4.32	—	102,300
	—	—	20,000	0	March 27, 2012	14.58	—	—
	—	—	100,000	0	June 10, 2012	2.51	239,700	—
	—	—	82,500	27,500	June 7, 2013	3.22	142,200	47,400
	—	—	62,500	62,500	June 5, 2014	5.51	—	—
	—	—	0	100,000	June 10, 2015	8.53	—	—
	—	—	0	65,000	June 10, 2016	3.45	—	97,900

(1) Would normally represent the closing price of the Bombardier Class B subordinate shares on the Toronto Stock Exchange on the date of exercise, less the exercise price of the options converted from Canadian dollars to US dollars using an average exchange rate of $0.8918. However, none of the Named Executive Officers exercised options in the financial year ended January 31, 2010.

(2) Stock options may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on page 29 of this Management Proxy Circular. Options granted before June 10, 2003 and options granted on or after June 10, 2009 vest only based on time (please see page 29 of this Management Proxy Circular).

(3) The value of unexercised in-the-money options as of January 31, 2010 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. The values of the options as of January 31, 2010 held by each NEO are based on the closing price of the Class B subordinate shares on January 31, 2010 of CAN $5.04 converted from Canadian dollars to US dollars using an exchange rate of $0.9474 as of January 31, 2010.

D.6 Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010

					Market Value of PSUs/DSUs that have not Vested at the End of Financial Year		
Named Executive Officers	**Number of PSUs exercised**	**Aggregate Value Realized (1) ($)**	**Number of PSUs/DSUs that have not Vested at the End of the Financial Year (2)**	**Expiration Date**	**At 70% of Target (3) ($)**	**At 100% of Target (3) ($)**	**At 150% of Target (3) ($)**
Pierre Beaudoin	150,000	460,800		June 7, 2009			
			150,000	June 5, 2010	501,400	716,200	1,074,400
			240,000	June 10, 2011	802,200	1,146,000	1,719,000
			350,000	June 10, 2012	1,169,800	1,671,200	2,506,800
Pierre Alary	75,000	230,400		June 7, 2009			
			60,000	June 5, 2010	200,500	286,500	429,700
			45,000	June 10, 2011	150,400	214,900	322,300
			67,000	June 10, 2012	223,900	319,900	479,900
Guy C. Hachey			200,000	June 10, 2011	668,500	955,000	1,432,500
			148,000	June 10, 2012	494,700	706,700	1,060,000
André Navarri	150,000	470,200		June 7, 2009			
			150,000	June 5, 2010	501,400	716,200	1,074,400
			125,000	June 10, 2011	417,800	596,900	895,300
			148,000	June 10, 2012	494,700	706,700	1,060,000
Richard Bradeen	67,500	207,300		June 7, 2009			
			50,000	June 5, 2010	167,100	238,700	358,100
			40,000	June 10, 2011	133,700	191,000	286,500
			50,000	June 10, 2012	167,100	238,700	358,100

(1) Either the cash amount paid to the NEOs on June 10, 2009 calculated by multiplying the number of PSUs which vested during the financial year ended January 31, 2010 by the value of the Class B subordinate shares as determined pursuant to the fiscal laws applicable to each NEO or the market value of the Class B shares actually remitted to each NEO. See pages 27 and 28 to of this Management Proxy Circular for more information on the settlement of PSUs on the vesting date. The aggregate value realized was converted from Canadian dollars to US dollars based on an exchange rate of $0.9008 on June 10, 2009.

(2) Only Mr. André Navarri received a grant of PSUs as of June 10, 2009. All other Named Executive Officers received DSUs. In previous years, all Named Executive Officers received PSUs.

(3) Based on the closing price of the Class B subordinate shares on January 31, 2010 of CAN $5.04 assuming 70%, 100% or 150% of target of plan reached and converted from Canadian dollars to US dollars based on an exchange rate of $0.9474 as of January 31, 2010.

D.7 Incentive Plan Awards – Value Vested or Earned during the Financial Year ended January 31, 2010

Named Executive Officers	Option-based Awards – Value Vested during the Year (1) ($)	Share-based Awards – Value Vested during the Year (2) ($)	Non-equity Incentive Plan Compensation – Value Earned during the Year (3) ($)
Pierre Beaudoin	67,700	460,800	870,200
Pierre Alary	22,200	230,400	260,000
Guy C. Hachey	0	0	302,000
André Navarri	67,700	470,200	714,700
Richard Bradeen	21,600	207,300	233,200

(1) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. The value is equal to the difference between the closing market price of Class B subordinate shares on the vesting date and the exercise price. The closing market prices are CAN $3.41 on June 7, 2009 and CAN $3.26 on June 10, 2009. Values are converted from Canadian dollars to US dollars based on the exchange rate as of the vesting dates namely, on June 7, 2009, $0.8972 and on June 10, 2009, $0.9008.

(2) The value is equal to the aggregate realized value of PSUs as disclosed in the table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year ended January 31, 2010" above. No DSUs vested in the financial year ended January 31, 2010.

(3) The value is the amount of the annual incentive plan payout for financial year ended on January 31, 2010 disclosed in the table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.

D.8 Securities Authorized for Issuance under the Stock Option Plan

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 (CAN $)	(c) Number of securities remaining available for further issuance under equity compensation plans [excluding securities reflected in column (a)]
Equity compensation plans approved by security holders	38,986,075	6.54	60,272,596
Equity compensation plans not approved by security holders	—	—	—
Total	38,986,075	6.54	60,272,596

E. Pension Plans

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

Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the executives are paid their highest salary (up to the maximum earnings according to the *Income Tax Act* (Canada) which for 2010 is CAN $124,722) multiplied by the number of years of credited service.

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

– 2% of average base salary up to CAN $124,722 plus 1.75% of average base salary in excess of that amount, or

– 2.25% of average base salary, or

– 2.50% of average base salary,

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

Bonuses and any other compensation are not considered in the computation of pension benefits.

Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Richard Bradeen are entitled to an accrual rate of pension of 2.50%. Upon employment, Mr. Guy C. Hachey was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each year of service completed for his first seven years of employment.

Benefits are reduced by 1/3 of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age plus his years of service total 85.

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

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

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

E.1 Supplemental Pension Disclosure for the financial year ended January 31, 2010

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named Executive Officers of Bombardier between February 1, 2009 and January 31, 2010.

Name	Number of Years of Credited Service		Annual Benefits Payable (2)		Accrued Obligation as of January 31, 2009 (3) ($)	Change in Obligation During Year		Accrued Obligation as of January 31, 2010 (6) ($)
	January 31, 2010	Age 65 (1)	January 31, 2010 ($)	Age 65 ($)		Compensatory Changes (4) ($)	Non Compensatory Changes (5) ($)	
Pierre Beaudoin	24.4	40.0	701,100	1,149,200	6,248,000	184,600	2,617,000	9,049,600
Pierre Alary	11.4	23.8	164,800	343,000	1,188,100	161,400	537,700	1,887,200
Guy C. Hachey	1.7	12.0	72,900	405,500	209,500	402,200	194,500	806,200
André Navarri	5.9	14.1	183,100	438,300	1,573,500	344,800	295,400	2,213,700
Richard Bradeen	12.6	23.9	163,000	309,800	1,265,000	147,100	539,500	1,951,600

(1) Credited service is limited to 40 years.
(2) Based on the average base salary over the last three years and credited service on January 31, 2010 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of $0.9474 and €1.387 respectively as of January 31, 2010.
(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of $0.8088 and €1.2803 respectively as of January 31, 2009.
(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of $0.8918 and €1.4018 respectively.
(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.
(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of $0.9474 and € 1.387 respectively as of January 31, 2010.
(7) Pension obligations shown above are based on the assumptions for their valuation as of the plans measurement date used in Bombardier's financial statements.

E.2 Supplemental Pension Disclosure for the financial year ended January 31, 2009

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named Executive Officers of Bombardier between February 1, 2008 and January 31, 2009.

Name	Number of Years of Credited Service		Annual Benefits Payable (2)		Accrued Obligation as of January 31, 2008 (3) ($)	Change in Obligation During Year		Accrued Obligation as of January 31, 2009 (6) ($)
	January 31, 2009	Age 65 (1)	January 31, 2009 ($)	Age 65 ($)		Compensatory Changes (4) ($)	Non Compensatory Changes (5) ($)	
Pierre Beaudoin	23.4	40.0	533,800	912,300	7,960,400	1,486,100	(3,198,500)	6,248,000
Pierre Alary	10.4	23.8	122,900	282,300	1,628,400	166,400	(606,700)	1,188,100
Guy C. Hachey	0.7	12.0	25,900	346,200	0	294,600	(85,100)	209,500
André Navarri	4.9	14.1	135,700	387,900	1,363,800	361,500	(151,800)	1,573,500
Richard Bradeen	11.6	23.9	122,900	254,000	1,690,300	171,900	(597,200)	1,265,000

(1) Credited service is limited to 40 years.
(2) Based on the average base salary over the last three years and credited service on January 31, 2009 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of $0.8088 and €1.2803 respectively as of January 31, 2009.
(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of $0.9978 and €1.4840 respectively as of January 31, 2008.
(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of $0.9294 and € 1.4695 respectively.
(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.
(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of $0.8088 and €1.2803 respectively as of January 31, 2009.
(7) Pension obligations shown above are based on the assumptions for their valuation as of the plans measurement date used in Bombardier's financial statements.

The amounts presented in the two tables above are estimates based on assumptions and employment conditions that can change over time. The assumptions used for the individual calculations are the same as those used for the computation of pension benefits obligations under the accounting principles used to prepare Bombardier's financial statements.

The method used to determine any estimated amounts may differ from that used by other companies and, for that reason, comparing the estimated amounts of Bombardier's pension benefits obligations with those of other companies is of limited use and any such comparison should be used with caution.

F. Termination and Change of Control Provisions

Pursuant to the current employment practices of Bombardier, the compensation of each of the Named Executive Officers is revised and set on an annual basis by the HRCC as described in Section C "Compensation Discussion and Analysis" on pages 23 to 35 of this Management Proxy Circular.

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

However, Bombardier has an employment agreement with Mr. Navarri which is governed by French law. As a result, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of his base salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Navarri's employment been terminated on January 31, 2010, he would have been entitled to a cash lump sum payment of $4,885,800 (1).

In the case of Mr. Hachey, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his base salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Hachey been terminated on January 31, 2010, he would have been entitled to a cash lump sum payment of $2,478,700 (1). In order to compensate Mr. Hachey for part of the loss of his accumulated pension with his previous employer, the following additional amount would be paid if his employment is terminated by Bombardier for reasons other than cause:

Age at termination	Additional amount (1)
54	$2,368,500
55	$2,084,300
56	$1,894,800
57	$1,705,300
58	$1,326,400

(1) Amounts are converted from Canadian dollars (for Mr. Guy C. Hachey) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of $0.9474 and € 1.387 respectively as of January 31, 2010.

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

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

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs assuming the event took place on January 31, 2010. No incremental benefits are paid. Only the accrued and vested benefits are paid under each of the compensation programs.

Type of termination from active employment	Severance payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs)	Pension plan	Benefits and Perquisites
Retirement	None	Entitled to pro-rata of bonus for portion of financial year prior to retirement date.	Upon normal retirement (in accordance with pension plan rules), stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. Upon early retirement (in accordance with pension plan rules), only stock options already vested on retirement date could be exercised within the following year [1]. Exception: for stock options granted on or after June 10, 2009 upon early retirement (in accordance with pension plan rules), the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. Exception for options granted before March 21, 2002: options already vested must be exercised within one year of normal or early retirement.	If retirement on or after age 55 with five or more years of service, PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. If retirement on or after age 60 with five or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period [2].	Upon retirement, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of retirement.	Pension benefits start being paid according to plan rules.	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement.
Termination without cause	Will be based on common or civil law requirements [3]	None [3]	Stock options terminate immediately unless otherwise determined by the Board. Exception: for stock options granted on or after June 10, 2009, the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period.	The PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination.	Value of pension benefits payable in accordance with local legal requirements [4].	All benefits and perquisites expire immediately or after a minimal period of a few months.
Death	None	Entitled to pro-rata of bonus for portion of financial year prior to the date of death.	Already vested stock options could be exercised within the following 60 days.	The size of the grant is not affected and will be paid at the end of the vesting period.	Upon death, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of death.	Value of pension benefits payable in accordance with local legal requirements [5].	All benefits expire immediately or after a minimal period of a few months (24 months if executive is survived by a spouse in Canada). Perquisites expire upon death.
Voluntary resignation or termination with cause.	None	None	All options expire immediately.	All PSUs expire immediately.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination.	Value of pension benefits payable in accordance with local legal requirements.	All benefits and perquisites expire immediately.
Change of control	Bombardier has no change of control agreement with any of its NEOs.						

(1) The same applies in the case of authorized leave of absence for sickness or other reasons.
(2) The same applies if the individual becomes disabled.
(3) Mr. André Navarri is entitled to 24 months of base salary and target bonus. Mr. Guy C. Hachey is entitled to 18 months of base salary and target bonus.
(4) To compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Bombardier will pay him the additional amounts specified on page 44 of this Management Proxy Circular should his employment be terminated by Bombardier for reasons other than for cause.
(5) Should Mr. Guy C. Hachey die before age 59, the additional amounts payable in respect of his lost accumulated pension with his previous employer as described in note (4) above would be paid to his spouse.

The following individual tables set forth estimates of the amounts payable to each of the NEOs upon the specified events, assuming that each such event would have taken place on January 31, 2010. The amounts shown are not incremental amounts, except for lump sum severance payments, since Bombardier's practices according to its various compensation plan rules are strictly to provide the NEOs the compensation amounts or awards already accrued and vested on the date of the event. The tables do not include the value of insurance benefits that would be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees and do not discriminate in favour of executive officers. No perquisites are payable upon termination from employment.

Pierre Beaudoin President and Chief Executive Officer

Type of termination from active employment	**Severance payment**	**Bonus**	**Stock Options**	**Performance Share Units (PSUs)**	**Deferred Share Units (DSUs)**	**Pension plan**
Retirement	Mr. Pierre Beaudoin is currently not eligible to take his retirement.					
Termination without cause	Will be based on civil law requirements	$870,200 (1)	$150,600 (2)	$1,273,300 (3)	$0 (4)	$0 (5)
Death	$0	$870,200 (1)	$1,302,000 (6)	$1,862,200 (7)	$0 (4)	$0 (8)
Voluntary resignation or termination with cause	$0	$0	$0	$0	$0	$0 (5)
Change of control	Bombardier has no change of control provisions					

(1) Equals the annual incentive amount already payable for the financial year ended January 31, 2010. Please refer to the Table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.
(2) All options would be forfeited except a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months. They would be vested only on June 10, 2012 and must be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(3) PSUs are reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. Payments would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(4) All DSUs would be forfeited since none are already vested.
(5) No benefits would be payable. Only the pension accrued on January 31, 2010 wouldl be deferred until retirement age of 60. Please refer to the Table E.1 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular.
(6) Only options already vested could be exercised by the succession in the following 60 days. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(7) Payments of all PSUs granted prior to the date of death would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(8) The value of pension benefits would be payable in accordance with legal requirements according to plan rules.

Pierre Alary Senior Vice President and Chief Financial Officer

Type of termination from active employment	Severance payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs)	Pension plan
Retirement	$0	$260,000 (1)	$456,700 (2)	$0 (3)	$0 (4)	$0 (5)
Termination without cause	Will be based on civil law requirements	$260,000 (1)	$29,100 (6)	$374,100 (7)	$0 (4)	$0 (8)
Death	$0	$260,000 (1)	$427,600 (9)	$501,400 (10)	$0 (4)	$0 (11)
Voluntary resignation or termination with cause	$0	$0	$0	$0	$0	$0 (8)
Change of control	Bombardier has no change of control provisions					

(1) Equals the annual incentive amount already payable for the financial year ended January 31, 2010. Please refer to the Table D.2 “Summary Compensation Table” on page 37 of this Management Proxy Circular.
(2) Options already vested could be exercised in the year following retirement. In addition, a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months would become vested on June 10, 2012 and could be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 “Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010” on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(3) All PSUs would be forfeited.
(4) All DSUs would be forfeited since none are already vested.
(5) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Should he request immediate payment, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 “Supplemental Pension disclosure for the financial year ended January 31, 2010” on page 43 of this Management Proxy Circular.
(6) All options would be forfeited except a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months. They would be vested only on June 10, 2012 and must be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 “Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010” on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(7) PSUs would be reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. Payments would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 “Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010” on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(8) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Mr. Alary may request earlier payment of his accrued pension. In that case, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 “Supplemental Pension Disclosure for the financial year ended January 31, 2010” on page 43 of this Management Proxy Circular.
(9) Only options already vested could be exercised by the succession in the following 60 days. Please refer to the Table D.5 “Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010” on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(10) Payments of all PSUs granted prior to the date of death would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 “Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010” on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(11) The value of pension benefits would be payable in accordance with legal requirements according to plan rules.

Guy C. Hachey President and Chief Operating Officer of Bombardier Aerospace

Type of termination from active employment	Severance payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs)	Pension plan
Retirement	$0	$302,000 (1)	$63,900 (2)	$0 (3)	$0 (4)	$0 (5)
Termination without cause	$4,847,200 (12)	$302,000 (1)	$63,900 (6)	$530,600 (7)	$0 (4)	$0 (8)
Death	$0	$302,000 (1)	$0 (9)	$955,000 (10)	$0 (4)	$2,368,500 (11)
Voluntary resignation or termination with cause	$0	$0	$0	$0	$0	$0 (8)
Change of control	Bombardier has no change of control provisions					

(1) Equals the annual incentive amount already payable for the financial year ended January 31, 2010. Please refer to the Table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.

(2) Options already vested could be exercised in the year following retirement. In addition, a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months would become vested on June 10, 2012 and could be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.

(3) All PSUs would be forfeited.

(4) All DSUs wouldl be forfeited since none are already vested.

(5) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Should he request immediate payment, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 "Supplemental Pension disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular.

(6) All options would be forfeited except a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months. They would be vested only on June 10, 2012 and must be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.

(7) PSUs would be reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. Payments would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.

(8) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Mr. Hachey may request earlier payment of his accrued pension. In that case, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular.

(9) Only options already vested could be exercised by the succession in the following 60 days. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.

(10) Payments of all PSUs granted prior to the date of death would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.

(11) The value of pension benefits would be payable in accordance with legal requirements according to plan rules. In addition, Mr. Hachey's spouse would be entitled to an additional amount of $2,368,500 based on Mr. Hachey's age on January 31, 2010 and contract of employment. See Section F on page 44 of this Management Proxy Circular.

(12) Lump sum amount equal to 18 months of base salary and target bonus plus compensation at age 54 for loss of pension value with previous employer. See Section F on page 44 of this Management Proxy Circular.

André Navarri President and Chief Operating Officer of Bombardier Transportation

Type of termination from active employment	Severance payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs)	Pension plan
Retirement	$0	$714,700 (1)	$416,100 (2)	$1,125,300 (3)	$0 (4)	$0 (5)
Termination without cause	$4,885,800 (12)	$714,700 (1)	$63,900 (6)	$1,125,300 (7)	$0 (4)	$0 (8)
Death	$0	$714,700 (1)	$352,200 (9)	$2,019,800 (10)	$0 (4)	$0 (11)
Voluntary resignation or termination with cause	$0	$0	$0	$0	$0	$0 (8)
Change of control	Bombardier has no change of control provisions					

(1) Equals the annual incentive amount already payable for the financial year ended January 31, 2010. Please refer to the Table D.2 "Summary Compensation Table" on page 37 of this Management Proxy Circular.
(2) Options already vested could be exercised in the year following retirement. In addition, a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months would become vested on June 10, 2012 and could be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(3) PSUs would be reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. Payments would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(4) Mr. Navarri has no DSUs.
(5) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Should he request immediate payment, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 "Supplemental Pension disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular.
(6) All options would be forfeited except a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months. They would be vested only on June 10, 2012 and must be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(7) PSUs would be reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. Payments would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(8) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Mr. Navarri may request earlier payment of his accrued pension. In that case, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 43 of this Management Proxy Circular.
(9) Only options already vested could be exercised by the succession in the following 60 days. Please refer to the Table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010" on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(10) Payments of all PSUs granted prior to the date of death would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 "Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010" on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(11) The value of pension benefits would be payable in accordance with legal requirements according to plan rules.
(12) Lump sum amount equal to 24 months of base salary and target bonus. See Section F on page 44 of this Management Proxy Circular.

Richard Bradeen Senior Vice President Strategy and Corporate Audit Services and Risk Management and Pension Asset Management						
Type of termination from active employment	**Severance payment**	**Bonus**	**Stock Options**	**Performance Share Units (PSUs)**	**Deferred Share Units (DSUs)**	**Pension plan**
Retirement	$0	$233,200 (1)	$430,000 (2)	$0 (3)	$0 (4)	$0 (5)
Termination without cause	Will be based on civil law requirements	$233,200 (1)	$21,800 (6)	$374,100 (7)	$0 (4)	$0 (8)
Death	$0	$233,200 (1)	$408,200 (9)	$429,700 (10)	$0 (4)	$0 (11)
Voluntary resignation or termination with cause	$0	$0	$0	$0	$0	$0 (5)
Change of control	Bombardier has no change of control provisions					

(1) Equals the annual incentive amount already payable for the financial year ended January 31, 2010. Please refer to the Table D.2 “Summary Compensation Table” on page 37 of this Management Proxy Circular.
(2) Options already vested could be exercised in the year following retirement. In addition, a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months would become vested on June 10, 2012 and could be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 “Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010” on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(3) All PSUs would be forfeited.
(4) All DSUs would be forfeited since none are already vested.
(5) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Should he request immediate payment, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 “Supplemental Pension disclosure for the financial year ended January 31, 2010” on page 43 of this Management Proxy Circular.
(6) All options would be forfeited except a portion of the June 10, 2009 grant prorated on the eight months between June 2009 and January 2010 to the total vesting period of 36 months. They would be vested only on June 10, 2012 and must be exercised only between the vesting date and January 31, 2013. Please refer to the Table D.5 “Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010” on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(7) PSUs would be reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. Payments would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 “Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010” on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(8) The pension accrued on January 31, 2010 would be deferred until retirement age of 60. Mr. Bradeen may request earlier payment of his accrued pension. In that case, the pension would be reduced for early retirement in accordance with plan rules. Please refer to the Table E.1 “Supplemental Pension Disclosure for the financial year ended January 31, 2010” on page 43 of this Management Proxy Circular.
(9) Only options already vested could be exercised by the succession in the following 60 days. Please refer to the Table D.5 “Outstanding Option-Based Awards for the Financial Year Ended January 31, 2010” on page 40 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(10) Payments of all PSUs granted prior to the date of death would occur only on the expiration date and would be computed with the actual performance results. Performance of 100% of eventual target was assumed. Please refer to the Table D.6 “Exercised and Unexercised PSUs and DSUs for the Financial Year Ended January 31, 2010” on page 41 of this Management Proxy Circular for the assumptions to determine the market value as of January 31, 2010.
(11) The value of pension benefits would be payable in accordance with legal requirements according to plan rules.

G. Summary

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

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

The HRCC fully understands the long-term implications of these executive compensation policies and programs and the limitations that they may impose on changing the compensation mix.

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier’s executive compensation matters at the annual meeting of shareholders, on Wednesday, June 2, 2010.

Submitted on March 30, 2010, by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman

André Bérard Martha Finn Brooks Carlos E. Represas

Section 5: Additional Information

Statement of the Corporate Governance Practices of Bombardier

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

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

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

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

Board of Directors of Bombardier

Composition

- As of the date of this Management Proxy Circular, the Board of Directors of Bombardier is composed of 14 directors. Detailed information on each of the 14 nominees proposed to be re-elected as directors of the Corporation for the current year is found on pages 6 to 12 and 15 to 20 and their respective attendance records at Board and Committee meetings is found on page 12 of this Management Proxy Circular.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin.

Director independence

- The Corporate Governance and Nominating Committee has determined that nine of the 14 current directors and nominees proposed for re-election as directors of the Corporation are independent, thus representing a majority (64%) of the members of the Board of Directors, based on the following analysis:

Director	Management	Independent	Not Independent
Laurent Beaudoin	Chairman of the Board of Directors of Bombardier		(1) Husband of Mrs. Claire Bombardier Beaudoin who, through holding corporations which she controls, either directly or in concert with Mr. J.R. André Bombardier, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine, holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier. (2) Father of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (3) Brother-in-law of Mr. J.R. André Bombardier, Vice Chairman, of Mr. Jean-Louis Fontaine, Vice Chairman, and of Mrs. Janine Bombardier, a director of the Corporation.
Pierre Beaudoin	President and Chief Executive Officer of Bombardier		(1) Son of Mr. Laurent Beaudoin, Chairman of the Board of Directors, and Mrs. Claire Bombardier Beaudoin. (2) Nephew of Mrs. Janine Bombardier, a director of the Corporation, of Mr. J.R. André Bombardier, Vice Chairman, and of Mr. Jean-Louis Fontaine, Vice Chairman.
André Bérard		✓	
J.R. André Bombardier	Vice Chairman of Bombardier		(1) Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors and of Mr. Jean-Louis Fontaine, Vice Chairman. (2) Brother of Mrs. Janine Bombardier, a director of the Corporation. (3) Uncle of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (4) Through holding corporations which he controls, either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine, Mr. J.R. André Bombardier holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.

Director	Management	Independent	Not Independent
Janine Bombardier			(1) Sister-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman. (2) Sister of Mr. J.R. André Bombardier, Vice Chairman. (3) Aunt of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (4) Through holding corporations which she controls, either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Huguette Bombardier Fontaine and Mr. J.R. André Bombardier, Mrs. Janine Bombardier holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.
Martha Finn Brooks		✓	
L. Denis Desautels		✓	
Thierry Desmarest		✓	
Jean-Louis Fontaine	Vice Chairman of Bombardier		(1) Brother-in-law of Mr. Laurent Beaudoin, Chairman of the Board of Directors, of Mr. J.R. André Bombardier, Vice Chairman and of Mrs. Janine Bombardier, a director of the Corporation. (2) Uncle of Mr. Pierre Beaudoin, President and Chief Executive Officer of Bombardier. (3) Husband of Mrs. Huguette Bombardier Fontaine who, through holding corporations which she controls, either directly or indirectly with Mr. J.R. André Bombardier, Mrs. Claire Bombardier Beaudoin and Mrs. Janine Bombardier, holds the majority of all voting rights attached to all the issued and outstanding shares of Bombardier.
Daniel Johnson		✓	
Jean C. Monty		✓	
Jean-Pierre Rosso		✓	
Carlos E. Represas		✓	
Heinrich Weiss		✓	

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at Schedule “C” to this Management Proxy Circular on pages 72 and 73 and also on the website of Bombardier at www.bombardier.com.
- **Stewardship of Bombardier** In accordance with the *Canada Business Corporations Act* (the “CBCA”) and as stated in its mandate, the role of the Board of Directors of Bombardier is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

  It is the role of the corporate management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategic plans, operating plans and budgets approved by the Board of Directors. In this context, the President and Chief

Executive Officer of Bombardier, Mr. Pierre Beaudoin, makes recommendations to the Board of Directors with respect to matters of corporate strategy and policy. The Board of Directors then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.

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

Any responsibility which is not delegated to either corporate management or a Committee of the Board of Directors remains with the Board of Directors. In general, all matters or policies and all actions proposed to be taken which are not in the ordinary course of business require the prior approval of the Board of Directors or of one of its four Committees to which approval authority is delegated.

- **Strategic planning** Every year, the President and Chief Executive Officer of Bombardier together with the President and Chief Operating Officer of Bombardier Aerospace, the President and Chief Operating Officer of Bombardier Transportation and the Senior Vice Presidents from the Corporate Office present, during two separate special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of its Board of Directors. As provided for under its mandate, the duties of the Board of Directors include adopting a strategic plan presented by corporate management and updating it, on at least an annual basis, by taking into account, among other things, the opportunities and risks of the business of Bombardier and the emerging trends. The Board of Directors' duties also include monitoring the implementation of the strategic plan by corporate management.

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

- **Risk Management** Pursuant to its charter, the Finance and Risk Management Committee, created in May 2007, essentially assists the Board of Directors in fulfilling its oversight responsibilities with respect to

  – risk management matters,
  – financing activities,
  – retirement plan fund management,
  – environmental matters, and
  – any other matters delegated to this Committee by the Board of Directors.

  More information on this Committee is provided on page 55 of this Management Proxy Circular.

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

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

  The internal process to deal with the leadership development and the management succession planning is described on pages 22 and 23 of this Management Proxy Circular.

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

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

  The Committee also reviews the performance assessment of other senior executives and reports its findings and conclusions to the Board of Directors.

- **Communications policy** The objective of the corporate disclosure policy is to ensure that communications to the investing public about Bombardier are (1) timely, factual and accurate, and (2) disseminated in a fair and impartial manner in accordance with all applicable legal and regulatory requirements. Among other matters, the policy outlines how Bombardier should interact with analysts, investors, the media and other people and contains measures intended to ensure compliance with its timely disclosure obligations and avoid making selective disclosure of information. The Audit Committee has the responsibility, under its charter, of monitoring this policy and updating it, when needed.

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

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

  Bombardier communicates with its shareholders and other stakeholders, securities analysts and the media regularly on developments in its businesses and results, through its annual report, financial statements and, when needed, reports to shareholders, press releases and material change reports.

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

Committees of the Board of Directors

- The Board of Directors of Bombardier has four Committees.

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

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

  Mr. L. Denis Desautels is its Chairman and Mrs. Martha Finn Brooks (since September 1, 2009 only) and Messrs. André Bérard, Daniel Johnson, and Jean-Pierre Rosso are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2009 and January 31, 2010 and the attendance records of its members.

  The Charter of the Audit Committee is reproduced at Schedule "D" attached to this Management Proxy Circular on pages 74 to 77 and also on the website of Bombardier at www.bombardier.com.

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

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

  As a general rule, all meetings of the Committee are attended by the Chairman of the Board, the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, and the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, 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 President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, and the external auditors to discuss various topics of interest.

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

  Mr. Jean C. Monty acts as its Chairman and Mrs. Martha Finn Brooks (since September 1, 2009 only, replacing Mr. Heinrich Weiss) and Messrs. André Bérard and Carlos E. Represas are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by the Committee between February 1, 2009 and January 31, 2010 and the attendance records of its members.

  Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), this Committee has the mandate to oversee the succession planning for the President and Chief Executive Officer and senior executives' positions. The corporate process supporting this responsibility of the Committee with respect to the leadership development and the management succession planning is discussed on pages 22 and 23 of this Management Proxy Circular.

  In addition, the Committee assesses the performance of the President and Chief Executive Officer, Mr. Pierre Beaudoin, and the senior executives reporting to him and determines their compensation.

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

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

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

  Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 50 of this Management Proxy Circular provides more information on Bombardier's executive compensation policy and practices.

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

Mr. Jean-Pierre Rosso chairs this Committee and Messrs. Jean C. Monty, Carlos E. Represas (since February 1, 2010 only) and Heinrich Weiss are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2009 and January 31, 2010 and the attendance records of its members.

The charter of this Committee (which is available on the website of Bombardier at www.bombardier.com) provides that it has the responsibility to monitor the selection criteria for candidates as directors and the credentials of nominees for election or re-election as members of the Board of Directors, the composition of the Board of Directors and its Committees as well as their performance and the remuneration of the Chairman of the Board, Mr. Laurent Beaudoin, as well as of the directors who are not employees of the Corporation.

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

- **Finance and Risk Management Committee** Created in May 2007, it consists of four directors, all of whom are independent.

  Mr. André Bérard is its Chairman and Messrs. L. Denis Desautels, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2009 and January 31, 2010 and the attendance records of its members.

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

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

Lead Director

Since 2003, the Board of Directors has appointed an independent Lead Director, considering that the Chairman of the Board of Directors, Mr. Laurent Beaudoin, is not an independent director. The Lead Director, Mr. André Bérard, chairs the meetings of the independent directors of Bombardier as further explained below.

Meetings of the independent directors

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

As a general rule, after each regular meeting of the Board of Directors, if they deem it appropriate, the directors who are not part of corporate management and/or the majority shareholder, namely the Bombardier family, will meet privately under the chairmanship of Mr. André Bérard, in his capacity of Lead Director. They have, however, no decision-making power. The Lead Director transmits to the Chairman of the Board of Directors, Mr. Laurent Beaudoin, and/or the President and Chief Executive Officer, Mr. Pierre Beaudoin, as the case may be, any comments, questions or suggestions raised during such meetings.

Between February 1, 2009, and January 31, 2010, the independent directors held three private meetings after regular meetings of the Board of Directors.

Recruitment and election of directors

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

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

Taking a strategic approach in connection with the Board of Directors succession process, the members of the Committee focus their attention on (1) better assessing the skills, functional expertise and experience of the current members of the Board of Directors of the Corporation; (2) determining and anticipating the future needs of the Board of Directors based on the evolution of the business of the Corporation and its external environment; and (3) identifying the most suitable candidates in order to be in a position to fill an opening on the Board of Directors, given the then prevailing and projected circumstances for the Corporation. To assist them in their analysis, they rely on a "Directors' Skills and Experience Matrix"; it provides an overall annual assessment of the skills, expertise and experience of the members of the Board of Directors (1) as being or having been Chairman, Chief Executive Officer or senior executive officer of a publicly listed corporation or of a significant private international corporation and (2) having experience, expertise or a strong understanding in areas relevant to the Corporation, such as manufacturing activities, managing and leading growth and innovation, doing business internationally, financial accounting and reporting, internal financial controls, corporate finance, mergers and acquisitions, human resources and compensation, etc.

Mr. Laurent Beaudoin, in cooperation with the Committee, identifies potential candidates as directors and the Committee examines such candidacies and makes appropriate recommendations to the Board of Directors. Prior to agreeing to join the Board of Directors of Bombardier, a candidate is fully informed of the workload and time commitment requirements.

Majority voting policy with respect to the election of directors

The Corporate Governance and Nominating Committee adopted, in February 2007, a majority voting policy with respect to the election of the directors of the Corporation. It stipulates that if the votes in favour of the election of a director nominee at a shareholders' meeting represents less than a majority of the shares voted and withheld, the nominee would, as a result, submit his/her resignation promptly after the meeting, for the Corporate Governance and Nominating Committee's consideration. The Committee would then make a recommendation to the Board of Directors after reviewing the matter, and the Board's decision to accept or reject the resignation offer would be disclosed to the public through a press release. The nominee would not participate in any Committee or Board deliberations on the resignation offer. The policy would not, however, apply in circumstances involving contested director elections.

Compensation of directors

The Corporate Governance and Nominating Committee has the responsibility to review periodically the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. It reviews the types of compensation and the amounts paid to directors of 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 also reviews periodically director share ownership guidelines.

The compensation received by the directors between February 1, 2009 and January 31, 2010 is found in Section 3: "Remuneration of the Directors of Bombardier" on pages 15 to 20 of this Management Proxy Circular.

Assessment of the directors

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

Directors also meet with both the Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the Chairman of the Corporate Governance and Nominating Committee, Mr. Jean-Pierre Rosso, to discuss their respective performance throughout the past year and to discuss any matter or issue they wish.

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

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

Retirement age policy for directors

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

Mandates of the Chairman of the Board of Directors and the President and Chief Executive Officer

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

Mandate of the Chairman of the Board of Directors
Mr. Laurent Beaudoin is mainly responsible for ensuring that the Board of Directors carries out its responsibilities effectively and clearly. His specific responsibilities include:

- managing the Board and setting the agenda in consultation with the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin;
- providing leadership to enhance Board effectiveness and ensuring that the Board works as a cohesive team;
- working with the Corporate Governance and Nominating Committee to ensure Board quality and continuity by:
  - reviewing the performance of the Board, its Committees and individual directors;
  - making sure the skills and competencies of individual directors are incremental to the Board as a whole; and
  - ensuring that the Board develops clear position descriptions for the Chairman and the chair of each Board Committee.

Mandate of the President and Chief Executive Officer
Mr. Pierre Beaudoin is responsible for the management and execution of Bombardier's strategic and operating plans. His specific responsibilities include:

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

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

Orientation and continuing programs

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

  In addition, new directors are furnished with appropriate documentation, including a director's manual, providing them with information about, among other matters, the corporate governance practices of Bombardier, the structure of the Board of Directors and its Committees, its history, its current commercial activities, its corporate organization, the charters of the Board and its Committees setting forth their respective roles and responsibilities, Bombardier's articles of incorporation and by-laws, the Code of Ethics and Business Conduct and relevant corporate policies.

  The meetings in which new directors participate (including the annual sessions for the review of the strategic orientation, operating 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's operations.

- **Continuing education program for directors** Bombardier encourages its directors to pursue continuing education activities which could provide them with information as to the best practices associated with boards and committees and as to emerging trends that may be relevant to their role as directors.

  In addition Bombardier's corporate management periodically makes presentations to the directors on various topics, trends and issues related to Bombardier's activities during the meetings of the Board or its Committees, as the case may be, which helps the directors to constantly improve their knowledge about Bombardier and its businesses.

  Visits to Bombardier's various facilities are also arranged, from time to time, for the Board of Directors, and individual visits on request. Between February 1, 2009 and January 31, 2010, the members of the Board of Directors had the opportunity to visit the facilities of Bombardier Transportation in Crespin, France, and those of Bombardier Aerospace, in Downsview, Ontario, Canada.

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct which was translated in 14 languages. In addition to being available on the SEDAR website at www.sedar.com, it may also be consulted on the website of Bombardier at www.bombardier.com in each of the 14 languages.
- A Corporate Ethics and Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the members of the Board of Directors of Bombardier and to all of its employees and managers. Bombardier's suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code when dealing with or acting on behalf of Bombardier.
- The Code explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier's values and reputation.

- The Code outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code.
- Senior managers are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; this process also (1) helps integrate the Code into Bombardier's governance system, (2) ensures that the Code is a top priority with leadership and (3) promotes integrity as a core value.
- In 2008, in line with its commitment and strategic approach to corporate responsibility, Bombardier developed and deployed a Supplier Code of Conduct. This Code essentially promotes adherence by suppliers to the ten principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.

Conflict of interest

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

Hiring of outside advisors

With the prior authorization of the Corporate Governance and Nominating Committee, each director may, when needed, retain the services of outside advisors at the expense of Bombardier.

The Audit Committee, the Finance and Risk Management Committee and the Human Resources and Compensation Committee, each have the authority to do so.

Between February 1, 2009 and January 31, 2010, no outside advisor was retained by a director.

Ernst & Young, LLP, are the external auditors of Bombardier and work closely with the Audit Committee.

Towers Perrin provides various services on executive compensation matters to the Human Resources and Compensation Committee. Towers Perrin also provides services to the management of Bombardier on various matters, mainly on actuarial valuation for funding and accounting purposes related to pension and benefit plans.

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is US $240,000,000 per occurrence and in the aggregate per year, at a cost of US $1,476,500 per annum. The deductible applicable to the Corporation is US $2,500,000 for any insured occurrence.

Available Documentation

Copies of the 2010 Annual Information Form, the 2010 Management Proxy Circular and the Annual Report of Bombardier that includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended January 31, 2010, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.Bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on January 31, 2010.

Shareholder Proposals

Schedule "B" attached to this Management Proxy Circular on pages 68 to 71 sets out the three shareholder proposals that have been submitted for consideration at the annual meeting of shareholders of Bombardier to be held on June 2, 2010.

Shareholders of Bombardier who will be entitled to vote at the 2011 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Corporate Secretary of Bombardier no later than on January 14, 2011.

Approval of the Board of Directors of Bombardier

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

Montréal, April 16 2010

"Roger Carle"
(signed)

Roger Carle
Corporate Secretary

SCHEDULE "A"
Bombardier Inc.
APPROVAL OF THE 2010 DEFERRED SHARE UNIT PLAN OF BOMBARDIER

At the meeting, shareholders will be asked to pass a resolution (the "**DSUP Resolution**") approving the Corporation's 2010 Deferred Share Unit Plan ("**2010 DSUP**"), which plan was approved by the Board of Directors on March 31, 2010, subject to the approval of shareholders. The 2010 DSUP is substantially identical to the current DSU plan described elsewhere in this Management Proxy Circular except that the current DSU plan contemplates the settlement of awards granted thereunder in cash or Class B subordinate shares purchased on the secondary market while the 2010 DSUP provides for settlement awards in Class B subordinate shares purchased on the secondary market or issued from treasury (but not cash), on the basis of one Class B subordinate share for each DSU. As a non treasury issuance plan, the current DSU Plan did not require the approval of either the Corporation's shareholders or the Toronto Stock Exchange (the "**TSX**"). The proposed 2010 DSUP provides for the issuance of Class B subordinate shares of the Corporation from treasury and requires shareholder approval and the approval of the TSX. The TSX has already approved of the 2010 DSUP, subject to shareholder approval. **The description of the 2010 DSUP contained in this Schedule A is intended to be a summary only and is qualified in its entirety by reference to the terms of the 2010 DSUP. In the event of any inconsistency between this summary and the text of the 2010 DSUP, the 2010 DSUP shall prevail.**

Under the current DSU Plan, cash must be paid in order to acquire Class B subordinate shares of the Corporation on the secondary market for delivery in connection with the vesting of DSU's. Adopting the 2010 DSUP to provide for the issuance of Class B subordinate shares of the Corporation from treasury in connection with the vesting of DSU's will give the Corporation the flexibility to reduce its cash cost associated with the plan. In order to limit any dilution which may result from the issuance of treasury shares in connection with the 2010 DSUP, the Corporation has implemented a normal course issuer bid in accordance with the rules of the TSX permitting the Corporation to repurchase for cancellation up to 660,000 of its issued and outstanding Class A shares and up to 3,000,000 of its issued and outstanding Class B subordinate shares between April 9, 2010 and April 8, 2011.

The maximum number of Class B subordinate shares of the Corporation which may be issued from treasury under the 2010 DSUP is 24,000,000 (representing approximately 1.67% of the Corporations' 1,438,615,906 Class B subordinate shares outstanding as at March 25, 2010).

The purpose of the 2010 DSUP is to (i) compensate senior officers of the Corporation designated by the Human Resources and Compensation Committee of the Board who are particularly contributing to the creation of economic value for the Corporation and its shareholders and (ii) provide benefits to such senior officers upon their retirement, loss of office or employment, or death.

The 2010 DSUP provides that DSU's granted thereunder will vest in accordance with a vesting schedule determined by the Human Resources and Compensation Committee at the time of grant, subject however to a maximum term of three years from the date of the grant and subject further to early vesting or expiry as contemplated in the 2010 DSUP.

Specifically, unless otherwise determined by the Human Resources and Compensation Committee at or after the time of grant, awards under the 2010 DSUP shall vest upon the specified vesting date or expire, as the case may be, as follows:

(1) DSU's granted under the 2010 DSUP shall expire on the applicable vesting date if the performance objectives specified at the time of the grant have not been attained.

(2) If a participant's termination of employment occurs before the applicable vesting date, the participant's DSU's shall expire.

(3) If a participant is on a leave of absence from sickness, disability, maternity or adoption before the vesting date, such participant's entitlement to DSU's, if any, shall be unaffected by such event.

(4) If a participant elects to take or is granted a voluntary authorized leave of absence (i.e. sabbatical) before the vesting date, such portion of the DSU grant attributable to a period during which the participant is on a voluntary authorized leave of absence shall expire.

In addition, vested DSU's may be cancelled by the Human Resources and Compensation Committee if the termination of employment is due to a breach of the Corporation's Code of Ethics and Business Conduct.

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

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

(1) an amendment allowing a participant to transfer DSU's, other than by will or pursuant to the laws of succession;

(2) an increase in the number of treasury Class B subordinate shares reserved for issuance under the 2010 DSUP.

Subject to the foregoing, the Board may amend, suspend or terminate the 2010 DSUP and any DSU's granted thereunder without obtaining the prior approval of the shareholders. However, the Board must obtain, where necessary, the prior consent of applicable regulatory authorities and stock exchanges. Without limiting the generality of the foregoing, the Board may decide to:

(1) wind up, suspend or terminate the 2010 DSUP;

(2) terminate a DSU granted under the 2010 DSUP;

(3) modify the eligibility for, and limitations on, participation in the 2010 DSUP;

(4) modify the terms on which the DSU's may be granted, terminated, cancelled and adjusted;

(5) amend the provisions of the 2010 DSUP to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;

(6) amend the provisions of the 2010 DSUP to modify the maximum number of Class B subordinate shares which may be offered for subscription and purchase under the 2010 DSUP following the declaration of a stock dividend, a subdivision, consolidation, reclassification, or any other change with respect to the Class B subordinate shares;

(7) amend the 2010 DSUP or a DSU to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and

(8) amend a provision of the 2010 DSUP relating to the administration or technical aspects of the 2010 DSUP.

Under the terms of the 2010 DSUP, the total number of Class B subordinate shares of the Corporation issuable form treasury to insiders under the 2010 DSUP, together with the Class B subordinate shares issuable by the Corporation from treasury to insiders under all of the Corporation's other security based compensation arrangements, may not exceed 10% of the Corporation's total issued and outstanding Class B subordinate shares. In addition, a single person cannot hold DSU's covering more than 5% of the Class B subordinate shares issued and outstanding. Also, the Corporation may not issue, under the 2010 DSUP Plan or any other security based compensation arrangement of the Corporation, to an insider or to any associate of the insider, within a one-year period, a number of Class B subordinate shares exceeding 5% of the Class B subordinate shares issued and outstanding.

The Board of Directors recommend that shareholders VOTE FOR the DSUP resolution set forth below.

The resolution is subject to the approval of a majority of the votes cast by the shareholders of the Corporation present or represented by proxy and entitled to vote at the Annual Meeting.

RESOLUTION

It is resolved:

1. THAT the 2010 deferred share unit plan of Bombardier Inc. substantially in the form attached as Annex 1 to Schedule "A" to the Management Proxy Circular accompanying the Notice of Meeting and approved by the Board of Directors, is hereby approved and authorized.
2. THAT notwithstanding the passing of the foregoing resolution, the Board of Directors may, without further notice or approval of the Shareholders of Bombardier Inc., revoke this resolution, in whole or in part, at any time prior to the 2010 deferred share unit plan becoming effective.
3. THAT any officer of Bombardier Inc. be, and is hereby authorized and directed, for and on behalf of the Corporation, to finalize, sign or deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the Toronto Stock Exchange, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing.

ANNEX 1
Bombardier Inc.
2010 DEFERRED SHARE UNIT PLAN

SECTION 1 – PURPOSE OF THE PLAN

1.1 The purpose of this 2010 Deferred Share Unit Plan is to (i) compensate designated senior officers of the Corporation who are particularly contributing to the creation of economic value for the Corporation and its shareholders and (ii) provide benefits to such senior officers upon their retirement, loss of office or employment, or death.

SECTION 2 – DEFINITIONS

For the purpose of this 2010 Deferred Share Unit Plan, except as otherwise expressly provided or context otherwise requires:

2.1 **"Award"** means the DSU grant made to a Participant under the Plan on an Award Date, evidenced by an Award Agreement and subject to the terms and conditions of the Plan and the Award Agreement;

2.2 **"Award Agreement"** means an agreement, substantially in the form of the agreement set out in Schedule A to this Plan, entered into by a Participant and the Corporation pursuant to which an Award is granted to the Participant in accordance with the Plan, and containing such additional terms and conditions not inconsistent with the Plan as the Committee shall deem desirable;

2.3 **"Award Date"** means the date on which an Award is granted, as set forth in the Award Agreement;

2.4 **"Board"** means the board of directors of the Corporation;

2.5 **"Business Day"** means any day on which banks are open for business in the Cities of Montreal and Toronto;

2.6 **"Committee"** means the Human Resources and Compensation Committee of the Board;

2.7 **"Corporation"** means Bombardier Inc. and its subsidiaries;

2.8 **"DSU"** means a deferred share unit of the Corporation which represents the right of a Participant, once such unit has vested in accordance with the Award Agreement and this Plan and upon the attainment of specified performance objectives, as determined by the Committee in accordance with section 4.1, unless such unit has expired prior to its Vesting Date or as otherwise provided for in this Plan, to receive, on the Settlement Date, for each such unit, one Share;

2.9 **"DSU Shares"** means the Shares underlying a particular Award;

2.10 **"Participant"** means any senior officer of the Corporation who, once designated by the Committee as being eligible to participate in the Plan, has elected, in accordance with section 4, to participate in the Plan and who has entered into an Award Agreement;

2.11 **"Insiders"** means an insider as defined in the *Securities Act* (Quebec) and in the *Securities Act* (Ontario), other than a person who is an insider solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and an associate of any person who is an insider;

2.12 **"Plan"** means this 2010 Deferred Share Unit Plan of the Corporation, as may be amended from time to time;

2.13 **"Settlement Date"** means, subject to the provisions of section 4.11, in respect of a vested Award, the Business Day following the date of Termination of Employment, or any other date as may be selected by the Committee, but no later than the last day of the calendar year during which the Termination of Employment occurs;

2.14 **"Share"** means a Class B share (subordinate voting) of the Corporation;

2.15 **"Termination of Employment"** means the termination of the employer/employee relationship between the Corporation and a Participant after the time of Participant's retirement, loss of office or employment, or death.

2.16 **"Vesting Date"** means, in respect of an Award, the date when the Award is fully vested as determined by the Committee in accordance with section 4;

2.17 **"Vesting Period"** means in respect of an Award, the period between the Award Date of such Award and the Vesting Date of such Award; and

2.18 **"Vesting Schedule"** means the schedule established in an Award Agreement in accordance with which DSU shall vest in respect of a Participant.

SECTION 3 – GENERAL PROVISIONS OF THE PLAN

3.1 **Administration**

The Board shall approve Awards granted pursuant to the Plan. The Plan will be unfunded and unsecured. The Plan will be administered by the Committee, provided, however, that the Board shall retain ultimate authority in connection with all decisions made by the Committee in the administration of the Plan.

The Committee may appoint one or more third parties to perform such administrative duties under the Plan as the Committee may delegate from time to time, including all record-keeping activities.

The Committee may adopt country-specific provisions to the Plan in order to meet legal, labour and tax requirements in such countries, as required for the administration of the Plan. Such country-specific provisions shall only apply to Participants who are subject to the related requirements.

3.2 **Interpretation**

The Committee has full and complete authority to interpret the Plan and to prescribe such rules and regulations and make such determinations as it deems necessary or desirable for the administration of the Plan and all such interpretations, determinations or other actions taken by the Committee shall be final and binding on the Corporation and each Participant and conclusive for all purposes thereunder, subject only to the supervisory authority of the Board.

3.3 **Shares Offered**

At the discretion of the President and Chief Executive Officer, Senior Vice-President and Chief Financial Officer, Senior Vice-President and General Counsel of the Corporation and Senior Vice-President Human Ressources & Public Affairs, acting together (provided that any such officer will not take part in any election relating to such officer), in respect of any particular grant, DSU Shares to be delivered to Participants in accordance with the Plan may be in the form of Shares purchased on the secondary market or newly issued treasury Shares.

To the extent newly issued treasury Shares are used to settle Awards, such Shares will be issued as fully paid and non assessable Shares and the aggregate number of authorized and unissued Shares which may be issued and delivered on the Settlement Date of DSU's in accordance with the terms of this Plan may not exceed 24,000,000. No Award may be made under the Plan if such Award would result in the issuance of Shares from treasury in excess of this limit. For greater certainty, there shall be no limit on the number of Shares that may be purchased on the secondary market for the purpose of the Plan.

Any Shares that underlie DSU's that have lapsed or terminated shall thereby become reinstated and be added back to the number of Shares reserved for issuance under the Plan and such Shares will become available for grants of DSU's under the Plan.

The number of Shares issuable, in the aggregate, pursuant to this Plan and any other security based compensation arrangement (within the meaning of the rules of the Toronto Stock Exchange) of the Corporation, at any time, shall not exceed 10% of the Shares issued and outstanding.

The number of Shares issuable, in the aggregate, pursuant to this Plan and any such other security based compensation arrangement of the Corporation to Insiders, at any time, shall not exceed one-half of the Shares issuable under the preceding paragraph.

The number of Shares issued, in the aggregate, pursuant to this Plan and any such other security based compensation arrangement of the Corporation to Insiders, within a one year period, shall not exceed 10% of the Shares issued and outstanding.

A single person cannot hold DSU's covering more than 5% of the Shares issued and outstanding.

3.4 **Amendment of Plan or Awards**

The following amendments to the Plan or to Awards granted thereunder must be approved by the shareholders of the Corporation:

(1) an amendment allowing a Participant to transfer DSU's, other than by will or pursuant to the laws of succession;

(2) an increase in the number of treasury Shares reserved for issuance under the Plan.

Subject to the foregoing paragraph, the Board may amend, suspend or terminate the Plan and any DSU's granted thereunder without obtaining the prior approval of the shareholders. However, the Board must obtain, where necessary, the prior consent of applicable regulatory authorities and stock exchanges. Without limiting the generality of the foregoing, the Board may decide to:

(1) wind up, suspend or terminate the Plan;

(2) terminate a DSU granted under the Plan;

(3) modify the eligibility for, and limitations on, participation in the Plan;

(4) modify the terms on which the DSU's may be granted, terminated, cancelled and adjusted;

(5) amend the provisions of the Plan to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;

(6) amend the provisions of the Plan to modify the maximum number of Shares which may be offered for subscription and purchase under the Plan following the declaration of a stock dividend, a subdivision, consolidation, reclassification, or any other change with respect to the Shares;

(7) amend the Plan or a DSU to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and

(8) amend a provision of the Plan relating to the administration or technical aspects of the Plan.

The amendment, suspension or termination of the Plan shall not, except with the written consent of the Participants concerned, in any way affect the terms and conditions of DSU's previously granted under the Plan, provided, however, that in the event the Plan is terminated, the Committee may at its discretion, elect to accelerate the Vesting Schedule and Vesting Date specified in an Award Agreement on such terms as it may determine.

For greater certainty, the only effect of a termination of the Plan will be that, subject to the following, the award of additional DSU's will be discontinued as of a specific date and no new participants will be admitted to the Plan thereafter.

An existing Participant on the termination date will be entitled to the number of DSU's granted to him/her up to that date and, thereafter, will continue to be eligible to receive additional DSU's in respect of dividends paid on Shares in accordance with the Plan until the DSU's are settled in accordance with the terms of the Plan in effect on the termination date. After the termination date, the rules of the Plan as set out above will continue to apply (i.e., DSU's will continue to fluctuate in value based on changes in the market value of Shares) and will continuously meet the requirements of paragraph 6801 (d) of the Regulations under the *Income Tax Act* (Canada) or any successor to such provisions.

3.5 **Expenses**

All expenses relating to the administration of the Plan shall be borne by the Corporation. The Corporation will not be liable for any subsequent expenses or costs once DSU's, if any, have been settled for the benefit of a Participant.

3.6 **Compliance with Laws and Stock Exchange Rules**

The Plan, the grant and vesting of Awards under the Plan and the distribution of Shares will be subject to all applicable federal, provincial and foreign laws, as well as all applicable policies, rules and regulations of any stock exchanges on which the Shares are listed for trading.

3.7 **Governing Laws**

The Plan and the Award Agreement shall be governed by the laws applicable in the Province of Quebec, Canada and any dispute relating to their interpretation and application shall be submitted to the tribunals of the district of Montreal, Québec.

SECTION 4 – GRANT OF AWARDS

4.1 **Grant of Awards**

The Committee, subject to confirmation by the Board, shall from time to time designate the senior officers to whom a grant of DSU's may be made and shall determine the number of DSU's to be granted under the Award. The Committee shall then inform the eligible senior officers, who shall accept or refuse such a DSU grant in accordance with the conditions set by the Committee (for instance, the Committee may offer to the eligible senior officers to choose between a DSU grant pursuant to the Plan or a PSU grant pursuant to the Performance Share Unit Plan of the Corporation and eligible senior officers shall indicate their choice in the manner and within the timeframe required by the Committee).

The Committee shall further have discretion to establish at the time of each grant, within the restrictions set forth in the Plan, the Award Date, the Vesting Date (subject to section 4.4), the Vesting Schedule, the performance objectives which must be attained for the Award to vest, and other particulars applicable to an Award granted hereunder.

4.2 **Award Agreement**

Upon the grant of an Award, and its acceptance by the eligible senior officer, the Corporation will deliver to the eligible senior officer selected to receive such Award, an Award Agreement dated as of the Award Date, containing the terms of the Award and executed by the Corporation, and upon delivery to the Corporation of the Award Agreement executed by the eligible senior officer, the eligible senior officer, subject to vesting, shall have the right to receive a Share for each DSU, on or after the Settlement Date, on the terms set out in the Award Agreement and in the Plan.

4.3 **No Conversion Rights**

A Participant is not allowed to terminate its participation in the Plan in respect of any fiscal year in respect of which a Participant has elected to receive DSU's in accordance with section 4.1. An Award already granted under this Plan cannot be converted in a PSU award under the Performance Share Unit Plan of the Corporation.

4.4 **Vesting Schedule and Vesting Date**

The Vesting Schedule and the Vesting Date of an Award will be determined by the Committee at the time of grant, subject however to a maximum term of three years from the Award Date and will be subject to the provisions of section 4.5 relating to early vesting or expiry.

4.5 **Early Vesting or Expiry of Awards**

Unless otherwise determined by the Committee at or after the time of grant, Awards, or part thereof, shall vest upon the Vesting Date or expire, as the case may be, in the following events and manner:

(1) Awards, or part thereof, shall expire on the Vesting Date if the applicable performance objectives have not been attained and the Participant shall not have any rights or entitlements whatsoever in respect of any such Award, the whole in accordance with the terms and conditions of the applicable Award Agreement.

(2) If a Participant's Termination of Employment occurs before the Vesting Date of an Award, such Awards shall expire.

(3) If a Participant is on a leave of absence resulting from sickness, disability, maternity or adoption (in compliance with applicable local regulations for maternity and adoption) before the Vesting Date, such Participant's entitlement to DSU's under an Award Agreement, if any, shall be unaffected by such event and such Participant shall be treated as a "Participant" hereunder; therefore such Participant shall be entitled to receive DSU's (i) only if the performance objectives stipulated in the related Award Agreement have been achieved in accordance with their terms and (ii) only at the time such DSU's would have been delivered to such Participant in accordance with the terms of the Plan and the Award Agreement.

(4) If a Participant elects to take or is granted a voluntary authorized leave of absence (i.e. sabbatical) before the Vesting Date, such portion of the Award attributable to a fiscal year or years (or portion thereof) during which the Participant is on a voluntary authorized leave of absence shall expire.

Vested DSU's may be cancelled by the Committee if the Termination of Employment is due to a breach of the Corporation's Code of Ethics, the whole as determined by the Committee at its entire discretion.

4.6 **Non-Assignable**

The rights of a Participant under the Plan and the Award Agreement may not be assigned, encumbered, pledged, transferred or alienated in any way other than by will or pursuant to the laws of succession.

4.7 **No Implied Rights**

A Participant will not have any rights as a shareholder of the Corporation with respect to the DSU's. Nothing in this Plan or in any Award Agreement will confer or be construed as conferring on a Participant any right to remain as an employee of the Corporation.

4.8 **Dividends**

4.8.1 As soon as practicable after the Vesting Date of an Award, the Corporation shall credit to a Participant's name, in respect of the number of DSU's that have vested on such Vesting Date, an additional number of DSU's calculated by dividing: (A) the amount in cash calculated by multiplying the number of DSU's that have vested on the Vesting Date, by the sum of the actual amount of cash dividends, if any, paid with respect to the DSU Shares (on a per Share basis) during the Vesting Period up to the Vesting Date; by (B) the closing price of the Shares on the Toronto Stock Exchange on the Vesting Date (or the immediately preceding trading day if the Vesting Date is not a trading day).

4.8.2 As soon as practicable following the payment of a cash dividend by the Corporation with respect to Shares after the Vesting Date but before the Settlement Date, the Corporation shall credit to a Participant's name, in respect of the DSU's then vested in such Participant, an additional number of DSU's calculated by dividing: (A) the amount in cash calculated by multiplying the number of DSU then vested in such Participant by the sum of the actual amount of cash dividends, if any, paid with respect to the DSU Shares (on a per Share basis); by (B) the closing price of the Shares on the Toronto Stock Exchange on the date the dividend is payable to shareholders holding Shares of the Corporation.

4.9 **Record Keeping**

The Corporation shall cause individual records to be maintained for each Participant which shall record the number of DSU's awarded, vested and settled with respect to each Participant from time to time.

4.10 **Taxes**

The Corporation shall be authorized to withhold or deduct such amounts, if any, as may be required to be withheld or deducted under applicable taxation or other laws.

4.11 **Settlement**

Subject to the limitations contained in this section 4.11, and unless the Award has expired or been terminated in accordance with this Plan or the Award Agreement, the Award shall be settled as per this section 4.11.

The Participant (or, if deceased, his or her estate) shall receive as soon as practicable after the Settlement Date, but no later than the last day of the calendar year during which the Termination of Employment occurs, the number of DSU Shares represented by the vested DSU's then recorded in the name of such Participant, less any number of Shares representing the amount which may be required to be withheld or deducted under applicable taxation or other laws.

In cases of settlements of DSU's after the death of a Participant and where the Participant's will has not been probated, when required, the Corporation will retain the Shares until the date of receipt of all required succession duty releases (if applicable), but no later than the last day of the calendar year during which the Termination of Employment occurs.

4.12 **Downward Fluctuation in the Price of Shares**

No amount will be paid to, or in respect of, a Participant under the Plan, or pursuant to any other arrangement, to compensate a Participant for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

SECTION 5 – ADJUSTMENTS

5.1 The number of DSU's held in the records in respect of a Participant will be adjusted in the following events and manner, subject to the right of the Committee to make such other or additional adjustments as are appropriate in the circumstances:

(1) upon (i) a subdivision of the Shares into a greater number of Shares, (ii) a consolidation of the Shares into a lesser number of Shares or (iii) the issue of a share dividend to holders of the Shares, the number of DSU's held in the personal account of a Participant will be adjusted to reflect such greater or lesser number of Shares as would have resulted from the subdivision, consolidation or share dividend if the DSU Shares had been issued and outstanding at the relevant time;

(2) upon a capital reorganization, reclassification or change of the Shares, a consolidation, an amalgamation, arrangement or other form of business combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the property of the Corporation, the Participant will receive at such time as DSU's would have been settled in respect of an Award, in lieu of the Shares underlying an Award, the kind and amount of shares or other securities or property as would have resulted from such event if the DSU Shares had been issued and outstanding at the relevant time.

5.2 The Committee shall have the right to make such adjustments as it deems appropriate in the circumstances upon the occurrence of any other event which has an impact on the number of Shares which may be delivered to a Participant. An adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative.

5.3 Any adjustments mentioned above shall be such that the Plan will continuously meet the requirements of paragraph 6801 (d) of the Regulations under the *Income Tax Act* (Canada) or any successor to such provisions.

SECTION 6 – GENERAL

6.1 It is intended that under this Plan, each Participant who is credited with DSU's and is and remains a resident of Canada for the purposes of the *Income Tax Act* (Canada) is to be taxed under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation not earlier than at the time of the settlement of such DSU's. In the event of any change in currently existing tax legislation, regulations or policies or the interpretation thereof which results in a Participant being taxed in a manner different from the one described above, the Committee may make such changes to this Plan and outstanding DSU's as may be necessary to ensure that the Participant does not suffer any prejudice as a result of such change.

6.2 This Deferred Share Unit Plan is currently not available in the United Kingdom, France and Switzerland due to tax reasons. Should this status change, senior officers eligible to this Deferred Share Unit Plan will be informed.

SCHEDULE A – FORM OF AWARD AGREEMENT

Deferred Share Unit Plan of Bombardier Inc.

This Award Agreement is entered into between **Bombardier Inc. ("Bombardier"**) and the Participant named below pursuant to the Deferred Share Unit Plan of Bombardier (the **"Plan"**), a copy of which is attached hereto, and confirms that:

1. on________________________(the "**Award Date**");
2. ___________________________(the "**Participant**");
3. was granted _________________ non-assignable Deferred Share Units (the "**Award**");
4. vesting of the Award shall be subject to the attainment of the following performance objectives and shall vest in accordance with the following schedule (the "**Vesting Schedule**"):

Average ROE over three years (arithmetic mean)	Vesting percentage

A linear interpolation will be performed for average return on equity (**"ROE"**) between values described above.

The average ROE over three years (arithmetic mean) is calculated using the following formula:

Year 1	Year 2	Year 3
ROE' = Net Income'/Equity'	ROE" = Net Income'/Equity'	ROE'" = Net Income'/Equity'

Average ROE = (ROE'+ROE"+ROE'")/3

Where

"Net Income" means the "Net income" before special items of Bombardier for each of the three fiscal years ended _______, as derived from Bombardier's Consolidated Statement of Income for such fiscal years; and

"Equity" means the annual average shareholders equity of Bombardier calculated on a quarterly basis as published in Bombardier's Quarterly Reports and Annual Report, excluding "cash flow hedges" and "AFS financial assets" as reported in such financial reports.

1. The Award (or part thereof) shall vest at 5:00 P.M., Eastern Time on ________________(the **"Vesting Date"**);

all on the terms and subject to the conditions set out in the Plan.

By signing this agreement, the Participant acknowledges that:

1. he or she has read and understands the Plan, and agrees to be bound thereby;
2. he or she agrees to respect any applicable limitation imposed by Bombardier's insider trading policies and any applicable laws and regulations regarding insider trading. Any insider required

by law to file "insider reports" hereby agrees to report the grant of DSU within 5 days of the Award Date of the DSU, or within such other period prescribed by applicable laws;

3. he or she understands that DSU recorded to his/her account will not be settled until the date on which he/she ceases to be an employee of Bombardier after which point they will automatically be settled, in accordance with the terms of the Plan;

4. he or she recognizes that when DSU are settled in accordance with the terms of the Plan after he/she ceases to be an employee of Bombardier, income tax and other withholdings may arise at that time. Upon settlement of DSU, Bombardier may make the appropriate withholdings as and if required by law at that time; and

5. the value of a DSU is based on the value of a Share, as adjusted pursuant to the terms of the Plan, and therefore is not guaranteed. The eventual value of a DSU may be higher or lower than the value of a Share at the time the election to participate in the Plan is made.

This Agreement and all related documents have been drawn up in the English language at the specific request of the parties hereto. *La présente entente, ainsi que tout autre document y afférent, ont été rédigés en langue anglaise à la demande expresse des parties.*

IN WITNESS WHEREOF Bombardier and the Participant have executed this Award Agreement as of ______________________________.

Bombardier Inc.	**PARTICIPANT**
BY:	
BY:	**Name of Participant**

US SCHEDULE

The following provision shall be incorporated in the Plan:

Section 2:

1- The following definition shall be incorporated in the Plan:

"U.S. Participant" means a Participant in the Plan who is a United States citizen or permanent resident, or otherwise subject to United States taxation.

2- The definition of Termination of Employment shall read so that for US participant, the term « retirement » refers to only such retirements that qualify as a « separation from service » as defined by section 409A of the United States Internal Revenue Code and applicable treasury regulations and guidance.

Section 4:

1- The following shall be added at the end of section 4.1:

"The terms and conditions applicable to any Award (or portion thereof) granted to a U.S. Participant which constitutes deferred compensation subject to United States Internal Revenue Code Section 409A ("Section 409A") are intended to comply with such Section 409A and related guidance and will be interpreted consistently with such provisions.

The terms of any such Award (or portion thereof) permitting the deferral of payment or other settlement thereof shall be subject to such requirements and shall be administered in such manner as the Committee may determine to be necessary or appropriate to comply with the applicable provisions of Section 409A and related guidance, as in effect from time to time."

2- The following section 4.11.4 shall be introduced:

4.11.4 Notwithstanding provision 4.11.2 of the Plan, if a Participant shall be considered a "specified employee" for the purposes of the United States Internal Revenue Code 409A and applicable Treasury Regulations and guidance, the settlement of the Award shall not occur earlier than six months and one day after the Termination of Employment.

SCHEDULE "B"
Bombardier Inc.
SHAREHOLDER PROPOSALS

The following three shareholder proposals have been submitted by the Mouvement d'éducation et de défense des actionnaires (MÉDAC), 82 Sherbrooke Street West, Montréal, Québec H2X 1X3 for consideration at the annual meeting of shareholders of Bombardier to be held on Wednesday, June 2, 2010 or at any adjournment thereof. They have each been submitted in French and translated by Bombardier into English.

Proposal 1

More nominees than vacancies

It is proposed that the Board of Directors submit to the vote of the shareholders more candidates than the number of vacancies on the board.

One of the fundamental rights of shareholders is to elect the directors. Currently, shareholders have no choice. They can only vote for a nominee or withhold from voting. Moreover, since organizations always present exactly the same number of nominees as the number of vacancies to be filled, the current process for the election of directors amounts to ratifying or not ratifying the appointment of the directors chosen by management. Such a nomination process results in the directors being more beholden to each other than to the shareholders whom they are required to represent. Such an electoral system insulates and protects the directors excessively from the will of the shareholders.

The financial crisis of 2008-2009 greatly shook shareholders' confidence in their directors. Many shareholders worried about the effectiveness of their board of directors, the quality of the collective qualifications of the board and the ability of the board to adequately represent their interests. These concerns about board effectiveness led the US Securities and Exchange Commission (SEC) to initiate a consultation process in June 2009 entitled *"Facilitating Shareholder Director Nominations"* on the rules for the nomination and election of directors so that shareholders can play a more active role in the process of electing directors.

After examining proxy circulars of the past ten years we have reached the following conclusions:

- there is little new blood on boards of directors;
- board are not very representative of the mix of their shareholders: individual investors, women, generational mix, etc.;
- they do not reflect shareholders' expectations and concerns very well.

Shareholders must be given the choice every year to either re-elect the existing directors or replace them. Consequently, the Board of Directors should offer shareholders a true choice by proposing more nominees than there are vacancies. In addition to the information prescribed by regulation, the proxy circular should explain what specific contribution each nominee is expected to make as a director. Management should refrain from favouring any of the nominees, on the assumption that the nomination procedure has been conducted in a thorough and professional manner.

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

The Corporate Governance and Nominating Committee, composed of four independent members of the Board of Directors of the Corporation, has elaborated over time a strategic process to identify and recruit the most suitable candidates in order to be in a position to fill an opening on the Board of Directors, considering the then prevailing and projected circumstances for Bombardier and the evolution of its business and external environment. In order to reinforce this process, the members of the Corporate Governance and Nominating Committee have introduced, during the 2009-2010 financial year, the use of a "Directors' Skills and Experience Matrix" to allow them to focus their attention on (1) better assessing the skills, functional expertise and experience of the current members of the Board of Directors and (2) determining and anticipating the future needs of the Board of Directors. The process is explained in greater details on pages 55 and 56 of this Management Proxy Circular.

The Corporate Governance and Nominating Committee and the Board of Directors are of the view that the current size and composition as well as the mix of talents, quality and skills of the Board of Directors (1) are well suited to Bombardier's current circumstances and needs, (2) allow for the efficient functioning of the Board of Directors as a decision-making body and (3) promote a sound and healthy corporate governance environment meeting applicable regulatory requirements and best practices, in light of the own specificity of Bombardier.

Putting aside the five members of the Board of Directors representing the majority shareholder of Bombardier, the other nine directors, **who are all independent**, have a wealth and breadth of knowledge, experience and expertise which bring added value to the Corporation and its shareholders; in addition, two of them come from the United States of America, one from France, one from Germany and one from Mexico which makes the Board of Directors truly international in stature.

Over the last five years, four of the current directors proposed for re-election namely, Mrs. Martha Finn Brooks (USA), Mr. Thierry Desmarest (France), Mr. Jean-Pierre Rosso (USA) and Mr. Heinrich Weiss (Germany) joined the Board of Directors, which shows the efficiency of the recruitment and selection process discussed above.

Finally, the current composition and diversity of the Board of Directors and the skills, experience and expertise of all of its members generate a dynamic process which allows them to have efficient meetings conducted in a manner that ensures (1) open, frank and free discussion,

(2) meaningful participation and (3) timely decisions or resolution of issues, given the complexity of overseeing the business and affairs of Bombardier, a world leading manufacturer of innovative transportation solutions, from commercial aircraft and business jets to rail transportation equipment, systems and sources.

Proposal 2

Advisory shareholder vote on the executive compensation policy

It is proposed that the Board of Directors adopt a rule of governance stipulating that the executive compensation policy be subject to an advisory vote by shareholders.

As of now, thirteen Canadian institutions have adopted a policy that will allow shareholders, as of 2010, to vote on their executive compensation policies. We remind you that MÉDAC's advisory vote proposal garnered a majority of the votes at the last annual meetings of Canadian banks.

Following up on this desire expressed by a large number of shareholders, the Canadian Coalition for Good Governance ("CCGG") recently published a policy encouraging boards of directors to submit their executive compensation policies to an advisory vote by shareholders. The Coalition considers this vote an important aspect of the opening of boards to their shareholders and recommends that all corporations adopt such a vote.

In other countries, particularly the United States, this opening to greater shareholder engagement appears to have permitted tighter linkage between executive pay and organizational performance, to have encouraged "a certain moderation" of the constantly increasing pay granted to executive officers and also to have promoted a more productive exchange between shareholders and directors.

The recent financial crisis revealed how the bonuses given to executives prompted them to make risky decisions that led the financial system and the economy to the brink and made their organizations more vulnerable. We should also mention that an inadequate compensation system is an important strategic risk, a source of frustration for staff and an obstacle to investor confidence.

It is the responsibility of the board of directors to fix the salary of the executive officers. But since the compensation structure can have a significant influence on an organization's business strategy, it is essential that shareholders be able to express their opinion on the subject officially. Compensation issues deserve special attention by all shareholders, since they contribute to shaping the present and future image of the organization in which they are investing.

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

The Board of Directors of Bombardier wishes to remind its shareholders and their proxyholders that MÉDAC is presenting this type of proposal for the **fourth time**. Indeed in **2006, 2008 and 2009**, MÉDAC sought to obtain for the shareholders either the right to give their prior approval on some specific executive compensation components (2006) or the whole compensation policy for executive officers (2008) or a consultative vote on the compensation policy of executive officers (2009). In all cases, the shareholders decided to strongly reject these three proposals.

Invoking that at least thirteen Canadian public corporations will now allow shareholders to vote on their executive compensation policies and also that in light of the desire of a large number of shareholders, the Canadian Coalition for Good Governance now promotes a policy favouring an advisory vote by shareholders on executive compensation, MÉDAC asks again for such a consultative vote for the shareholders of Bombardier.

After having carefully considered the evolution of the "say on pay" trend over recent years and the arguments raised by MÉDAC to support its new attempt, the Board of Directors remains nevertheless convinced that its position expressed in the 2006, 2008 and 2009 Management Proxy Circulars is still valid and, as a result, recommends to the shareholders and their proxyholders to VOTE AGAINST the MÉDAC proposal.

Today, this position from the Board of Directors even finds a very eloquent and strong support in *"Position paper no. 5: Giving Shareholders a Say on Pay: A measure leading to better governance?"* released on March 8, 2010 by The Institute for Governance of Private and Public Organizations.

By electing each year the individuals who make up the Board of Directors of Bombardier, the shareholders give them a well-defined mandate to oversee the management of the business and affairs of Bombardier.

One key responsibility of the Board is to monitor the executive compensation policy of Bombardier. The objective of this policy is to reward the creation of shareholder value through an appropriate balance between the short-term and the long-term performance of Bombardier. Another key responsibility is to assess the performance of its executives and to determine their respective compensation in accordance with the executive compensation policy.

These responsibilities are delegated by the Board of Directors to its Human Resources and Compensation Committee. This Committee is composed of four independent directors. They hold meetings regularly throughout the year. They have retained Towers Perrin, a firm of independent external consultants, to assist them in their work. Towers Perrin provides advice on current trends and best practices with respect to executive compensation.

The Corporation's philosophy is to position the total executive compensation package at the median (50th percentile) compared with similar positions in companies that have international operations and are comparable in size and complexity to Bombardier in the relevant markets. Benchmarking is performed annually by Towers Perrin, who are responsible for the gathering of comparator information relevant to Bombardier's senior executive positions. The composition of the comparator group is reviewed every year to ensure its continued relevance.

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 50 of this Management Proxy Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier, the whole in accordance with the most recent regulatory requirements and consistent with current best practices.

The Board of Directors of Bombardier strongly believes that the proposal of MÉDAC restricts its flexibility and capacity to provide, as part of its responsibilities, competitive compensation packages in order to attract, retain and reward the most qualified and talented executives needed to create sustained profitability for Bombardier and, therefore, to enhance value for its shareholders.

To quote The Institute for Governance of Private and Public Organizations: "Undoubtedly, the call for non-binding, shareholder vote on executive compensation signals a clear mistrust for boards of directors. This measure is a small but significant shift in responsibility for corporate governance away from boards of directors towards shareholders.

This proposed measure represents a vote of no confidence for boards of directors". (1)

The Board of Directors invites any shareholder or stakeholder who may have a question about the executive compensation policy of Bombardier to raise it directly with either the appropriate senior executive officers of Bombardier or the members of the Human Resources and Compensation Committee. **An open dialogue on a specific item of concern or interest about executive compensation is surely much more profitable.**

Proposal 3

Pay ratio

It is proposed that the annual report and the management proxy circular disclose the "pay ratios" of, first, the total compensation of the Chief Executive Officer, and secondly, the total compensation of the 5 Named Executive Officers, to the average total compensation of employees.

MÉDAC is making a proposal this year that is almost identical to the one made in 2008 regarding the disclosure of the "internal pay ratio". Recent turbulence on financial markets and the precipitous decline in confidence among small investors justify making this second attempt. These events have drawn attention to the perverse effects of an excessively generous executive compensation policy. According to data compiled by the Economic Policy Institute in Washington, in 2005, CEOs in the United States earned 262 times the annual salary of the average employee. Thus, in a single day (there are 260 working days in the year), a CEO earned as much as the average employee did in 52 weeks. Recent data indicate that nothing has changed.

The constantly growing gap between executive officers' compensation and their employees' pay is a source of concern for many small investors. First, they wonder about the effect of such a gap on internal cohesiveness and employee productivity in the companies in which they are invested. Secondly, the perception of unfair treatment may have an adverse effect on employees: demotivation, resentment or a negative attitude… These potential consequences of excessive executive compensation have a direct adverse effect on their interests as investors. From a social perspective, by paying astronomical salaries to a select group of a few thousand executive officers, companies create a social class of millionaire technocrats who are disconnected from the reality of small investors and ordinary people.

Faced with public indignation about the huge compensation paid to some individuals, governments in several countries are threatening to legislate a ceiling on executive compensation in listed companies. One example among many is provided by the US Securities and Exchange Commission (SEC), which recently initiated a consultation process on proxy disclosure and solicitation enhancements. The SEC framed the question as follows: "[S]hould we consider proposing required disclosure regarding internal pay ratios of a company, such as disclosure of the ratio of the total compensation of the named executive officers, or total compensation of each individual named executive officer, to the total compensation of the average non-executive employee of the company?"

MÉDAC firmly believes that disclosure of such an internal pay ratio is of considerable interest to shareholders in that it will allow them to form a well-grounded opinion of the results of the company's compensation policy and to exercise their rights to vote and to speak at annual meetings with full information.

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

As mentioned by MÉDAC, this proposal is almost similar to the one made in 2008 which was rejected by a vote of 97.95%. But the Board of Directors of Bombardier wants to remind its shareholders and their proxyholders that MÉDAC also submitted another proposal to the same effect in 2007 which again was rejected by a vote of 99.09%. Given this context, the Board of Directors reiterates the same position that it took in 2007 and 2008 and recommends to the shareholders and their proxyholders to VOTE AGAINST the proposal from MÉDAC.

The Board of Directors strongly emphasizes that, considering (1) the size, complexity and variety of the operations of Bombardier across the world and (2) its workforce of more than 62,000 employees scattered throughout 23 countries, the pay ratio requested by MÉDAC would have no value or relevance in developing any kind of informed and sound judgment on the executive compensation policy of Bombardier.

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 21 to 50 of this Management Proxy Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

Bombardier's compensation policy is designed to maximize the overall performance of the Corporation through the appropriate individual performance of its executives. The overall goals of the policy are to attract, retain and motivate senior executives in order to increase business performance and enhance shareholder value which supports

(1) "Position paper no. 5: Giving Shareholders a Say on Pay: A measure leading to better governance?" Page 20.

the pay-for-performance commitment of Bombardier. The Human Resources and Compensation Committee, composed of four independent members of the Board of Directors, is responsible for thoroughly reviewing and approving the Corporation's executive compensation policy based on the recommendations of Towers Perrin and in line with best market practices.

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

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

Bombardier's philosophy is to link its incentive plans for its employees to the overall performance of the Corporation and business units. The objective of its short-term incentive plan is to motivate its employees to achieve and surpass the financial objectives approved by the Board of Directors at the beginning of each financial year. The metrics used for this plan are essentially based on financial results. Its mid-term and long-term incentive plans objectives are to align its management's interests with shareholder value growth and to retain key talent. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data of the comparator group and on individual executive performance.

The objective of Bombardier is to set its pension, benefits and perquisites at the median of its comparator group. Bombardier offers a limited number of perquisites, such as a company provided car and financial counselling to certain executives. The Corporation uses external consultants to evaluate its pension and benefits and to compare these results with the data of the comparator group.

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

SCHEDULE "C"
Bombardier Inc.
MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER

Mandate of the Board

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

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

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

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

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

A. Approving Bombardier's strategy

- adopting a strategic plan, updating it on at least an annual basis, taking into account, among other things, the opportunities and risks of the business, and monitoring the implementation of the strategic plan by management;
- adopting, on an annual basis, an appropriate business plan which reflects the implementation of the first year of the strategic plan, and reviewing it on a quarterly basis.

B. Monitoring financial matters and internal controls

- through the work and recommendations of the Audit Committee, monitoring the quality and integrity of Bombardier's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:
  (a) the integrity and quality of Bombardier's financial statements and other financial information and the appropriateness of their disclosure;
  (b) external auditors' independence and qualifications;
  (c) the performance of Bombardier's internal audit function and of Bombardier's external auditors; and
  (d) Bombardier's compliance with its own Code of Ethics and Business Conduct and all applicable legal and regulatory requirements;
- except to the extent delegated by the Board, the responsibility of all decisions involving a minimum amount, as provided in the Administration Policy pertaining to the various levels of authority;
- based on the recommendations of the Audit Committee, recommending to the shareholders of Bombardier the appointment of its external auditors;
- through the work and recommendations of the Finance and Risk Management Committee, ensuring that an appropriate risk assessment process is in place to identify, assesses and manage the principal risks of Bombardier's business;
- adopting communications policies and monitoring Bombardier's investor relations programs; Bombardier's communications policies (i) address how Bombardier interacts with analysts, investors, other key stakeholders and the public, (ii) contain measures for Bombardier to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) are reviewed at least annually.

C. Monitoring pension fund matters

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

D. Monitoring environmental matters

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

E. Monitoring occupational health and safety matters

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

F. Assessing and overseeing the succession planning of the President and Chief Executive Officer and senior executives through the work and recommendations of the Human Resources and Compensation Committee

- choosing the President and Chief Executive Officer, approving the appointment of senior executives (as defined in the charter of the Human Resources and Compensation Committee) and monitoring the President and Chief Executive Officer's and senior executives' performance;
- ensuring that an appropriate portion of the President and Chief Executive Officer and senior executives' compensation is tied to both the short and longer-term performance of Bombardier;
- ensuring that processes are in place for the recruitment, training, development and retention of senior executives who exhibit high standards of integrity and competence.

G. Monitoring corporate governance issues through the work and recommendations of the Corporate Governance and Nominating Committee

- monitoring the size and composition of the Board to ensure effective decision-making;
- overseeing management in the competent and ethical operation of Bombardier;
- monitoring Bombardier's approach to governance issues and monitoring and reviewing, as appropriate, Bombardier's Corporate Governance Manual and policies;
- reviewing, from time to time, Bombardier's Code of Ethics and Business Conduct applicable to Bombardier's directors, officers, and employees;
- ensuring the annual performance assessment of the Board, Board committees, board and committee chairs and individual directors and determining their remuneration;
- recommending to the Board (i) the Board nominees for election at the annual meeting of shareholders or (ii) up to two nominees to be appointed by the Board as additional directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders or (iii) the nominees to fill Board vacancies.

H. The Lead Director

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

SCHEDULE "D"
Bombardier Inc.
CHARTER OF THE AUDIT COMMITTEE OF BOMBARDIER

Audit Committee

1.1 Membership and Quorum

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

1.2 Frequency and Timing of Meetings

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

1.3 Chairman of the Audit Committee

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

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

- ensuring that the Audit Committee works as a cohesive team and providing the leadership essential to achieve this;
- ensuring that the resources available to the Audit Committee (in particular timely and relevant information) are adequate to support its work.

B. MANAGING THE AUDIT COMMITTEE

- setting the agenda of the Audit Committee, in consultation with the Senior Vice President and Chief Financial Officer, and prior to the meeting of the Audit Committee, circulating the agenda to the members of the Audit Committee;
- adopting procedures to ensure that the Audit Committee can conduct its work effectively and efficiently, overseeing the Audit Committee structure and composition, scheduling and management of meetings;
- ensuring that the conduct of the Audit Committee meetings provides adequate time for serious discussion of relevant issues;
- ensuring that the outcome of the meeting of the Audit Committee and any material matters reviewed at such meeting are reported to the Board at its next regular meeting.

1.4 Mandate of the Audit Committee

A. PURPOSE

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

B. OBJECTIVES

The objectives of the Audit Committee are:

- to help the directors meet their responsibilities with respect to accountability;
- to assist in maintaining good communication between the directors and the external auditor;
- to assist in maintaining the external auditor's independence;
- with the assistance of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, to ensure that an appropriate system of internal accounting and financial controls is maintained in view of the major business risks facing Bombardier;
- to maintain the credibility and objectivity of financial reports;
- to investigate and assess any issue that raises significant concern to the Audit Committee, with the assistance, if so required by the Audit Committee, of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management, 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 and Pension Asset Management, may request a meeting of the Committee.
- The Chairman of the Board, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer shall attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Audit Committee.
- The President and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit

Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management's discussion and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.

- The Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management shall have direct access to the Audit Committee and shall receive notice of and attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The external auditor shall have direct access to the Audit Committee and shall receive notice of and have the right to attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management or any other representative of management whose presence is requested by the Chairman of the Audit Committee or any of the Audit Committee members, and the external auditor shall meet separately with the Audit Committee, in a private session held during the course of a meeting, at least once annually.
- Minutes of the meetings of the Audit Committee shall be kept by the Corporate Secretary. Supporting documents reviewed by the Audit Committee shall be kept by the Corporate Secretary. A copy of the minutes of any meeting or of any supporting document shall be made available for examination by any director of Bombardier upon request to the Corporate Secretary.

D. DUTIES AND RESPONSIBILITIES

- As they relate to the Board and financial reporting

(a) Assist the Board in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to Bombardier's financial statements and its financial reporting practices and the system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of Bombardier's financial statements and the compliance by Bombardier with laws and regulations and its own Code of Ethics and Business Conduct.

(b) Maintain a free and open line of communication with the management of Bombardier, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management and the external auditor.

(c) Review, before their disclosure, Bombardier's quarterly consolidated financial statements, the related management's discussion and analysis and the press release on the quarterly financial results and, if appropriate, recommend to the Board their approval and disclosure.

(d) Review, before their disclosure, Bombardier's annual audited consolidated financial statements, the related management's discussion and analysis, and the press release on the annual consolidated financial results and, if appropriate, recommend to the Board their approval and disclosure.

(e) Review the presentation and impact of significant, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or reserves included in any financial statements.

(f) Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.

(g) Review any litigation, claim or other contingency, including tax assessments and environmental situations, that could have a material adverse effect upon the financial position or operating results of Bombardier, and the manner in which these matters are disclosed in the financial statements.

(h) Review the appropriateness of the accounting policies used in the preparation of Bombardier's financial statements, and consider recommendations for any material change to such policies.

(i) To the extent not previously reviewed by the Audit Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in the prospectus and other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.

(j) Review the statement of management's responsibility for the financial statements as signed by the management of Bombardier and included in any published document.

(k) Ensure that adequate procedures are in place for the review of Bombardier's public disclosure of financial information extracted or derived from Bombardier's financial statements, other than the public disclosure referred to in paragraph (c) or (d) above, and periodically assess the adequacy of those procedures.

(l) Ensure that procedures are in place for

   (i) the receipt, retention and treatment of complaints received by Bombardier regarding accounting, internal accounting controls, or auditing matters; and

   (ii) the confidential, anonymous submission by employees of Bombardier of concerns regarding questionable accounting or auditing matters.

(m) Where there is to be a change of external auditor, review all issues related to the change, including any differences between Bombardier and the external auditor that relate to the external auditor's opinion or a qualification thereof or an external auditor's comment.

(n) Monitor the application of, and, if need be, review and make appropriate recommendations to management in order to update the Corporate Disclosure Policy of Bombardier.

- As they relate to the external auditor

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

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

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

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

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

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

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

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

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

(j) Ensure that the external auditor shall not provide the following services to Bombardier:

   - bookkeeping or other services related to the accounting records or financial statements of Bombardier;
   - financial information systems design and implementation;
   - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
   - actuarial services;
   - internal audit outsourcing services;
   - management functions;
   - human resources;
   - broker or dealer, investment adviser, or investment banking services;
   - legal services; and
   - expert services unrelated to the audit.

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

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

- As they relate to the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management.

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

(b) Review and, if appropriate, approve the annual Corporate Audit Services and Risk Assessment plan.

(c) Assess the Corporate Audit Services and Risk Assessment reporting lines and make such recommendations as are necessary to preserve the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management independence.

(d) Review significant Corporate Audit Services and Risk Assessment findings and recommendations and management's responses thereto.

(e) Once a year, assess the performance of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment and Pension Asset Management and if the circumstances so warrant, review and recommend the removal of the then current incumbent and the appointment of his successor and report the findings and conclusions of the Audit Committee to the Human Resources and Compensation Committee and the President and Chief Executive Officer of the Corporation.

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

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

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

1.5 Miscellaneous

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

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