BOMBARDIER

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Notice of Annual Meeting of Shareholders

Management Proxy Circular

2014

BOMBARDIER INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS 2014

Date: Thursday, May 1, 2014

Time: 9:30 a.m. (Montréal time)

Place: Montréal Science Centre
Perspective 235º Room
2 de la Commune Street West
Montréal, Québec, Canada

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Monday, March 3, 2014, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,

Daniel Desjardins

Senior Vice President, General Counsel and Corporate Secretary

Montréal, Québec, Canada, March 3, 2014

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended December 31, 2013 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consideration and, if deemed appropriate, adoption of a non-binding advisory resolution (the full text of which is reproduced on page 16 of the Management Proxy Circular) on Bombardier Inc.'s approach to executive compensation; and
5. Consideration of such other business as may properly come before the meeting.

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

Any registered shareholder, ***that is a shareholder who has requested and received from Computershare Investor Services Inc., the transfer agent for all the shares of Bombardier Inc., a share certificate on which his/her shares are registered in his/her name***, wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Wednesday, April 30, 2014. 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 7.

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 8 of the Management Proxy Circular for information on how to submit a proxy.

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

REMINDER TO THE READER

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

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2014 MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting) (the "Class A shares"), and/or Class B shares (subordinate voting) (the "Class B subordinate shares"), of the Corporation to be held on Thursday, May 1, 2014 at 9:30 a.m. (Montréal time) at the Montréal Science Centre, Perspective 235º Room, 2 de la Commune Street West, Montréal, Québec, Canada (the "Meeting"), and at any and all adjournments thereof.

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

Section 1 : Voting Information

Who is soliciting my proxy?

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

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 9 to 22);
- the appointment of Ernst & Young, LLP, chartered accountants, ("Ernst & Young") as the independent auditors of the Corporation (see page 16); and
- the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 16 of this Circular) on Bombardier's approach to executive compensation.

How will these matters be decided at the Meeting?

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

How many votes do I have?

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

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at March 3, 2014, 31.46% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

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

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Monday, March 3, 2014 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 3, 2014, there were 314,530,462 Class A shares and 1,443,496,418 Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, the only persons who, as at March 3, 2014 beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mr. J. R. André Bombardier, director of the Corporation, and Mses. Janine Bombardier, Claire Bombardier Beaudoin and Huguette Bombardier Fontaine. These four persons indirectly controlled, through holding companies, 249,199,910 Class A shares and 1,118,275 Class B subordinate shares, representing in the aggregate 79.23% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.33% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on page 10 and in the notes (A), (E), (F) and (G) on page 14 of this Circular as to the number of Class A shares and Class B subordinate shares held by each of these four persons.

As at March 3, 2014, the directors of Bombardier (with the exception of Mr. J. R. André Bombardier) and executive officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,688,275 Class A shares and 2,574,684 Class B subordinate shares, representing 5.62% and 0.18%, 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 8.

Voting by proxy

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

How will my proxyholder vote?

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

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

Proxy Voting Options

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

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

Mail or Fax

Registered shareholders electing to submit a proxy by mail or fax must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc. ("Computershare"), either in the postage pre-paid return envelope provided or by fax at 1 866 249 7775 (for shareholders in Canada and in the United States) and at 416 263 9524 (for shareholders outside Canada and the United States), no later than 4:00 p.m. (Montréal time) on Wednesday, April 30, 2014.

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 8).

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

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

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

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

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

Who counts the proxies?

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

Is my vote confidential?

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

How are proxies solicited?

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

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

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

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

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

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

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

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

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

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

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

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

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

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

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

Electronic voting at the meeting

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

How do I communicate with Computershare?

You can communicate with Computershare at the following address:

Computershare Investor Services Inc.
100 University Avenue
8th Floor
Toronto, Ontario M5J 2Y1
or by telephone at: 1 800 564 6253

Section 2: Business of the Meeting

Election of the Directors of Bombardier

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

It is proposed that 15 directors be elected until the next annual meeting of the shareholders of Bombardier.

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

Mr. André Bérard will retire at the close of the Meeting, after serving on the Board since 2004, and will not seek re-election as a director. Information relating to Mr. Bérard therefore does not appear below along with the information regarding the 15 proposed nominees for election as directors of the Corporation. Nevertheless, because Mr. Bérard will act as director up to the Meeting, information concerning him appears in the other sections of this Circular that pertain to the members of the Board.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your nominee, if you are a non-registered shareholder, will vote for the election of the 15 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier, except for Mr. Vikram Pandit, who is a new candidate proposed for election as director.

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

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

Chairman of the Board of Directors of Bombardier
Westmount, Québec, Canada
Age: 75
Director since 1975
Not independent

Votes in favour at previous annual meeting: 99.22%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**13,052,944**	**812,500**	**1,640,407 (C)**
December 31, 2012	13,052,944	812,500	1,603,772 (C)
Change	—	—	36,635 (C)

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

PIERRE BEAUDOIN

President and Chief Executive Officer of Bombardier
Westmount, Québec, Canada
Age: 51
Director since 2004
Not independent

Votes in favour at previous annual meeting: 99.63%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**512,859**	**763,618**	**2,480,525**
December 31, 2012	512,859	354,954	2,052,492
Change	—	408,664	428,033

Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in1985. 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 responsibilities of President and Chief Executive Officer of Bombardier. He is a member of the Boards of Directors of Power Corporation of Canada.

JOANNE BISSONNETTE (E)

Corporate Director
Outremont, Québec, Canada
Age: 52
Director since 2012
Not independent

Votes in favour at previous annual meeting: 99.14%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**5,824**	**66,201**
December 31, 2012	—	5,824	30,271
Change	—	—	35,930

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

J. R. ANDRÉ BOMBARDIER

Vice Chairman of Bombardier
Montréal, Québec, Canada
Age: 71
Director since 1975
Not independent

Votes in favour at previous annual meeting: 99.33%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	(F)	**265,774**	**225,747**
December 31, 2012	(F)	265,774	186,255
Change	—	—	39,492

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 BRP Inc.

MARTHA FINN BROOKS

Corporate Director
Atlanta, Georgia, United States
Age: 54
Director since 2009
Member of the
Human Resources and
Compensation Committee and
the Finance and Risk Management Committee
Independent

Votes in favour at previous annual meeting: 99.68%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**30,000**	**176,750**
December 31, 2012	—	30,000	133,688
Change	—	—	43,062

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

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

Corporate Director
Ottawa, Ontario, Canada
Age: 70
Director since 2003
Chairman of the Audit Committee
Member of the Finance and
Risk Management Committee
Independent

Votes in favour at previous annual meeting: 99.69%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**10,000**	**187,978**
December 31, 2012	—	10,000	166,556
Change	—	—	21,422

Mr. L. Denis Desautels was Auditor General of Canada from April 1, 1991 until March 31, 2001. As Auditor General of Canada, he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montreal Office of Ernst & Young. In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices, namely Montréal, Ottawa and Québec. He was Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants from 2010 to 2012 and a member of the Expert Panel on Securities Regulation in Canada. He is a member of the Board of directors of Groupe Jean Coutu (PJC) Inc. and he also sits on the Boards of Governors of the International Development Research Centre (IDRC) and the University of Ottawa.

THIERRY DESMAREST

Honorary Chairman of the Board of Directors of Total S.A. (Total) a multinational energy (oil, gas and chemicals) corporation
Paris, France
Age: 68
Director since 2009
Independent

Votes in favour at previous annual meeting: 99.47%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**—**	**147,868**
December 31, 2012	—	—	110,114
Change	—	—	37,754

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

JEAN-LOUIS FONTAINE (D) (G)

Vice Chairman of Bombardier
Westmount, Québec, Canada
Age: 74
Director since 1975
Not independent

Votes in favour at previous annual meeting: 99.33%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**4,097,472**	**6,465**	**224,102**
December 31, 2012	4,097,472	6,465	184,646
Change	—	—	39,456

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

SHEILA FRASER, FCPA, FCA

Corporate Director
Ottawa, Ontario, Canada
Age: 63
Director since 2012
Member of the Audit Committee
Independent

Votes in favour at previous annual meeting: 99.58%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**—**	**68,066**
December 31, 2012	—	—	30,948
Change	—	—	37,118

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

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors
Montréal, Québec, Canada
Age: 69
Director since 1999
Member of the Audit Committee, the Finance and Risk Management Committee and the Corporate Governance and Nominating Committee
Independent

Votes in favour at previous annual meeting: 99.53%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**1,200**	**167,345**
December 31, 2012	—	1,200	146,384
Change	—	—	20,961

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 exp Global Inc., IGM Financial Inc., The Investors Group Inc. and Mackenzie Inc. He is also Honorary Consul of Sweden in Montréal.

JEAN C. MONTY

Corporate Director
Montréal, Québec, Canada
Age: 66
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

Votes in favour at previous annual meeting: 99.46%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**25,000**	**175,000**	**414,398**
December 31, 2012	25,000	175,000	367,248
Change	—	—	47,150

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

VIKRAM PANDIT

Executive Chairman TGG, a holding company for advisory and other businesses
New York, New York, United States
Age: 57
Director since: N/A
(Mr. Pandit is a new candidate proposed for election as director)
Independent

Votes in favour at previous annual meeting: N/A

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**—**	**—**
December 31, 2012	—	—	—
Change	—	—	—

Mr. Vikram Pandit is the Executive Chairman of TGG. He is the former Chief Executive Officer of Citigroup Inc. (multinational financial services corporation), a position he held from December 2007 until he resigned in October 2012. Prior to that, he had been Chairman and Chief Executive Officer of Citi Alternative Investments in 2007, after Old Lane, LLC, a hedge fund of which he was a founding member and Chairman of the members committee since 2006, was acquired by Citigroup Inc. Mr. Pandit began his career at Morgan Stanley as an associate in 1983 and became President and Chief Operating Officer of the company's institutional securities and investment banking businesses in 2000. Mr. Pandit received his Ph.D. in Finance from Columbia University in 1986.

PATRICK PICHETTE

Senior Vice President and Chief Financial Officer Google Inc. (Internet-related services and products)
Palo Alto, California, United States
Age: 51
Director since 2013
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

Votes in favour at previous annual meeting: N/A

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**6,000**	**9,247**
December 31, 2012	—	6,000	—
Change	—	—	—

Mr. Patrick Pichette is Senior Vice President and Chief Financial Officer of Google Inc. He has nearly 20 years of experience in financial operations and management in the telecommunications sector, including seven years at Bell Canada, which he joined in 2001 as Executive Vice President of Planning and Performance Management. During his time at Bell Canada, he held various executive positions, including Chief Financial Officer from 2002 until the end of 2003. Prior to joining Bell Canada, Mr. Pichette was a partner at McKinsey & Company, where he was a lead member of McKinsey's North American Telecom Practice. He also served as Vice President and Chief Financial Officer of Call-Net Enterprises Inc., a Canadian telecommunications company.

CARLOS E. REPRESAS

Corporate Director
Mexico City, Mexico
Age: 68
Director since 2004
Chairman of the Corporate Governance and Nominating Committee and member of the Human Resources and Compensation Committee and the Finance and Risk Management Committee
Independent

Votes in favour at previous annual meeting: 99.67%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**—**	**217,439**
December 31, 2012	—	—	195,358
Change	—	—	22,081

Mr. Carlos E. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc., Swiss Re Group and Swiss Re America Holding-USA. He is a member of the Latin American Business Council (CEAL). He is Trustee of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latin American Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

HEINRICH WEISS

Chairman of the Supervisory Board of SMS Holding GmbH, holding of an international group of corporations active in plant construction and mechanical engineering related to the processing of steel and non-ferrous metals
Dusseldorf, Germany
Age: 71
Director since 2005
Member of the Corporate Governance and Nominating Committee
Independent

Votes in favour at previous annual meeting: 99.68%

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2013	**—**	**—**	**335,579**
December 31, 2012	—	—	290,148
Change	—	—	45,431

Dr. Heinrich Weiss is a member of the Supervisory Boards of Deutsche Bahn AG, DB Mobility Logistics AG and Voith GmbH.

(*) The information appearing on pages 10 to 14 of this Circular is determined as at December 31, 2013 and December 31, 2012, respectively.

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

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

(B) "Deferred Stock Units" are: (i) in the case of Mses. Joanne Bissonnette, Martha Finn Brooks and Sheila Fraser and Messrs. J. R. André Bombardier, L. Denis Desautels, Thierry Desmarest, Jean-Louis Fontaine, Daniel Johnson, Jean C. Monty, Patrick Pichette, Carlos E. Represas and Heinrich Weiss, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 20 of this Circular; (ii) in the case of the Chairman of the Board of Directors of Bombardier, Mr. Laurent Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Stock Unit Plan for Senior Officers which is more fully explained on page 38 of this Circular; and (iii) in the case of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Share Unit Plan and the 2010 Deferred Share Unit Plan which are more fully explained on pages 33 to 36 of this Circular. The number of Deferred Stock Units for each director and for Messrs. Laurent Beaudoin and Pierre Beaudoin has been determined as at December 31, 2013 and December 31, 2012, respectively, except for the Deferred Stock Units that were credited in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarters ended on December 31, 2013 and December 31, 2012, respectively, the number of which was determined at January 13, 2014 and January 7, 2013, respectively.

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

(D) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board (please refer to page 62 of this Circular). Although Messrs. Laurent Beaudoin and Jean-Louis Fontaine have attained the prescribed retirement age, the Board, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Messrs. Laurent Beaudoin and Jean-Louis Fontaine as directors of the Corporation during the Meeting to be held on Thursday, May 1, 2014.

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

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

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

The following table sets forth the number of meetings of the Board and its Committees held between January 1, 2013 and December 31, 2013 and the record of attendance at these meetings of the directors of the Corporation throughout the year, all of whom, except for Mr. Jean-Pierre Rosso and Mr. André Bérard, are nominees for election to the Board for the ensuing year.

Individuals who acted as Directors during the year 2013	**Board (1)**	**Audit Committee Chairman: L. Denis Desautels**	**Corporate Governance and Nominating Committee Chairman: Carlos E. Represas**	**Human Resources and Compensation Committee Chairman: Jean C. Monty**	**Finance and Risk Management Committee Chairman: André Bérard**	**Individual Attendance Rate**
Laurent Beaudoin (2)	8/8	(2)	(2)	(2)	(2)	100%
Pierre Beaudoin (2)	8/8	(2)	(2)	(2)	(2)	100%
André Bérard	6/8	6/6	—	5/5	6/6	92%
Joanne Bissonnette	8/8	—	—	—	—	100%
J. R. André Bombardier	8/8	—	—	—	—	100%
Martha Finn Brooks	8/8	—	—	5/5	6/6	100%
L. Denis Desautels	8/8	6/6	—	—	6/6	100%
Thierry Desmarest (3)	7/8	—	1/2	1/3	—	69%
Jean-Louis Fontaine	7/8	—	—	—	—	88%
Sheila Fraser	8/8	6/6	—	—	—	100%
Daniel Johnson (4)	8/8	6/6	1/1	—	5/6	95%
Jean C. Monty	8/8	—	3/3	5/5	—	100%
Patrick Pichette (5)	1/1	—	—	—	—	100%
Carlos E. Represas (6)	6/8	—	2/3	4/5	5/6	77%
Jean-Pierre Rosso (7)	4/4	3/3	2/2	—	—	100%
Heinrich Weiss	6/8	—	2/3	—	—	73%
Overall Attendance Rate:	**93%**	**100%**	**79%**	**87%**	**93%**	**—**

(1) Including two special sessions for the review of the strategic orientation and the operating plans and budgets of the Corporation held during the year.

(2) The Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the President and Chief Executive Officer, Mr. Pierre Beaudoin, are not members of any of the Committees of the Board; however, they are entitled to attend and to participate in all the meetings of the Committees (except in camera meetings), but not to vote.

(3) Mr. Thierry Desmarest was a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee until the close of the previous annual meeting of the Corporation held on May 9, 2013.

(4) Mr. Daniel Johnson was appointed as a member of the Corporate Governance and Nominating Committee immediately following the close of the previous annual meeting of the Corporation held on May 9, 2013.

(5) Mr. Patrick Pichette was appointed as director and a member of the Audit Committee and the Human Resources and Compensation Committee at the meeting of the Board of Directors of the Corporation held on October 30, 2013.

(6) Mr. Carlos E. Represas was appointed as Chairman of the Corporate Governance and Nominating Committee immediately following the close of the previous annual meeting of the Corporation held on May 9, 2013.

(7) Mr. Jean-Pierre Rosso retired at the close of the previous annual meeting of the Corporation held on May 9, 2013.

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

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

b) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Appointment of the Independent Auditors of Bombardier and Audit Committee Information

Appointment of the Independent Auditors

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

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

Audit Committee Information

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

For further information relating to the Audit Committee and independent auditors of the Corporation, please refer to the section entitled "Audit Committee Disclosure" in the Corporation's Annual Information Form for the financial year ended December 31, 2013, which has been filed with securities regulators at sedar.com and may be obtained on request from the Public Affairs Department of Bombardier at www.bombardier.com.

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

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

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

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 54 of this Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

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

"RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Bombardier Inc., that the shareholders of Bombardier Inc. accept the approach to executive compensation disclosed in the Management Proxy Circular delivered in advance of the annual meeting of the shareholders of Bombardier Inc. held on May 1, 2014".

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

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

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

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

Section 3: Remuneration of the Directors of Bombardier

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

With a view to providing market competitive compensation and aligning the interests of directors and shareholders, the Corporate Governance and Nominating Committee (the “CGNC”) reviews the amount and form of non-executive directors’ compensation in light of the responsibilities and time commitment required of directors. The CGNC monitors the competitiveness of Bombardier’s Board compensation against public companies in Canada and the United States that have international operations and are comparable in size and complexity to Bombardier. The CGNC did not recommend any change to the amount or form of compensation for the financial year ended December 31, 2013.

The following table illustrates the elements of compensation to which the directors were entitled during the financial year ended December 31, 2013, with the exception of Mr. Pierre Beaudoin, who receives no compensation for serving as a director of the Corporation.

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

(1) The Chairman of the Board of Directors does not receive any additional retainer.

(2) Every time a director has a travel time of three hours or more from his/her residence in order to attend a meeting of the Board and/or one of its committees, in person, he or she is entitled to receive travel fees.

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

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

Allocation of Fees Earned during the Financial Year ended December 31, 2013

The following table shows the allocation of fees earned during the financial year ended December 31, 2013 by the directors of the Corporation entitled to receive them:

				Annual Fees	Travel Fees	Total			Allocation of Fees
Director	**Board Retainer (1) ($)**	**Lead Director ($)**	**Committees ($)**	**Total ($)**	**Travel Fees (2) ($)**	**Total Fees Earned ($)**	**Total Fees Paid in Cash ($)**	**Total Fees Credited in DDSUs ($)**	**Number of DDSUs Credited (3)**
Laurent Beaudoin	600,000	—	—	600,000	—	600,000	600,000	—	—
André Bérard	150,000	15,000	20,000	185,000	—	185,000	—	185,000	51,587
Joanne Bissonnette	150,000	—	—	150,000	—	150,000	—	150,000	35,930
J. R. André Bombardier	150,000	—	—	150,000	—	150,000	—	150,000	39,492
Martha Finn Brooks (2)	150,000	—	10,000	160,000	10,000	170,000	—	170,000	43,062
L. Denis Desautels (9)	150,000	—	25,000	175,000	—	175,000	100,000	75,000	21,422
Thierry Desmarest (2) (4)	150,000	—	5,000	155,000	7,500	162,500	12,500	150,000	37,754
Jean-Louis Fontaine	150,000	—	—	150,000	—	150,000	—	150,000	39,456
Sheila Fraser	150,000	—	5,000	155,000	—	155,000	—	155,000	37,118
Daniel Johnson (5) (9)	150,000	—	12,500	162,500	—	162,500	87,500	75,000	20,961
Jean C. Monty	150,000	—	15,000	165,000	—	165,000	—	165,000	47,150
Patrick Pichette (2) (6)	37,500	—	—	37,500	2,500	40,000	—	40,000	9,247
Carlos E. Represas (2) (7) (9)	150,000	—	17,500	167,500	10,000	177,500	102,500	75,000	22,081
Jean-Pierre Rosso (2) (8)	75,000	—	7,500	82,500	7,500	90,000	—	90,000	25,062
Heinrich Weiss (2)	150,000	—	5,000	155,000	7,500	162,500	—	162,500	45,431

(1) The full amount of the annual Board retainer was credited in DDSUs to every director, except for (i) Mr. Laurent Beaudoin who does not participate in the Director Deferred Stock Unit Plan, which is more fully explained on page 20 of this Circular; (ii) Mr. Daniel Johnson; (iii) Mr. L. Denis Desautels; and (iv) Mr. Carlos E. Represas (in the case of Messrs. Johnson, Desautels and Represas, see note 9 below).

(2) This director was entitled to travel fees of $2,500 for each meeting which he or she attended in person, where applicable.

(3) Included in these numbers are additional DDSUs credited to a director if and when dividends on the Class B subordinate shares are declared payable by the Board. Also included in these numbers are DDSUs that were credited on January 13, 2014 in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarter ended on December 31, 2013.

(4) Mr. Thierry Desmarest was a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee until the close of the previous annual meeting of the Corporation held on May 9 2013.

(5) Mr. Daniel Johnson was appointed as a member of the Corporate Governance and Nominating Committee immediately following the close of the previous annual meeting of the Corporation held on May 9, 2013.

(6) Mr. Patrick Pichette was appointed as director and a member of the Audit Committee and the Human Resources and Compensation Committee at the meeting of the Board of Directors of the Corporation held on October 30, 2013.

(7) Mr. Carlos E. Represas was appointed as Chairman of the Corporate Governance and Nominating Committee immediately following the close of the previous annual meeting of the Corporation held on May 9, 2013.

(8) Mr. Jean-Pierre Rosso retired at the close of the previous annual meeting of the Corporation held on May 9, 2013.

(9) This director elected to receive only 50% of his $150,000 annual Board retainer in the form of DDSUs.

Summary Compensation Table

The Summary Compensation Table below shows all of the annual compensation information for each of the directors for the financial year ended December 31, 2013, with the exception of the President and Chief Executive Officer, Mr. Pierre Beaudoin, who did not receive any compensation for acting as a director of the Corporation.

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

Name of Directors	Total Fees Earned (1) ($)	Pension Value (2) ($)	All Other Compensation (3) ($)	Total Compensation ($)
Laurent Beaudoin	600,000	1,130,500	61,000	1,791,500
André Bérard	185,000	—	—	185,000
Joanne Bissonnette	150,000	—	—	150,000
J. R. André Bombardier	150,000	295,000	32,600	477,600
Martha Finn Brooks	170,000	—	—	170,000
L. Denis Desautels	175,000	—	—	175,000
Thierry Desmarest (4)	162,500	—	—	162,500
Jean-Louis Fontaine	150,000	430,000	14,400	594,400
Sheila Fraser	155,000	—	—	155,000
Daniel Johnson (5)	162,500	—	—	162,500
Jean C. Monty	165,000	—	—	165,000
Patrick Pichette (6)	40,000	—	—	40,000
Carlos E. Represas (7)	177,500	—	70,500 (8)	248,000
Jean-Pierre Rosso (9)	90,000	—	—	90,000
Heinrich Weiss	162,500	—	—	162,500

(1) Please refer to the table "Allocation of Fees Earned during the Financial Year ended December 31, 2013" on page 18 of this Circular.

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

(3) Only Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as executives of Bombardier. Please refer to the table "All Other Compensation" on page 20 of this Circular. With respect to other compensation paid to Mr. Carlos Represas, please see note 8 below.

(4) Mr. Thierry Desmarest was a member of the Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee until the close of the previous annual meeting of the Corporation held on May 9, 2013.

(5) Mr. Daniel Johnson was appointed as a member of the Corporate Governance and Nominating Committee immediately following the close of the previous annual meeting of the Corporation held on May 9, 2013.

(6) Mr. Patrick Pichette was appointed,as director and a member of the Audit Committee and the Human Resources and Compensation Committee at the meeting of the Board of Directors of the Corporation held on October 30, 2013.

(7) Mr. Carlos E. Represas was appointed as Chairman of the Corporate Governance and Nominating Committee immediately following the close of the previous annual meeting of the Corporation held on May 9, 2013.

(8) Total fees amounting to $75,000 Cdn ($70,500, based on an average exchange rate of 0.9400 for the financial year ended December 31, 2013) were paid to Mr. Represas' holding company for his services as Chairman of the Mexico Advisory Board of Bombardier and as Chairman Non Executive of Bombardier Latin America.

(9) Mr. Jean-Pierre Rosso retired at the close of the previous annual meeting of the Corporation held on May 9, 2013.

All Other Compensation

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine during the financial year ended December 31, 2013. They were entitled to these compensation elements as former executives of Bombardier. Details about pension benefits and perquisites are provided in Section 4: "Remuneration of the Executive Officers of Bombardier" from pages 22 to 54 of this Circular.

Director (1)	Pension Benefits (2) ($)	Total of Other Compensation Excluding Pension Benefits (3) ($)
Laurent Beaudoin	1,130,500	61,000
J. R. André Bombardier	295,000	32,600
Jean-Louis Fontaine	430,000	14,400

(1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of 0.9117 during the year ended December 31, 2013.

(2) Details of the pension plans for executives of Bombardier are provided on pages 49 and 50 of this Circular.

(3) Represents the estimated costs to Bombardier to provide car leasing and maintenance and premium paid for group insurance. The actual car leasing costs were added to an estimated maintenance cost taking into consideration the personal use of their respective car by Messrs. Laurent Beaudoin and J. R. André Bombardier. In addition, Bombardier pays the cost for administration of the office of the Chairman of the Board of Directors and of Mr. J. R. André Bombardier.

Director Deferred Stock Unit Plan

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

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

Minimum Shares and/or DDSUs Holding Requirement

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

On February 1, 2008, the Board implemented a minimum shares and/or DDSUs holding requirement, as amended in 2011, pursuant to which each director has to hold shares and/or DDSUs having a minimum value of $400,000 Cdn (equal to $376,000 based on an exchange rate of 0.9400 as of December 31, 2013 and to $401,700 based on an exchange rate of 1.0043 as of December 31, 2012) throughout his/her tenure as a director.

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

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

Director Shares and/or DDSUs/DSUSOs Holding Table

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

Director	Financial Year Ended December 31 (1)	Number of Class A Shares	Number of Class B Subordinate Shares	Total Value of Shares (2) ($)	Number of DDSUs/ DSUSOs	Total Value of DDSUs / DSUSOs (2) ($)	Total Number of Shares and DDSUs/ DSUSOs	Total Value of Shares and DDSUs/ DSUSOs (2) ($)	Share Ownership Threshold Met
Laurent Beaudoin (3)	2013	13,052,944	812,500	59,961,800	1,640,407	7,108,500	15,505,851	67,070,300	yes
	2012	13,052,944	812,500	53,275,900	1,603,772	6,056,100	15,469,216	59,332,000	yes
	Net change	0	0	6,685,900	36,635	1,052,400	36,635	7,738,300	
André Bérard	2013	—	5,000	21,700	407,269	1,764,900	412,269	1,786,600	yes
	2012	—	5,000	18,900	355,682	1,343,100	360,682	1,362,000	yes
	Net change	—	0	2,800	51,587	421,800	51,587	424,600	
Joanne Bissonnette	2013	—	5,824	25,200	66,201	286,900	72,025	312,100	no (4)
	2012	—	5,824	22,000	30,271	114,300	36,095	136,300	no
	Net change	—	0	3,200	35,930	172,600	35,930	175,800	
J. R. André Bombardier	2013	65,401,042	265,774	283,945,800	225,747 (6)	978,300	65,892,563	284,924,100	yes
	2012	65,401,042	265,774	252,566,700	186,255 (6)	703,300	65,853,071	253,270,000	yes
	Net change	0	0	31,379,100	39,492	275,000	39,492	31,654,100	
Martha Finn Brooks	2013	—	30,000	130,000	176,750	765,900	206,750	895,900	yes
	2012	—	30,000	113,300	133,688	504,800	163,688	618,100	yes
	Net change	—	0	16,700	43,062	261,100	43,062	277,800	
L. Denis Desautels	2013	—	10,000	43,300	187,978	814,600	197,978	857,900	yes
	2012	—	10,000	37,800	166,556	628,900	176,556	666,700	yes
	Net change	—	0	5,500	21,422	185,700	21,422	191,200	
Thierry Desmarest	2013	—	—	—	147,868	640,800	147,868	640,800	yes
	2012	—	—	—	110,114	415,800	110,114	415,800	yes
	Net change	—	—	—	37,754	225,000	37,754	225,000	
Jean-Louis Fontaine	2013	4,097,472	6,465	17,745,500	224,102 (7)	971,100	4,328,039	18,716,600	yes
	2012	4,097,472	6,465	15,785,200	184,646 (7)	697,300	4,288,583	16,482,500	yes
	Net change	0	0	1,960,300	39,456	273,800	39,456	2,234,100	
Sheila Fraser	2013	—	—	—	68,066	295,000	68,066	295,000	no (4)
	2012	—	—	—	30,948	116,900	30,948	116,900	no
	Net change	—	—	—	37,118	178,100	37,118	178,100	
Daniel Johnson	2013	—	1,200	5,200	167,345	725,200	168,545	730,400	yes
	2012	—	1,200	4,500	146,384	552,800	147,584	557,300	yes
	Net change	—	0	700	20,961	172,400	20,961	173,100	
Jean C. Monty	2013	25,000	175,000	866,400	414,398	1,795,800	614,398	2,662,200	yes
	2012	25,000	175,000	757,000	367,248	1,386,800	567,248	2,143,800	yes
	Net change	0	0	109,400	47,150	409,000	47,150	518,400	
Patrick Pichette	2013	—	6,000	26,000	9,247	40,100	15,247	66,100	no (5)
	2012	—	6,000	22,700	—	—	6,000	22,700	
	Net change	—	0	3,300	—	—	9,247	43,400	
Carlos E. Represas	2013	—	—	—	217,439	942,300	217,439	942,300	yes
	2012	—	—	—	195,358	737,700	195,358	737,700	yes
	Net change	—	—	—	22,081	204,600	22,081	204,600	
Heinrich Weiss	2013	—	—	—	335,579	1,454,200	335,579	1,454,200	yes
	2012	—	—	—	290,148	1,095,600	290,148	1,095,600	yes
	Net change	—	—	—	45,431	358,600	45,431	358,600	

(1) The number of the Class A shares, Class B subordinate shares, DDSUs or DSUSOs (see note 3 below) held by each director for the financial years ended December 31, 2013 and December 31, 2012 is determined at December 31, 2013 and as at December 31, 2012, respectively, except for the DDSUs that were credited in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarters ended on December 31, 2013 and December 31, 2012, respectively, the number of which was determined at January 13, 2014 and January 7, 2013, respectively.

(2) The total value for the financial year ended December 31, 2013 is calculated on the basis of the December 31, 2013 closing prices of the Class A share and the Class B subordinate share of $4.60 Cdn and $4.61 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.9400. The total value for the financial year ended December 31, 2012 is calculated on the basis of the December 31, 2012 closing prices of the Class A share and the Class B subordinate share of $3.83 Cdn and $3.76 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 1.0043. This value also corresponds to the market or payout value of DDSUs/DSUSOs not paid out or distributed.

(3) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of Bombardier, received an annual incentive of $1,400,000 Cdn, $2,285,000 Cdn and $3,675,000 Cdn, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units for Senior Officers (DSUSOs) ($3.50 Cdn per DSUSO), 487,205 DSUSOs ($4.69 Cdn per DSUSOs) and 555,975 DSUSOs ($6.61 Cdn per DSUSO), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, Mr. Laurent Beaudoin is credited with additional DSUSOs if and when dividends are declared by the Board. As of December 31, 2013, Mr. Laurent Beaudoin held 1,640,407 DSUSOs. Please refer to the description of the Deferred Stock Unit Plan for Senior Officers on page 38 of this Circular for more details.

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

(5) Mr. Patrick Pichette was appointed as director on October 30, 2013; therefore he has not yet reached the threshold.

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

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

Section 4: Remuneration of the Executive Officers of Bombardier

Letter to Shareholders

To our Shareholders,

The Human Resources and Compensation Committee ("HRCC") of the Board of Directors is committed to keeping Bombardier shareholders informed of its approach to executive compensation and of related highlights of the past year.

This year, you will once again be invited to cast your advisory "Say on Pay" vote. To assist you in your decision, we are pleased to present you with this summary, as well as the more detailed description of the executive compensation policy and related plans in the Compensation Discussion and Analysis on the subsequent pages.

Our Approach to Executive Compensation

Our philosophy is to pay for performance and to encourage appropriate business risk without encouraging behaviors that may have an adverse effect on Bombardier. Compensation for executives is directly linked to their actual contribution to the achievement of overall business strategic objectives and Bombardier's performance. As a result, Bombardier's compensation plans aim to directly link executive pay to actual performance, aligning compensation with long-term shareholder value.

Building on this approach, 68% to 80% of the Named Executives Officers' or NEOs' (as hereinafter defined) targeted total compensation is at-risk pay. The majority of this at-risk pay is linked to long-term results of the Performance Share Unit Plan or PSU Plan (as hereinafter defined), the Deferred Share Unit Plan and the Stock Option Plan. The balance of the at-risk pay is tied to the annual results of the short-term incentive plans. The remaining 20% to 32% of targeted total compensation is fixed and represents base salary.

The objective of Bombardier's executive compensation policy is to position the total compensation package at the median (50th percentile) of comparable companies (peer group). In addition to external benchmarks, other internal factors such as the role, the qualifications and experience of the incumbent within that role, and internal equity among executives are considered in setting compensation.

Key Compensation Decisions in 2013

- The Board of Directors adopted a clawback policy to allow Bombardier to recover overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contribute to non-compliance resulting in an obligation to prepare an accounting restatement. The HRCC continues to monitor market, legal and regulatory practices in this area.

- The HRCC decided to freeze the base salary of all NEOs in 2013.
- Reflecting Bombardier's commitment to pay for performance, and given that Bombardier's three-year average Return on Equity or ROE (as hereinafter defined) for PSU/DSU grants that vested during the financial year ended December 31, 2013 fell short of the target, the HRCC approved a vesting factor of 79% for these grants.
- The HRCC has adopted Return on Invested Capital or ROIC (as hereinafter defined) as the performance indicator for the PSU Plan and Deferred Share Unit Plan for grants made from August 2013 onward. ROIC is viewed as a more comprehensive measure than ROE, which was the previous performance indicator of Bombardier's PSU Plan and Deferred Share Unit Plan for all executives. In addition, to expand executives' line of sight and increase their engagement with the PSU Plan or Deferred Share Unit Plan, the performance measure for grants made from August 2013 onward to executives of Bombardier Aerospace and Bombardier Transportation shall be based 50% on the ROIC of their respective operational group, and 50% on the consolidated ROIC.
- In order to reduce the growth of defined benefit pension plans, related financial costs and volatility, the Board of Directors decided that effective September 1, 2013, newly hired executives in Canada and USA will join competitive, local defined contribution pension plans.

President and Chief Executive Officer Compensation and Performance Alignment

In 2013, we continued to invest strategically in new products to position us well for the future. With a record backlog of $70 billion, we are heading towards strong revenue growth. As significant investments in new products start to taper off, our top priority will be to translate these into bottom-line results.

During the year, we have achieved major milestones in our product developments. In Bombardier Aerospace, the *CSeries* aircraft had its maiden flight in September 2013, thus starting the extensive flight test program. In Bombardier Transportation, the new *Zefiro* 380 very high speed train for China has started its 600,000 km trial run in December 2013.

Moreover, we won significant orders throughout the world and across our diversified portfolio of industry-leading products. We had another strong year of bookings in Aerospace with 388 aircraft. In Transportation, we received $8.8 billion of new orders in 2013.

Finally, our pension deficit decreased by $1 billion in 2013 due to strong return on assets and higher discount rates.

Despite these successes, some financial targets set at the beginning of the year under the short-term incentive plans were not achieved. As a result, the payout under the short-term incentive plan related to financial key performance indicators for Mr. Pierre Beaudoin was 48.76% of target, and no objectives for value-added projects were achieved.

Therefore, Mr. Pierre Beaudoin's total direct compensation (which includes actual salary, actual bonus, and annual long-term incentive grants) for 2013 was $5,793,100 compared to $5,846,000 for 2012. The variation is explained by a higher short-term incentive payout ($167,600), no salary increase in 2013, no change in the value of long-term incentive grants in 2013 in Canadian dollars, and is offset by the depreciation of the Canadian dollar when converting his total direct compensation into US dollars.

The pay for performance study continues to show pay for performance alignment below median compared to the peer group. The details of this study are presented on page 43 of the Circular.

In Conclusion

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

Jean C. Monty
Chairman
Human Resources and Compensation Committee

Laurent Beaudoin
Chairman
Board of Directors

A. Composition of the Human Resources and Compensation Committee

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

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

None of the HRCC members during the financial year ended December 31, 2013 was an active chief executive officer with a publicly-traded entity. The current members each have experience in executive compensation as either (i) a former chief executive officer of a publicly-traded corporation, (ii) a senior executive officer who had executive responsibility for very sizeable businesses or (iii) a member of a compensation committee of a publicly-traded corporation. Furthermore, all members have experience in human resources having actively supervised human resources departments and assessed performance with respect to human resources and executive compensation policies and practices. The Board believes that the members of the HRCC collectively have the knowledge, experience and background required to fulfill their mandate.

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

B. Mandate of the HRCC

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

- ensure that appropriate mechanisms are in place with regards to succession planning for the President and Chief Executive Officer and executives reporting to him, including all NEOs;
- ensure, via the human resources key performance indicators, that appropriate human resources policies, procedures, practices and systems are in place to attract, motivate and retain the qualified personnel required to meet the business objectives of Bombardier;
- assess the performance of the President and Chief Executive Officer against objectives set at the beginning of the fiscal year;
- review and approve the total compensation policy that takes into account:
  - base salary,
  - short-term incentives,
  - long-term incentives, and
  - pensions, benefits and perquisites;
- approve new compensation plans and review modifications to the design of existing equity-based incentive plans with respect to the granting of performance share units (“PSUs”), deferred share units (“DSUs”) and stock options and make appropriate recommendations to the Board for its approval;
- review and assess compensation and incentive plan risks;
- approve stock ownership guidelines and review target progress;
- review the executive compensation disclosure and analysis for inclusion in Bombardier’s management proxy circular and report to the Board for its approval;
- review, on a quarterly basis, occupational health and safety matters and report to the Board on them; and
- review a 12-month consolidated Ethics and Compliance activity report on human resources issues; and,ensure that monitoring is in place regarding social issues such as employment equity, harassment and discrimination.

B.1 *Independent Consultant*

The HRCC has the authority to retain any independent consultants of its choice to advise its members on the total executive compensation policy and related matters, and to determine the fees and the terms and conditions of the engagement of these consultants. At the February 2014 meeting, the HRCC extended the services agreement with Meridian Compensation Partners ("Meridian"), as independent compensation advisor of the HRCC, for a one-year mandate.

During the financial year ended December 31, 2013, Meridian conducted a benchmarking review of executive compensation in relation to the markets for senior executive positions at Bombardier Transportation. Furthermore, Towers Watson conducted a benchmarking review of long-term incentives relative to the Canadian market.

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

During the financial year ended December 31, 2013, Meridian did not provide any other services to Bombardier or to any of its directors or members of management and the HRCC is satisfied with the independence of Meridian.

Meridian and Towers Watson billed the following fees to Bombardier during each of the financial years ended December 31, 2013 and December 31, 2012:

Mandates and Fees (1)	**Financial year ended December 31, 2013 ($)**	**Financial year ended December 31, 2012 ($)**	**Financial year ended December 31, 2013 ($)**	**Financial year ended December 31, 2012 ($)**
	Meridian		Towers Watson	
Executive Compensation Related Fees	107,300	243,300	29,300	19,600
All Other Fees (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	0	0	2,655,500	3,913,400
Total Fees	**107,300**	**243,300**	**2,684,800**	**3,933,000**

(1) Fees were converted from Canadian dollars to US dollars based on exchange rates of 0.9400 as of December 31, 2013 and 1.0043 as of December 31, 2012.

B.2 *Leadership Development and Management Succession Planning*

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

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

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

The management succession process originates at each Bombardier group (Aerospace, Transportation and Corporate Office). After a series of escalating reviews, this process culminates in a detailed and integrated assessment of the leadership status by Bombardier's senior management. This process is further reinforced by quarterly talent reviews of the top leaders' development plans by the President and Chief Executive Officer, the Group Presidents, the Senior Vice President, Human Resources and the Group Vice Presidents, Human Resources. Talent review sessions were held during the financial year ended December 31, 2013 and a summary of the management succession plan was presented to the Board in October 2013.

C. Compensation Discussion and Analysis

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

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

The HRCC validates the introduction of new compensation plans, any significant modifications to existing ones and target setting through stress-testing processes. During the financial year ended December 31, 2013, no new plan was adopted nor were significant changes made to existing plans. However, the key performance indicator for the PSU/DSU Plans was changed from Return on Equity ("ROE") to Return on Invested Capital ("ROIC"), as shown in the table in section C.1.1.

Overall, the HRCC is satisfied that the compensation of executives supports the objective of the policy.

C.1.1 Compensation Objectives

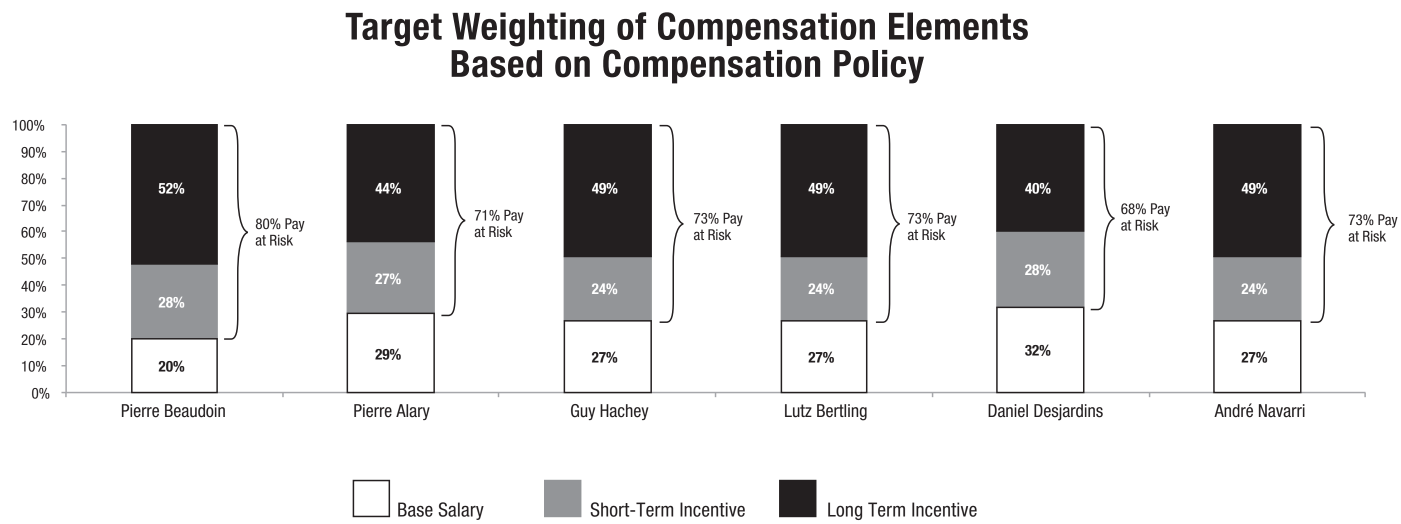
The objective of the executive compensation policy of Bombardier is to position total compensation packages at the median (50th percentile) of the relevant market, based on the selected comparator groups.

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

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

	Base Salary	**Short-Term Incentives**	**Long-Term Incentives**	
			PSUs / DSUs	**Stock Options**
Term	One year	One year	Three years	Seven years
Purpose	Compensation based on responsibilities, performance, skills and potential	Rewards achievement and surpassing of specific financial and non-financial key performance indicators	Rewards for creating shareholder value and achieving specific performance objectives	Links the interests of executives to those of shareholders by rewarding executives for creating shareholder value
Performance Criteria	—	Financial and non-financial key performance indicators	Three-year average: – ROE for grants prior to August 2013 – ROIC for grants since August 2013	Carry value only if share price is above exercise price
Vesting	—	—	Full vesting after three years if performance conditions are met	Stock options granted since June 2009 vest in full after three years
Payout	Cash	Cash	– PSUs paid in Class B subordinate shares or cash equivalent at the end of the three-year period according to choice made at grant. – DSUs granted before 2010 can be settled in Class B subordinate shares (secondary market) or cash equivalent. DSUs granted under the 2010 DSUP can only be settled in Class B subordinate shares (treasury or secondary market). DSUs can only be settled upon termination of the executive's employment.	Class B subordinate shares acquired at an exercise price determined at grant

The following graph illustrates the percentage of each component of the total compensation package (excluding the value of pension, benefits and perquisites), for (i) the President and Chief Executive Officer, Mr. Pierre Beaudoin, (ii) the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, (iii) the three other most highly compensated executive officers of Bombardier, namely the President and Chief Operating Officer of Bombardier Aerospace, Mr. Guy C. Hachey, the President and Chief Operating Officer of Bombardier Transportation, Mr. Lutz Bertling since June 3, 2013, and the Senior Vice President, General Counsel and Corporate Secretary, Me Daniel Desjardins, and (iv) the former President and Chief Operating Officer of Bombardier Transportation (and since June 3, 2013, Strategic Advisor to the President and Chief Executive Officer), Mr. André Navarri (all of whom are collectively referred to as the "Named Executive Officers" of Bombardier or "NEOs" (or individually "NEO") in this Circular) in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended December 31, 2013. The target weightings of each element intend to emphasize the at-risk compensation of each executive officer to ensure his/her alignment with shareholders' interests. The relative weighting of each element of direct compensation is aligned with each executive officer's ability to influence the short-term and long-term performance of Bombardier.



C.1.2 Benchmarking of Compensation for Senior Executive Positions

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

Meridian performed, during the financial year ended December 31, 2012, the benchmark used to determine the NEOs' compensation effective in the financial year ended December 31, 2013. Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, a comparator group including large North America based companies is used for North American positions. European positions are benchmarked using a combination of relevant European companies. The grant value guidelines for PSUs/DSUs and stock options are anchored on Canadian market practices for all executives based on Towers Watson's study.

As of the fiscal year ended in 2013, benchmarking will be performed every second year, staggered by group, with general market analysis applied in "off" years, as approved by the HRCC. In 2013, the benchmarking exercise was done for Bombardier Transportation.

The comparator group used in Meridian's 2012 study for the NEOs of Bombardier in the financial year ended December 31, 2013 is provided in the following tables. The compensation data for these companies come from information contained in Aon Hewitt's Total Compensation Measurement database and also from available public disclosure documents.

The companies selected have executive positions with responsibilities similar to those at Bombardier in terms of scope, global activities and manufacturing context.

Comparator Group for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, and Daniel Desjardins			
3M Alliant Techsystems Inc. The Boeing Company Caterpillar Inc. Eaton Corporation Emerson Electric Co.	Ford Motor Company General Dynamics Corporation General Electric Company Goodrich Corporation Honeywell International Inc. ITT Corporation	Johnson Controls, Inc. L-3 Communications Corporation Lockheed Martin Corporation McDermott International, Inc. Northrop Grunman Corporation Parker Hannifin Corporation	Raytheon Company Rockwell Automation Rockwell Collins SPX Corporation Textron The Timken Company United Technologies

Comparator Group for Messrs. Lutz Bertling and André Navarri			
Adam Opel AG Alcatel-Lucent BASF Bilfinger Berger BMW BorgWarner Continental Daimler Deere & Co	Demag-Cranes Deutsche Telekom Deutz EADS Eaton Corp Elring-Klinger GEA Group Grammer Heidelberger Druckmaschinen	Henkel KGaA Infineon Kion Group Klöckner & Co Kuka Leoni Linde AG Man SE Merck KGaA	Parker Hannifin Rheinmetall Robert Bosch Salzgitter Schneider Electric Siemens Terex ThyssenKrupp Tognum Volkswagen

C.1.3 Base Salary

In setting the base salary for the NEOs, reference is made to the results of the benchmarking for positions of similar responsibility in the country relevant for the position. The actual base salary paid to each NEO is typically targeted at the market median, based on the benchmarking results, and is then adjusted to take into consideration his/her responsibilities, current and sustained performance, skills and overall potential to ensure that the base salary reflects his/her actual contribution. An annual individual salary increase, if granted, is based on the review of the individual performance which includes, without limitation, his/her contribution, experience, operating group results, leadership, quality of management and competencies. A base salary higher than the market median can be paid if justified by sustainable higher level of individual performance or by a level of experience greater than that required for the position.

C.1.4 Short-Term Incentive Plans

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

The HRCC has the authority to set key performance indicators and targets in relation to incentive plans for management employees. It also has the general authority to adjust such key performance indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC. While the HRCC does make a qualitative assessment of certain aspects of the incentive plans (e.g. assessment of non-financial goals), the discretionary assessment of performance does not form part of the design of incentive plans. During the financial year ended December 31, 2013, the HRCC did not exercise, after the fact, its discretionary authority to adjust the key performance indicators, targets or results of incentive plans.

At its meeting of January 15, 2013, the HRCC approved the key performance indicators listed in the table below and their respective quantitative targets for the short-term incentive plans for the financial year ended December 31, 2013. Also included in the table is the rationale behind these choices.

Performance Indicator	Rationale	Measure Frequency	Corporate Office	Bombardier Aerospace	Bombardier Transportation	Flexjet
EBIT (1)	Industry wide measure of in-year operational profitability. Common measure for valuation of companies in the industry.	Quarterly		✓	✓	✓
FCF (2)	Measures the cash generated by the business after paying short-term operating costs, making long-term investments and meeting financing costs. Commonly used as a valuation measure for companies in the industry.	Monthly		✓	✓	✓
New Program Execution ("NPE") (3)	One element that represents the ability to execute plans with respect to development of new aircraft programs through quarterly milestone monitoring. Recognizes the contribution and fosters the engagement of employees.	Quarterly		✓		
On-Time Delivery (4)	Many employees have an impact on meeting these key performance indicators. Also very important to Bombardier's clients and impact both their satisfaction and loyalty.	Quarterly		✓		
Fleet Dispatch Reliability (5)		Quarterly		✓		
Net Cumulative Shares Under Management (6)		Quarterly				✓
Flawless Execution (7)		Quarterly				✓
Employee Engagement (8)	The selection of a "people" performance indicator emphasizes the focus on behavior, leadership and soft skills. Sends a clear signal to drive cultural and behavioral change of leadership, which will result in higher engagement and better performance.	Annually			✓	
Earnings Per Share (EPS)	A wide measure of profitability and a common measure for valuation of companies. Measures the net profitability of performance.	Quarterly	✓			
Value Added Projects (9)	Linked to the success of certain key specific projects that have strategic importance for Bombardier. While usually long-term in nature, key milestones are measured and the advancement and realization of these projects are monitored.	Annually	✓			
Bonus Payable Limited to a Percentage of EBIT			(10)	5%	5%	7.5%

(1) Earnings before financing expense, financing income and income taxes, excluding corporate expense allocation and for Bombardier Aerospace, also excluding Flexjet results.

(2) Free cash flow, excluding corporate cash allocation and for Bombardier Aerospace, also excluding Flexjet results.

(3) New Program Execution represents the achievement of quarterly milestones in the development of new aircraft programs.

(4) On-time Delivery represents the percentage of aircraft delivered to the customers on or before the customer original or amended contract date.

(5) Fleet Dispatch Reliability reports the number of successful aircraft take-offs free of mechanical issues.

(6) Net Cumulative Shares under Management represents the number of customers, measured in number of aircraft, with which Flexjet has an agreement to provide private travel.

(7) Flawless Performance Measure of Flight Operations (Flawless Execution) is an index representing the quality of execution of each leg of flight operated for an owner of Flexjet aircraft. A quality score is granted for each of the following elements of the flight: charter and booking, delay due to maintenance, crew services, catering, ground transportation, aircraft condition and amenities.

(8) Employee engagement represents the actual results from Bombardier Transportation's employee engagement survey.

(9) The President and Chief Executive Officer is the only NEO with individual objectives in the short-term incentive plan. These objectives are linked to value added projects.

(10) Combination of Bombardier Aerospace, Bombardier Transportation and Flexjet limits.

The Corporation estimates that every performance indicator target is set at an ambitious level to promote enhanced performance over the prior year's results. The financial performance indicator targets are based on Bombardier's operating plans for the year as approved by the Board and take into account prior years' results and prevailing economic conditions. Moreover, the financial performance indicator targets are reasonably attainable provided that the operating plans are substantially complied with and achieved by management. These financial performance indicators are not benchmarked against similar indicators from the comparator group used for the compensation policy.

If targets are not met, the portion of the short-term incentive award in respect of that target is forfeited. If targets are exceeded at year-end, the payout potential can reach twice the target amount (subject to the achievement of at least the EBIT target).

In addition, these plans also limit, for the financial year ended December 31, 2013, the total bonus payable to predetermined percentages of EBIT as stated in the table above. Bonus payments are proportionally reduced if the EBIT limit is reached. Finally, no bonus is paid if EBIT for the year is zero, even if the FCF or EPS targets and/or the other key performance indicators are met.

During the year, a periodic review of the activities of each operating group and Flexjet was made by corporate management in order to monitor their financial and operational performance against the objectives that they had to meet for the year. Although the Flexjet business division was sold on December 4, 2013, Flexjet results were used in the 2013 short-term incentive plan payout calculations, where applicable.

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

Group	Key Performance Indicators	Target Weight	Actual Results ($)	Realized Weight	Total Realized Weight
Bombardier Aerospace	EBIT	30.00%	418 million (1)	15.00%	40.75%
	FCF	30.00%	(1,239) million (1)	12.00%	
	On-time Delivery	5.00%	Not publicly disclosed (2)	3.75%	
	Fleet Dispatch Reliability	5.00%	Not publicly disclosed (2)	2.50%	
	NPE	30.00%	Not publicly disclosed (2)	7.50%	
Flexjet	EBIT	33.33%	Included in Bombardier Aerospace	66.67%	167.50%
	FCF	33.33%	Included in Bombardier Aerospace	66.67%	
	Net Cumulative Shares Under Management	16.67%	Not publicly disclosed (2)	25.83%	
	Flawless Performance Measure of Flight Operations	16.67%	Not publicly disclosed (2)	8.33%	
Bombardier Transportation	EBIT	30.00%	505 million (3)	12.44%	74.67%
	FCF	50.00%	668 million (3)	43.56%	
	Employee Engagement	20.00%	Not publicly disclosed (2)	18.67%	
Corporate Office	Aerospace objectives	38.00%	Stated above	15.49%	65.09%
	Transportation objectives	38.00%	Stated above	28.37%	
	Flexjet objectives	4.00%	Stated above	6.70%	
	EPS	20.00%	0.33 per share	14.53%	
President and Chief Executive Officer	Aerospace objectives	27.14%	Stated above	11.06%	48.76%
	Transportation objectives	27.14%	Stated above	21.62%	
	Flexjet objectives	2.86%	Stated above	5.70%	
	EPS	14.29%	Stated above	10.38%	
	The Board has defined specific valued added projects with strategic targets including: Bombardier Aerospace: start flight testing of the CSeries by June 2013 Bombardier Transportation: improve execution on large rolling stock projects	28.57%	Not publicly disclosed (2)	0.00%	

(1) As stated in Bombardier's financial statements as at December 31, 2013. The calculation of the short-term incentive plan results excludes Flexjet results, corporate expense/cash allocations and special items.

(2) Would provide, if disclosed, highly sensitive data to competitors and could provide inappropriate market guidance.

(3) As stated in Bombardier's financial statements as at December 31, 2013. The calculation of the short-term incentive plan results excludes corporate expense/cash allocations and special items.

The following table provides the minimum, target and maximum bonus payable to the NEOs pursuant to the short-term incentive plans as well as the actual payout earned for the financial year ended December 31, 2013 expressed as a percentage of base salary.

NEOs	Minimum	Target	Maximum	Actual Payout	% of Total Compensation
Pierre Beaudoin	0%	140%	280%	68.27%	15.46%
Pierre Alary	0%	90%	180%	58.58%	17.64%
Guy C. Hachey	0%	90%	180%	36.68%	9.11%
Lutz Bertling	0%	90%	180%	67.20%	8.99%
Daniel Desjardins	0%	90%	180%	58.58%	18.56%
André Navarri (1)	0%	90%	180%	62.20%	22.75%

(1) For the 2013 fiscal year, Mr. André Navarri was entitled to a short-term incentive payout based on Bombardier Transportation objectives and results for the period from January 1, 2013 through June 2, 2013, and on Corporate Office objectives and results for the period from June 3, 2013 through December 31, 2013.

C.1.5 Long-Term Incentive Plans

The objectives of the Bombardier PSU, DSU and stock option plans are to align its executives' interests with shareholder value growth and to retain key talent. Bombardier uses a combination of these three plans as long-term incentives.

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

Since June 2009, the HRCC has decided to provide 66 $^{2}/_{3}$% of the value of long-term incentive grants to its NEOs in the form of PSUs or DSUs and 33 $^{1}/_{3}$% in the form of stock options.

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

- they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
- they promote executive retention since the grants vest over a certain number of years;
- the value of the grants depends on the future value of the Class B subordinate shares;
- in the case of DSUs granted prior to June 2010 and PSUs, there is no dilution effect on shareholders since i) the DSUs are delivered, upon settlement, in cash or as Class B subordinate shares purchased on the secondary market, and ii) the PSUs are delivered, upon vesting, in Class B subordinate shares purchased on the secondary market; and
- in the case of PSUs, the cost volatility to Bombardier is managed through the pre-purchase of shares on the secondary market by a trustee, as instructed by the Corporation.

The HRCC determines the size of grants to be awarded by the Board to the NEOs. Long-term incentives are granted on an annual basis, based on benchmark data. The value of PSUs/DSUs and stock options granted to each participant is based, among other considerations, on a grant guideline that is related to the employee's management level within Bombardier. Furthermore, the value granted to a participant can vary from 0% to 150% of the grant guideline based on the employee's potential to contribute to the future success of Bombardier. Eligibility to participate in the long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the grant made to a NEO in any subsequent financial year.

Since August 2012, the number of PSUs/DSUs and stock options granted is determined by dividing the grant values by the reference price, which is the weighted average trading price of the Class B subordinate shares on the TSX for the five trading days preceding the grant date.

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

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

Only key employees, as approved by the HRCC or senior management, depending on the management level of the employees, may be granted PSUs. Only a limited number of these employees, including the NEOs, as approved either by the HRCC or by the senior management, as the case may be, depending, in each case, on their respective salary grade level, may elect to receive DSUs instead of PSUs. This election must be made on the date of the grant and the choice is irrevocable. For the executives subject to the Stock Ownership Guidelines (please refer to pages 37 and 38 of this Circular for further details on Stock Ownership Guidelines), DSUs constitute the default selection in countries where DSUs are offered.

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

- a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate shares if the pre-determined performance targets are attained;
- refer to C.1.5.2 "PSUs/DSUs Settlement" on page 34 of this Circular for more detail on the settlement method and timing of PSUs/DSUs;
- the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
- the key performance indicator and targets are determined at the date of the grant by the HRCC;
- the number of Class B subordinate shares delivered on the vesting date (or, in the case of DSUs, upon the participant's termination of employment, death or retirement) may be cancelled, reduced or increased depending on the actual results of the three-year average performance:

	Three-year Average Performance		
	Prior to August 2013 ROE	Since August 2013 ROIC	
Vesting Percentage (1)	Corporate Office / Bombardier Aerospace / Bombardier Transportation / Flexjet	Corporate Office / Bombardier Aerospace	Bombardier Transportation (2)
0%	More than 2% below target	More than 1% below target	More than 2% below target
70%	Target minus 2%	Target minus 1%	Target minus 2%
100%	Target	Target	Target
150%	More than 5% above target	More than 2.5% above target	More than 5% above target

(1) Interpolation between 70% and 150%

(2) ROIC at Bombardier Transportation is twice the value of the ROIC at Bombardier Aerospace or at the consolidated level.

- the PSU Plan confers the right to receive dividends to be paid either in the form of additional PSUs or in cash at the same rate as the dividend paid on Class B subordinate shares; the form of payment of these dividends is determined by the HRCC; these dividends are paid at the end of the three-year vesting period in accordance with the performance vesting rules;
- under the DSU Plan and the 2010 DSUP, dividends will only be settled as additional units of DSUs;
- the maximum number of Class B subordinate shares which may be issued from treasury under the 2010 DSUP is 24,000,000; and
- refer to Section F "Termination and Change of Control Provisions" on pages 51 to 53 of this Circular for the treatment of PSUs and DSUs in such cases.

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

At the end of each financial year, the HRCC approves the results of prior years' performance indicators in order to authorize payouts under grants reaching the vesting date during the year. The following table shows the impact of the financial results of Bombardier on the PSU/DSU grants of executives which vested during the financial year ended December 31, 2013:

PSUs/DSUs Granted in 2010-2011			
Three-Year Average ROE (1) Return	**Vesting Percentage**	**Average ROE (1) Results Achieved**	**Vesting Percentage Achieved**
Below 18%	0%	18.6%	79%
18%	70%		
19%	85%		
20%	100%		
21%	110%		
22%	120%		
23%	130%		
24%	140%		
25%	150%		

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

C.1.5.2 *PSUs/DSUs Settlement*

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

When a DSU participant's employment terminates for any reason, vested DSUs are settled, in the case of vested DSUs granted before June 2010, as Class B subordinate shares purchased on the secondary market or, at the discretion of the HRCC, the cash equivalent, and for vested DSUs granted on or after June 2010 under the 2010 DSUP, as Class B subordinate shares issued from treasury or purchased on the secondary market. Actual settlements of vested DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

C.1.5.3 *Stock Option Plan*

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

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

- the granting of non-assignable options to purchase Class B subordinate shares may not exceed 135,782,688;
- the annual grant of stock options is made within a 1% dilution limit; and
- in any given one-year period, any insider or his or her associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class B subordinate shares.

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

- a grant of stock options represents the right to purchase an equal number of Class B subordinate shares at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate shares traded on the TSX on the five trading days immediately preceding the day on which an option is granted;
- stock options granted before June 2009 are performance options with a term of seven years; they vest at a rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant if the performance vesting criteria is met;
- the performance criteria for the stock options granted before June 2009 are based on the price of the Class B subordinate shares; the weighted average trading price of these shares has to reach the target price established at the time of the grant

for at least 21 consecutive trading days in each year following the grant date. If the target price is not reached in a given year, the exercise of the grant is carried forward to the following year at the target price of the following year;

- stock options granted since June 2009 are conventional time-vested options with a term of seven years vesting at a rate of 100% at the end of the third anniversary of the date of grant. The three-year vesting period was selected to align the vesting rules of the stock option plan to the vesting schedule of the PSU/DSU plans;
- if the expiration date of an option falls during, or within ten (10) business days following the expiration of a blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the blackout period; and
- refer to Section F "Termination and Change of Control Provisions" on pages 51 to 53 of this Circular for the treatment of stock options in such cases.

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

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

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

C.1.5.4 *Additional Restrictions of the 2010 DSUP and the Stock Option Plan*

Under the terms of the 2010 DSUP and the Stock Option Plan:

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

As of March 1, 2014, the status is as follows:

	Plan	Issued	Issuable under DSUs granted but not vested OR options granted but unexercised	Issuable for future DSU OR option grants
Class B subordinate shares	Stock Option Plan	43,157,681 (1)	29,486,256	63,138,751
	2010 DSUP	52,573	9,884,751	14,062,676
% of total number of Class A shares and Class B subordinate shares issued and outstanding	Stock Option Plan	2.45%	1.68%	3.59%
	2010 DSUP	0%	0.56%	0.80%

(1) Including a number of 403,000 shares which were issued pursuant to the exercise of stock options granted under the stock option plan for the benefit of the non-executive directors of Bombardier, which was abolished effective October 1, 2003.

C.1.5.5 *Right to Amend the 2010 DSUP or the Stock Option Plan*

The Board may, subject to receiving the required regulatory and stock exchange approvals, amend, suspend or terminate the 2010 DSUP and any DSUs granted thereunder or the Stock Option Plan and any outstanding stock option, as the case may be, without obtaining the prior approval of the shareholders of the Corporation; 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.

Subject to but without limiting the generality of the foregoing, the Board may:

- wind up, suspend or terminate the 2010 DSUP or the Stock Option Plan;
- terminate an award granted under the 2010 DSUP or the Stock Option Plan;
- modify the eligibility for, and limitations on, participation in the 2010 DSUP or the Stock Option Plan;
- modify periods during which the options may be exercised under the Stock Option Plan;
- modify the terms on which the awards may be granted, terminated, cancelled and adjusted and, in the case of stock options only, exercised;
- amend the provisions of the 2010 DSUP or the Stock Option Plan to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;
- amend the provisions of the 2010 DSUP or the Stock Option Plan to modify the maximum number of Class B subordinate shares which may be offered for subscription and purchase under the 2010 DSUP or 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 2010 DSUP or the Stock Option Plan or an award thereunder to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and
- amend a provision of the 2010 DSUP or the Stock Option Plan relating to the administration or technical aspects of the plan.

However, notwithstanding the foregoing, the following amendments must be approved by the shareholders of the Corporation:

(1) in the case of the Stock Option Plan or outstanding options :

- 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.

(2) in the case of the 2010 DSUP or DSUs granted thereunder :

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

C.1.5.6 *Restrictions Regarding Trading of Bombardier Securities*

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

- employees shall only trade in Bombardier shares within predetermined trading periods which start on the fifth working day following the publication of Bombardier’s quarterly or annual financial statements and end 25 calendar days later; these trading periods are internally published and communicated to all employees who shall not trade in Bombardier shares if they have knowledge of undisclosed material information;

- employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including “puts” and “calls”; and
- employees shall not sell Bombardier securities that they do not own (a “short sale”).

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

C.1.5.7 *Stock Ownership Guidelines*

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

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

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

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

* Mr. André Navarri is no longer subject to the SOGs since June 3, 2013 when he took on his role as Strategic Advisor to the President and Chief Executive Officer.

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

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

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

The following table presents the SOG targets of the NEOs as a multiple of base salary and the actual multiple of base salary represented by the aggregate value of shares and vested DSUs held by the NEOs as of December 31, 2013:

NEOs	Target multiple of base salary	Actual multiple of base salary as of December 31, 2013
Pierre Beaudoin	5 x	5.5 (1)
Pierre Alary	3 x	2.9
Guy C. Hachey	4 x	2.0
Lutz Bertling	4 x	— (2)
Daniel Desjardins	3 x	1.6

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

(2) Mr. Lutz Bertling was hired on June 3, 2013.

C.1.5.8 *Clawback Policy*

Bombardier is committed to promote ethical behaviour and proper business practices in its work environment and to strengthen the confidence of all its shareholders. The adoption of a Clawback Policy is consistent with emerging best governance practices and aligns Bombardier's best interests with those of its shareholders.

A Clawback Policy was adopted by the Board of Directors effective August 1, 2013 which allows Bombardier to recover overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to a non-compliance which results in Bombardier's obligation to prepare an accounting restatement. Such an accounting restatement permits Bombardier, subject to the Board's discretion, to recoup incentive grants that have been paid or vested and to cancel unvested long-term incentive grants in excess of the amount that would have been received under the circumstances reflected by the accounting restatement. The policy applies to the President and Chief Executive Officer, the Senior Vice Presidents and Vice Presidents at Corporate Office, the President of Bombardier Aerospace, the President of Bombardier Transportation and certain Presidents and Vice Presidents of groups or business units of Bombardier and its subsidiaries. Bombardier has never yet encountered a situation where a compensation recoupment or adjustment has been required in the circumstances described above.

Note that the Mouvement d'éducation et de défense des actionnaires (MÉDAC) presented a shareholder proposal entitled *Clawback of compensation in the event of fraud* at the Corporation's shareholder meeting held in 2013, which proposal was supported by 8.94% of the votes cast thereon. Another proposal to this effect was presented by the MÉDAC this year. However, the MÉDAC withdrew this new proposal after having been informed by Bombardier that a Clawback Policy had been adopted in 2013.

In addition, refer to Section F "Termination and Change of Control Provisions" on pages 51 to 53 of this Circular for the treatment of stock options, PSUs and DSUs in the event of a dismissal for cause.

C.1.6 *Deferred Stock Unit Plan for Senior Officers*

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

Upon the executive officer ceasing to be an executive officer (as a result of retirement, death, permanent disability or termination), these DSUSOs are automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the last trading day preceding the date on which the executive officer ceases to be an executive officer. As of December 31, 2013, no executive officer held DSUSOs, with the exception of the Chairman of the Board of Directors, Mr. Laurent Beaudoin, whose DSUSOs are all vested.

C.1.7 Share Purchase Plan

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

C.1.8 Pension Plans, Benefits and Perquisites

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

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

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

The President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and the President and Chief Operating Officer of Bombardier Transportation are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of corporate aircraft incurred for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed is included in the amounts required to be disclosed as perquisites, as applicable, under the column "All Other Compensation", in the "Summary Compensation Table" on pages 45 and 46 of this Circular.

More details about the executive pension plans are provided in Section E. "Pension Plans" on pages 49 and 50 of this Circular.

C.1.9 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no such loan outstanding for the financial year ended December 31, 2013.

C.1.10 Compensation Risks

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

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

Compensation Element or Plan	Risk Mitigation Factor
Base Salary	– Base salaries are fixed in amount to provide steady income regardless of share price and therefore do not encourage risk-taking
Short-Term Incentive Plan	– The ability for short-term decisions to drive excessive compensation is limited because: • the payout potential on each key performance indicator is capped at twice the target amount • the total bonus amount is limited to predetermined percentages of EBIT for Bombardier Aerospace, Bombardier Transportation and Flexjet to protect shareholders' interests, and bonus payments are proportionally reduced if these EBIT limits are reached • the payout potential is based on a variety of key performance indicators, thus diversifying the risk associated with any single performance indicator to the detriment of others – Same objectives for all management employees at all levels within each operating group, Bombardier Aerospace and Bombardier Transportation, as well as for the Corporate Office and Flexjet in order to create alignment and encourage decision-making that is in the best interests of Bombardier as a whole • only a limited number of executives have individual objectives to minimize risk-taking behavior • 80% of Corporate Office performance indicators are based on operating groups and Flexjet key performance indicators – Objectives are mainly based on financial performance indicators relating to operating plans, employee engagement and some customers satisfaction objectives that the HRCC believes to be challenging but achievable without the need to take inappropriate or excessive risks – If the result for a specific objective is lower than the target, the related bonus is not paid
Performance Share Unit Plan OR Deferred Share Unit Plan	– The three-year vesting period helps ensure Bombardier's performance aligns with shareholders' interests – Performance objectives, based on the Corporation target ROE or ROIC as per strategic plans, are determined at the grant date by the HRCC if: • the result is lower than the threshold, the vesting percentage shall be 0% • the target is exceeded, the vesting percentage is capped to 150% – This incentive is also based on a three-year share price performance: the ultimate value of the award is tied to Bombardier's share price, which encourages behaviors focused on long-term goals, while discouraging behaviors focused on short-term risks – Annual grants with overlapping performance periods ensure that results in a single year impact currently maturing grants as well as outstanding grants maturing in subsequent years, further encouraging continuous long-term performance improvement
Stock Option Plan	– Stock options represent an incentive to enhance shareholder value by providing executives with compensation which is only valuable if Bombardier's share price increases over time – Vesting schedules help ensure long-term performance aligns with shareholders' interests – Since June 2009, the emphasis on stock options has been reduced: • the grant of stock options is offered to fewer levels of management • only $33^1/_3$% of the long-term incentive value is allocated in the form of stock options • for the NEOs, the value of stock options represents on average only 15% of their total compensation
Pay Mix	– Bombardier offers short- and long-term incentive plans certain of which are based on different performance indicators, allowing risks to be spread over a broader time horizon – The HRCC believes that the variable compensation elements (short-term incentive plan and long-term incentive plans) represent a percentage of overall compensation that is sufficient to motivate executives to produce superior corporate results, while the fixed compensation element (base salary) is also sufficient to discourage executives from taking inappropriate or excessive risks – A portfolio approach to incentive compensation spreads the risk of various performance indicators, time horizons and extraneous factors influencing the compensation results, encouraging a more holistic view of business performance and compensation results
Stock Ownership Guidelines	– Since June 2009, selected executives are required to accumulate a significant level of Bombardier share ownership – SOG link interests of executives with those of the shareholders
Clawback Policy	– Effective August 1, 2013, recovery of overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contribute to non-compliance which results in the obligation to prepare an accounting restatement
No Speculative Activities	– As per Bombardier's Code of Ethics and Business Conduct, employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls" and employees shall not sell securities that they do not own ("short-sale"). The Stock Option Plan also provides that optionees may not enter into any monetization transaction or other hedging procedures
Share Purchase Plan	– The same plan applies to all Bombardier employees to the extent that it is offered in their country of employment
Perquisites	– A limited number of perquisites such as car lease, complete medical check-up and financial counselling is offered based on local market practices. These perquisites are not affected by business decisions nor risk taking measures
Pension and Benefits	– No link with compensation risk since pension and benefits are based on local market practices
No Change of Control Agreements	– Bombardier has no change of control agreement with any of its NEOs that would result in guaranteed payouts in such an event
Discretion of the HRCC	– The HRCC has the authority to set performance indicators and targets in relation to incentive programs, and to adjust such indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC

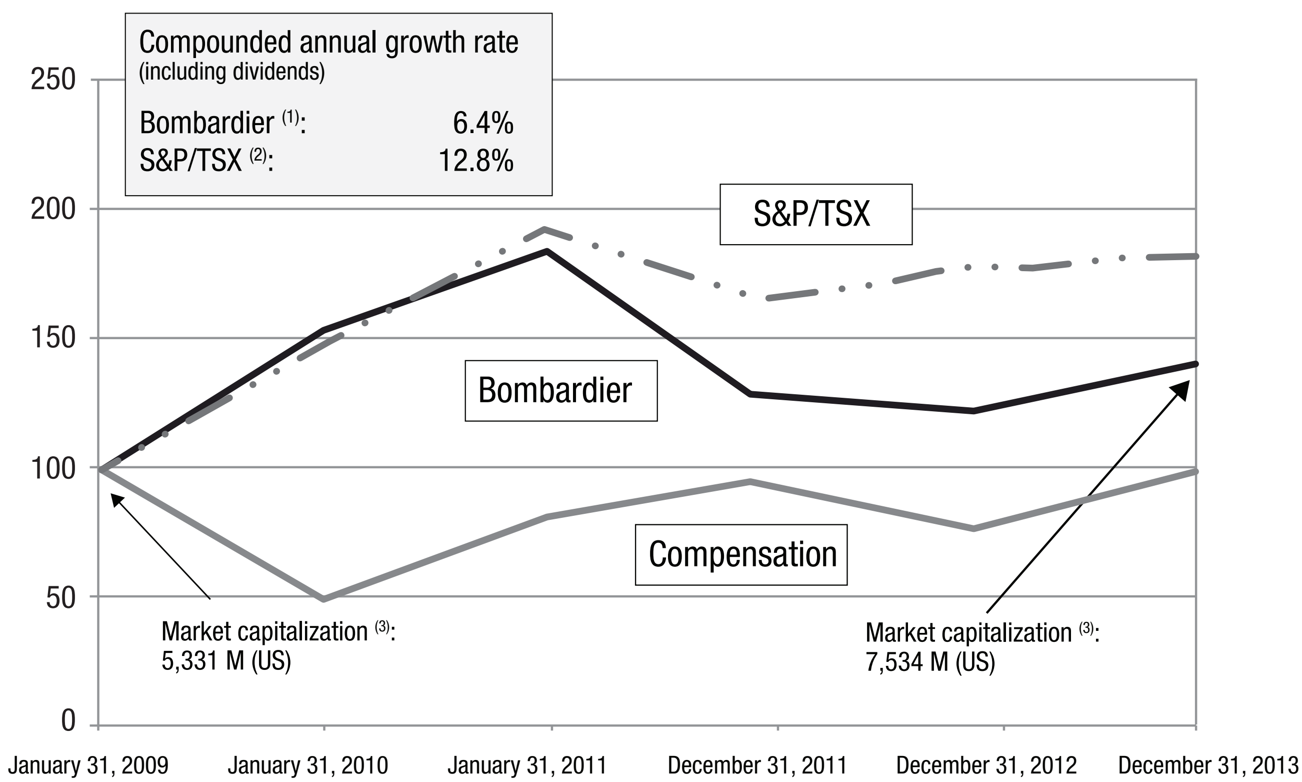
C.2 Performance Graphs

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years, assuming an amount of $100 was invested on January 31, 2009 in Class B subordinate shares of Bombardier and in the S&P/TSX Composite Index, as well as in the total compensation earned by the NEOs over the same period.

The trends shown by the performance graph depicted below represent an increase in the cumulative total shareholder return from January 2009 to January 2011. The financial year ended on December 31, 2011 shows a decrease in the total shareholder return due to the economic uncertainty of 2011, followed by a fairly stable total shareholder return for the financial years ended December 31, 2012 and December 31, 2013.

While the graph is required to be disclosed in the Circular, it demonstrates very little correlation between the performance of Bombardier's share price and total compensation of its NEOs, except for the financial years ended on December 31, 2012 and December 31, 2013. This non-correlation is primarily explained by the fact that the compensation includes a portion that is fixed according to the market, plus a variable component that is based on the fundamentals of the Corporation. Moreover, the stock price performance is affected by various trends, many of which are unrelated to the Corporation's actual performance. Therefore, Bombardier suggests that a better comparison would be at-risk compensation versus EBIT, as illustrated in the graph on page 42 of this Circular.

Performance of the Class B subordinate share of Bombardier from January 31, 2009 to December 31, 2013



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

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

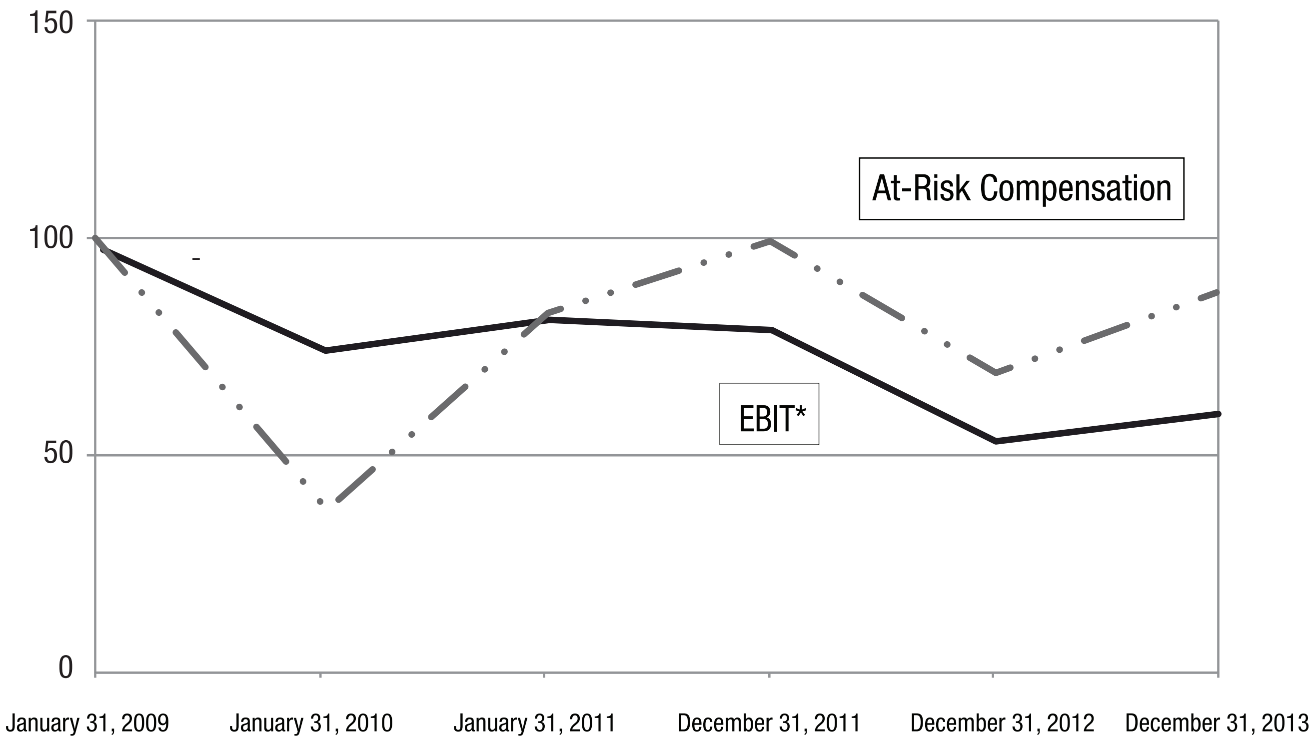
(3) Market capitalization is based on 316,582,537 Class A shares and 1,413,866,601 Class B subordinate shares as at January 31, 2009 and on 314,530,462 Class A shares and 1,424,759,510 Class B subordinate shares as at December 31, 2013. The Market capitalization is converted from Canadian dollars to US dollars. For reference, exchange rates used were 0.8088 and 0.9400, as at January 31, 2009 and December 31, 2013, respectively.

(Index: Closing Price January 31, 2009 = 100 and Total NEO Compensation for the fiscal year ending January 31, 2009 = 100)
Closing prices converted in US 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 and long-term incentive plans referred to in pages 28 to 35 of this Circular) is linked to the achievement of targeted results. As it is a common key performance indicator for both operating groups, consolidated EBIT is a better measure to represent the fundamentals and the total performance of Bombardier. In the graph below, the fixed elements of total compensation have been removed, that is base salary, change in pension value and all other compensation as defined in table D.2 Summary Compensation Table on pages 45 and 46 of this Circular, which represent in general 20% to 32% of NEOs total compensation.

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

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



* EBIT: EBIT before special items

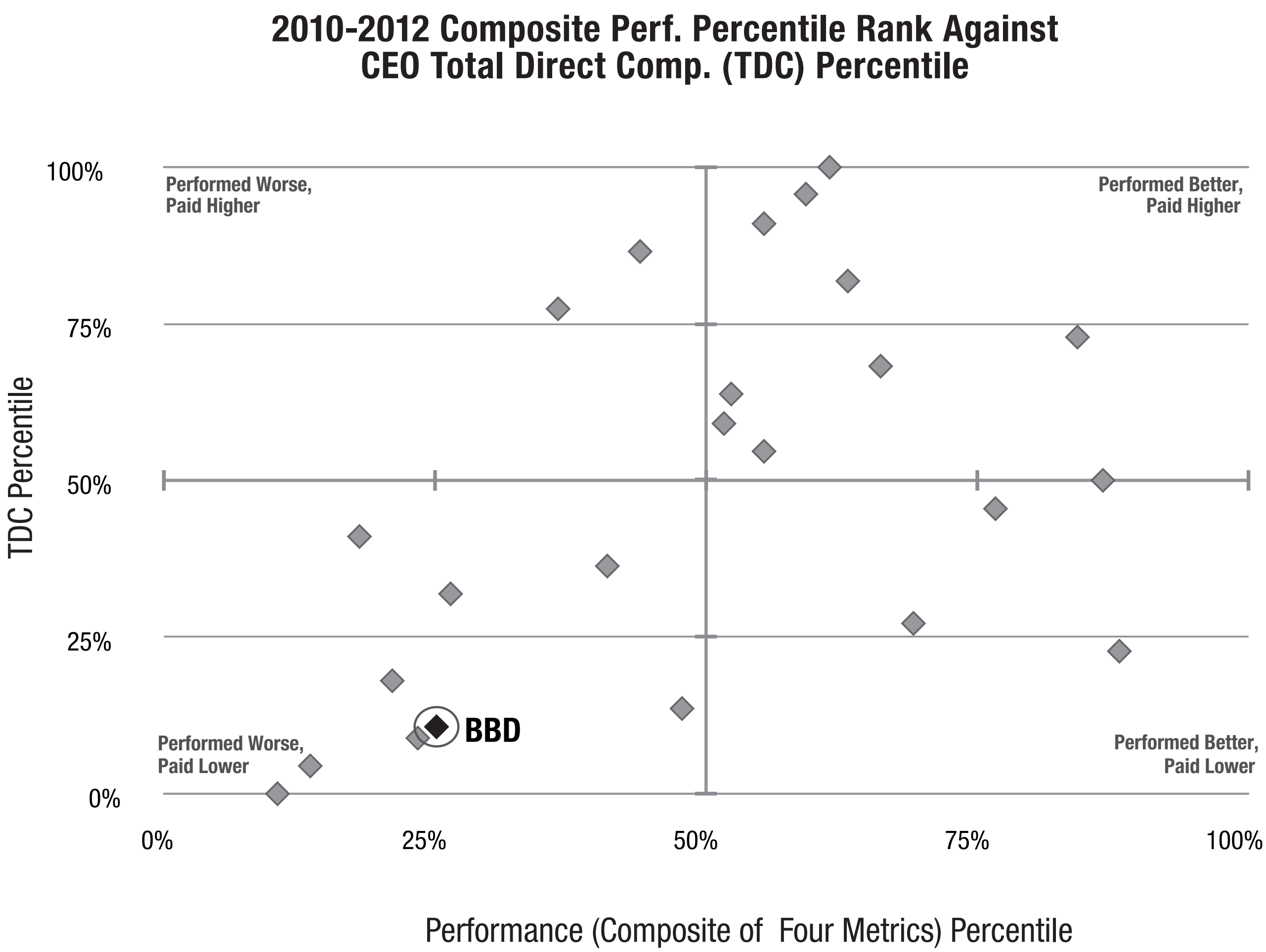
Index: EBIT and NEO at-risk compensation for fiscal year ending January 31, 2009 = 100

C.3 *Pay for Performance*

Bombardier strives to align its compensation plans with its performance. In order to confirm the achievement of this objective, a pay-for-performance analysis for the President and Chief Executive Officer, was conducted by Meridian in 2013, covering the three-year period ended December 31, 2012.

In this pay for performance study, performance is measured as the composite of four indicators, one-third on EBITDA growth, one-third on total shareholder return (TSR), one-sixth on ROE and one-sixth on ROIC. Furthermore, pay is defined as realizable pay which includes actual base salary and bonus, PSU incentive payouts or the value of vested DSUs, and the gains earned through the exercise of options granted over the period.

The analysis shows pay for performance alignment below median compared to the peer group used to determine the NEOs' compensation effective in the financial year ended December 31, 2012 for executive positions in North America.



D. Executive Compensation

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

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, as established by the HRCC for the financial years ended December 31, 2013, December 31, 2012 and December 31, 2011. It also provides a summary of the aggregate number and value of shares, PSUs, DSUs and stock options held by him as at December 31, 2013, December 31, 2012 and December 31, 2011.

Compensation for the Year Ended	December 31, 2013 (12 months) ($)	December 31, 2012 (12 months) ($)	December 31, 2011 (11 months) ($)
Base Salary (1) (2)	1,360,400	1,401,200	1,286,900
Performance Share Units (PSUs) (1)	Nil	Nil	Nil
Deferred Share Units (DSUs) (1)	2,336,000	2,455,800	3,268,900
Stock Options (1)	1,168,000	1,227,900	1,484,400
Annual Incentive (1)	928,700	761,100	1,574,200
Pension Value (3)	83,700	22,000	362,400
All Other Compensation (4)	128,500	112,200	102,700
Total Compensation	**6,005,300**	**5,980,200**	**8,079,500**

	Aggregate Number and Value of Shares, PSUs, DSUs and Stock Options					
	December 31, 2013		December 31, 2012		December 31, 2011	
	Number	$	Number	$	Number	$
Shares (5)						
Class A	512,859	2,217,600	512,859	1,972,800	512,859	2,038,700
Class B subordinate	763,618	3,309,100	354,954	1,340,400	75,341	299,500
PSUs	Nil	Nil	Nil	Nil	Nil	Nil
DSUs (6)	2,480,525	10,749,100	2,052,492	7,750,900	1,344,000	5,342,600
Stock Options (7)						
Exercisable	1,513,000	490,700	1,250,000	357,000	1,600,000	784,100
Unexercisable	3,111,864	933,100	2,997,883	132,200	2,435,000	268,700
Total	**8,381,866**	**17,699,600**	**7,168,188**	**11,553,300**	**5,967,200**	**8,733,600**

(1) Please refer to the table D.2 "Summary Compensation Table" on pages 45 and 46 of this Circular.

(2) For the financial year ended December 31, 2011, the base salary is for the period from February 1, 2011 to December 31, 2011, an 11-month period.

(3) Please refer to the table E.1 "Supplemental Pension Disclosure for the Financial Year Ended December 31, 2013 on page 50 of this Circular.

(4) Please refer to note (3) of the table D.2 "Summary Compensation Table" on pages 45 and 46 of this Circular.

(5) The market value of shares was determined with (i) a closing price for Class A shares of $4.60 Cdn and a closing price for Class B subordinate shares of $4.61 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.9400 as of December 31, 2013, (ii) a closing price for Class A shares of $3.83 Cdn and a closing price for Class B subordinate shares of $3.76 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 1.0043 as of December 31, 2012 or (iii) a closing price for both Class A shares and Class B subordinate shares of $4.06 Cdn, converted from Canadian dollars to US dollars based on an exchange rate of 0.9791 as of December 31, 2011, as applicable.

(6) Please refer to the table D.3 "Outstanding Share-Based Awards and Option-Based Awards" on page 47 of this Circular and to the table D.4 "Vested DSUs Total Holding Table for NEOs" on page 48 of this Circular.

(7) Please refer to the table D.3 "Outstanding Share-Based Awards and Option-Based Awards" on page 47 of this Circular.

D.2 *Summary Compensation Table **

The Summary Compensation Table shows the annual compensation information for each of the NEOs of Bombardier for the financial years ended December 31, 2013, December 31, 2012 and December 31, 2011.

Name and Principal Position	Financial Years Ended December 31st	Base Salary ($)	Share-based Awards (PSUs or DSUs) ($)	Option-based Awards ($)	Non-equity Incentive Plan Compensation: Annual Incentive Plan [1] ($)	Non-equity Incentive Plan Compensation: Long-term Incentive Plan	Pension Value [2] ($)	All Other Compensation [3] ($)	Total Compensation ($)
Pierre Beaudoin President and Chief Executive Officer	2013	1,360,400	2,336,000 [7]	1,168,000 [7]	928,700	0	83,700	128,500	6,005,300
	2012	1,401,200	2,455,800 [8]	1,227,900 [8]	761,100	0	22,000	112,200	5,980,200
	2011	1,286,900 [5]	3,268,900 [9]	1,484,400 [9]	1,574,200	0	362,400	102,700	8,079,500
Pierre Alary Senior Vice President and Chief Financial Officer	2013	713,900	705,900 [7]	353,000 [7]	418,200	0	142,000	37,600	2,370,600
	2012	726,000	674,700 [8]	337,300 [8]	272,100	0	289,400	52,800	2,352,300
	2011	643,000 [5]	852,400 [9]	384,700 [9]	608,400	0	287,500	55,300	2,831,300
Guy C. Hachey President and Chief Operating Officer of Bombardier Aerospace	2013	969,900	1,155,200 [7]	577,600 [7]	355,700	0	700,600	143,500	3,902,500
	2012	989,500	1,146,900 [8]	573,500 [8]	267,200	0	741,300	107,000	3,825,400
	2011	890,900 [5]	1,387,900 [9]	628,800 [9]	769,700	0	555,800	82,300	4,315,400
Lutz Bertling President and Chief Operating Officer of Bombardier Transportation	2013	697,500 [10]	1,155,200 [7]	1,547,300 [7][11]	468,700	0	641,500	705,700 [12]	5,215,900
Daniel Desjardins Senior Vice President, General Counsel and Corporate Secretary	2013	565,000	465,300 [7]	232,600 [7]	331,000	0	157,900	31,300	1,783,100
	2012	576,400	455,400 [8]	227,700 [8]	216,000	0	204,100	35,600	1,715,200
	2011	519,600 [5]	338,200 [9]	155,300 [9]	491,600	0	138,700	32,600	1,676,000
André Navarri Former President and Chief Operating Officer of Bombardier Transportation, currently Strategic Advisor to the President and Chief Executive Officer	2013	1,345,100 [4]	—	—	836,600 [6]	0	1,431,300	12,100	3,625,100
	2012	1,289,500	1,146,900 [8]	573,500 [8]	212,700	0	646,500	28,900	3,898,000
	2011	1,250,500 [5]	1,387,900 [9]	628,800 [9]	755,900	0	597,500	25,600	4,646,200

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

(2) Please refer to the table E.1 "Supplemental Pension Disclosure for the Financial Year Ended December 31, 2013" on page 50 of this Circular and to previous years' circulars for the two previous years.

(3) Included in this amount is (i) for Mr. Pierre Beaudoin, the sum of $68,435 for the financial year ended December 31, 2013, of $42,751 for the financial year ended December 31, 2012 and of $38,778 for the financial year ended December 31, 2011, (ii) for Mr. Guy C. Hachey, the sum of $78,327 for the financial year ended December 31, 2013, and (iii) for Mr. Lutz Bertling, the sum of $22,876 for the financial year ended December 31, 2013, which represents in each case the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Mr. Pierre Beaudoin, Mr. Guy C. Hachey and Mr. Lutz Bertling, respectively, and the costs that each of them 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.

(4) Since June 3, 2013, Mr. André Navarri acts as Strategic Advisor to the President and Chief Executive Officer and his key roles are to support the President and Chief Executive Officer with strategic relations with major clients, support with the negotiations of certain major contracts and with the delivery of ongoing projects; to identify development priorities and business opportunities; and to perform a strategic role in the development of operational challenges. Given his significant strategic responsibilities in his new role as Strategic Advisor to the President and Chief Executive Officer, Mr. André Navarri's annual base salary remained at 1,012,500 EUR.

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

(6) For the 2013 fiscal year, Mr. André Navarri was entitled to a short-term incentive payout based on Bombardier Transportation objectives and results for the period from January 1, 2013 through June 2, 2013 and on Corporate Office objectives and results for the period from June 3, 2013 through December 31, 2013.

(7) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on August 9, 2013, on which date the closing price of the Class B subordinate shares was $4.84 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.9706; for the stock options a Black-Scholes value of 0.32 was used. Furthermore, the estimated fair value of stock options granted to Mr. Lutz Bertling on June 3, 2013 is calculated using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on June 3, 2013 of $4.75 Cdn, a Black-Scholes value of 0.31 and a conversion from Canadian dollars to US dollars based on an exchange rate of 0.9717 as of June 3, 2013. The Black-Scholes pricing model is used for compensation purposes as it is consistent with the valuation approach used for accounting purposes.

(8) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on August 16, 2012, on which date the closing price of the Class B subordinate shares was $3.63 Cdn and the exchange rate from Canadian dollars to US dollars was of 1.0120. Furthermore, for stock options a Black-Scholes pricing model was used with a Black-Scholes value of 0.33. The Black-Scholes pricing model is used for compensation purposes as it is consistent with the valuation approach used for accounting purposes.

(9) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on June 8, 2011, on which date the closing price of the Class B subordinate shares was $6.89 Cdn and the exchange rate from Canadian dollars to US dollars was of 1.0225. Furthermore, for stock options a Black-Scholes pricing model was used with a Black-Scholes value of 0.35. The Black-Scholes pricing model is used for compensation purposes as it is consistent with the valuation approach used for accounting purposes.

(10) The annual base salary rate for Mr. Lutz Bertling following his appointment as President and Chief Operating Officer of Bombardier Transportation on June 3, 2013 is 900,000 EUR.

(11) In recognition of his joining Bombardier, Mr. Lutz Bertling received a special grant of 677,690 stock options valued at $1,000,000 Cdn upon his effective date of hiring as President and Chief Operating Officer of Bombardier Transportation on June 3, 2013. This grant was intended to replace forfeited long-term incentive entitlements from his previous employer when he commenced employment at Bombardier and to provide an incentive for his anticipated performance at the Corporation.

(12) In recognition of his joining Bombardier, Mr. Lutz Bertling is entitled to a cash lump sum payment of 1,000,000 EUR payable in four installments of 250,000 EUR each, the first installment having been paid at hire and the others following the sixth, twelveth and eighteenth month of his date of hire to compensate for the forfeiture of compensation at his prior employment. During the year 2013, Mr. Lutz Bertling received two installments of 250,000 EUR each, on June 30, 2013 and on November 30, 2013 respectively. These amounts are converted from Euros to US dollars based on an exchange rate of 1.3010 for the first installment and 1.3604 for the second installment for a total amount of $665,350. In the event that Mr. Lutz Bertling leaves Bombardier or is terminated for cause, during his first two years of employment, he must refund the installments received.

* All compensation amounts are paid in Canadian dollars to Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins and in Euros to Messrs Lutz Bertling and André Navarri. The base salary and annual incentive plan amounts are converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of 0.9717 and 1.3285 respectively for the financial year ended December 31, 2013, of 1.0008 and 1.2860 respectively for the financial year ended December 31, 2012 and of 1.0124 and 1.3978 respectively for the financial year ended December 31, 2011. The exchange rates used for the share-based awards are provided in the notes to table D.3, for option-based awards are provided in the notes above and for the pension value are provided in the notes to table E.1.

D.3 Outstanding Share-Based Awards and Option-Based Awards

		Option-Based Awards				Share-Based Awards		
NEOs	**Grant Date**	**Number of Securities Underlying Unexercised Options at Financial Year-End (1)**	**Option Exercise Price ($ Cdn) (2)**	**Option Expiration Date (3)**	**Value of Unexercised in-the-Money Options at Financial Year-End (4)**	**Number of PSUs/ DSUs that Have Not Vested at the End of the Financial Year (5)**	**Market Value of PSUs/ DSUs that Have Not Vested at the End of Financial Year (6) (7)**	**Market Value of Vested Share-Based Awards not Paid or Distributed (8) (9)**
Pierre Beaudoin	June 5, 2007	400,000	5.51	June 5, 2014	—	—	—	
	June 10, 2008	720,000	8.53	June 10, 2015	—	—	—	
	June 10, 2009	450,000	3.45	June 10, 2016	490,700	—	—	
	June 9, 2010	663,000	4.71	June 9, 2017	—	—	—	3,686,700
	June 8, 2011	602,000	7.01	June 8, 2018	—	464,000	2,010,700	
	August 16, 2012	1,012,883	3.63	August 16, 2019	933,100	668,503	2,896,900	
	August 9, 2013	776,981	4.88	August 9, 2020	—	497,268	2,154,900	
Pierre Alary	June 5, 2007	150,000	5.51	June 5, 2014	—	—	—	
	June 10, 2008	135,000	8.53	June 10, 2015	—	—	—	
	June 10, 2009	87,000	3.45	June 10, 2016	94,900	—	—	
	June 9, 2010	133,000	4.71	June 9, 2017	—	—	—	726,200
	June 8, 2011	156,000	7.01	June 8, 2018	—	121,000	524,300	
	August 16, 2012	278,264	3.63	August 16, 2019	256,300	183,655	795,900	
	August 9, 2013	234,802	4.88	August 9, 2020	—	150,273	651,200	
Guy C. Hachey	June 10, 2008	600,000	8.53	June 10, 2015	—	197,000	—	
	June 10, 2009	191,000	3.45	June 10, 2016	208,300	312,213	—	
	June 9, 2010	279,000	4.71	June 9, 2017	—	245,902	—	1,565,900
	June 8, 2011	255,000	7.01	June 8, 2018	—		853,700	
	August 16, 2012	473,050	3.63	August 16, 2019	435,800		1,352,900	
	August 9, 2013	384,221	4.88	August 9, 2020	—		1,065,600	
Lutz Bertling	June 3, 2013	677,690	4.76	June 3, 2020	—	—	—	—
	August 9, 2013	384,221	4.88	August 9, 2020	—	245,902	1,065,600	
Daniel Desjardins	June 5, 2007	110,000	5.51	June 5, 2014	—	—	—	
	June 10, 2008	90,000	8.53	June 10, 2015	—	—	—	
	June 10, 2009	57,000	3.45	June 10, 2016	62,200	—	—	
	June 9, 2010	90,000	4.71	June 9, 2017	—	—	—	495,600
	June 8, 2011	63,000	7.01	June 8, 2018	—	48,000	208,000	
	August 16, 2012	187,829	3.63	August 16, 2019	173,000	123,967	537,200	
	August 9, 2013	154,756	4.88	August 9, 2020	—	99,044	429,200	
André Navarri	June 5, 2007	400,000	5.51	June 5, 2014	—	—	—	
	June 10, 2008	325,000	8.53	June 10, 2015	—	—	—	
	June 10, 2009	191,000	3.45	June 10, 2016	208,300	—	—	—
	June 9, 2010	279,000	4.71	June 9, 2017	—	—	—	
	June 8, 2011	255,000	7.01	June 8, 2018	—	197,000	853,700	
	August 16, 2012	473,050	3.63	August 16, 2019	435,800	312,213	1,352,900	

(1) Stock options granted prior to June 10, 2009 may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on page 35 of this Circular. Options granted on or after June 10, 2009 vest only based on time. As of December 31, 2013, only stock options granted on June 5, 2007, June 10, 2009 and June 9, 2010 are vested.

(2) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the TSX on the five trading days before the grant was made. The exercise price is shown in Canadian dollars.

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

(4) The value of unexercised in-the-money options as of December 31, 2013 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. The values of the options as of December 31, 2013 held by each NEO are based on the closing price of the Class B subordinate shares on December 31, 2013 of $4.61 Cdn converted from Canadian dollars to US dollars using an exchange rate of 0.9400 as of December 31, 2013.

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

(6) Based on the closing price of the Class B subordinate shares on December 31, 2013 of $4.61 Cdn assuming 100% of target of plan reached and converted from Canadian dollars to US dollars based on an exchange rate of 0.9400 as of December 31, 2013.

(7) The vesting of all PSU or DSU grants is conditional on the attainment of the applicable performance targets. The PSUs/DSUs may also vest at 0% as indicated on page 33 of this Circular. These estimates do not take into consideration possible future dividend payments.

(8) Based on the closing price of the Class B subordinate shares on December 31, 2013 of $4.61 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 0.9400 as of December 31, 2013.

(9) 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. Mr. André Navarri was the only NEO that elected to receive PSUs on June 9, 2010 which were settled in shares during the financial year ended December 31, 2013.

D.4 Vested DSUs Total Holding Table for NEOs

NEOs	Number of Vested DSUs as of December 31, 2012	Number of DSUs that Have Vested During the Year	Number of Additional DSUs from Equivalent of Dividends at June 7, 2013 (1)	Number of Additional DSUs from Dividends on Vested DSUs During the Year (2)	Number of Vested DSUs as of December 31, 2013	Market Value of Vested DSUs as of December 31, 2013 (3) ($)
Pierre Beaudoin	389,989	418,700	25,938	16,127	850,754	3,686,700
Pierre Alary	74,655	84,530	5,236	3,163	167,584	726,200
Guy C. Hachey	164,910	178,540	11,060	6,845	361,355	1,565,900
Lutz Bertling	—	—	—	—	—	—
Daniel Desjardins	50,141	58,460	3,621	2,154	114,376	495,600
André Navarri	—	—	—	—	—	—

(1) Corresponds to additional DSUs credited on the vesting date as dividend equivalents for the period from June 9, 2010 to June 7, 2013.

(2) Corresponds to additional DSUs credited in respect of vested DSUs following the payment of cash dividends on March 31, June 30, September 30 and December 31, 2013.

(3) Based on the closing price of the Class B subordinate shares on December 31, 2013 of $4.61 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 0.9400 as of December 31, 2013.

D.5 Incentive Plan Awards – Value Vested or Earned during the Financial Year Ended December 31, 2013

NEOs	Option-Based Awards – Value Vested During the Year (1) ($)	Share-based Awards – Value Vested During the Year (2) ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (3) ($)
Pierre Beaudoin	136,400	2,017,600	928,700
Pierre Alary	27,400	407,300	418,200
Guy C. Hachey	57,400	860,300	355,700
Lutz Bertling	—	—	468,700
Daniel Desjardins	18,500	281,700	331,000
André Navarri	57,400	860,300	836,600

(1) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. The value is equal to the difference between the closing price of Class B subordinate shares on the TSX on the vesting date and the exercise price. The closing price of Class B subordinate shares on June 7, 2013 was $4.92 Cdn. Values are converted from Canadian dollars to US dollars based on the exchange rate of 0.9794 on June 7, 2013.

(2) Value based on the closing price of Class B subordinate shares on June 7, 2013 of $4.92 Cdn, and then converted from Canadian dollars to US dollars based on an exchange rate of 0.9794 as of June 7, 2013.

(3) The value is the amount of the short-term incentive plan payout for the financial year ended on December 31, 2013 disclosed in the table D.2 "Summary Compensation Table" on pages 45 and 46 of this Circular.

D.6. Securities Authorized for Issuance under the Stock Option Plan and the 2010 DSUP

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights		(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (Cdn $)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))	
Equity compensation plans approved by security holders	Stock options (1) DSUs (2)	29,355,757 9,884,750	5.38 n/a	Stock options DSUs	63,269,250 14,062,676
Equity compensation plans not approved by security holders		—	—		—
Total		39,240,507	5.38		77,331,926

(1) Please refer to Section C.1.5.3 "Stock Option Plan" on pages 34 and 35 of this Circular for a description of the principal terms of the Stock Option Plan.

(2) Please refer to Section C.1.5.1 "Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)" on pages 33 and 34 of this Circular for a description of the principal terms of the 2010 DSUP.

E. Pension Plans

The NEOs participate in two defined benefit pension plans which are non-contributory: i) Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the NEOs are paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2013 is $134,834 Cdn) multiplied by the number of years of credited service and ii) The supplemental plan provides for additional benefits of 2.50% of average base salary, for NEOs, multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan.

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

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.

Upon employment, Mr. Lutz Bertling was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each of his first three years of service completed to compensate for forfeiture of pension entitlements at his prior employment.

The HRCC has granted to Mr. André Navarri the right to accrue, starting on April 1, 2010, his pension at an additional rate of 1.25% of the annual accrual rate, or 3.75% for the next six years of his employment. Considering that Mr. André Navarri informed the Corporation of his intention to voluntarily retire as of June 1, 2014, the HRCC has decided to grant Mr. André Navarri an additional 11 months of credited service at the annual accrual rate of 2.5% as of June 1, 2014 in order to provide Mr. André Navarri his full pension.

Benefits are reduced by 0.33% for each month between the date of early retirement and the date of a participant's 60th birthday or for Messrs. Beaudoin, Alary, Hachey and Desjardins, if earlier, the date at which the participant's age plus his/her years of service total 85.

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

Upon the death of Messrs. Beaudoin, Alary, Hachey, Desjardins and Navarri, their spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and/or to the designated beneficiary. For Mr. Lutz Bertling, in the event of his death, the life partner designated by Mr. Lutz Bertling before his death shall receive 50% of his monthly retirement benefit. If his life partner is more than ten years younger, the lifetime pension will be reduced by 0.3% for each year of age difference in excess of the ten years.

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

E.1 Supplemental Pension Disclosure for the Financial Year Ended December 31, 2013

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the NEOs of Bombardier between January 1, 2013 and December 31, 2013.

NEOs	Number of Years of Credited Service		Annual Benefits Payable (2)		Accrued Obligation as of December 31, 2012 (3) ($)	Change in Obligation During the Year		Accrued Obligation as of December 31, 2013 (6) ($)
	December 31, 2013	Age 65 (1)	December 31, 2013 ($)	Age 65 ($)		Compensatory Changes (4) ($)	Non Compensatory Changes (5) ($)	
Pierre Beaudoin	28.3	40.0	929,100	1,311,700	15,343,700	83,700	(1,736,400)	13,691,000
Pierre Alary	15.3	23.8	258,400	401,700	3,902,500	142,000	(430,000)	3,614,500
Guy C. Hachey	5.6	12.0	257,700	436,300	3,461,800	700,600	(424,200)	3,738,200
Lutz Bertling	0.6	14.1	34,600	504,800	—	641,500	—	641,500
Daniel Desjardins	15.7	22.4	210,700	301,800	3,214,200	157,900	(353,100)	3,019,000
André Navarri	9.8	14.1	434,700	554,000	6,040,000	1,431,300 (7)	192,200	7,663,500 (7)

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on December 31, 2013 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Daniel Desjardins) and Euros (for Messrs. Lutz Bertling and André Navarri) to US dollars based on an exchange rate of 0.9400 and 1.3791 respectively as of December 31, 2013.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 1.0043 and 1.3194 respectively as of December 31, 2012.

(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 0.9717 and 1.3285 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 0.9400 and 1.3791 respectively as of December 31,2013.

(7) Including the value of additional 11 months of credited service as stated in Section E "Pension Plans" on page 49 of this Circular.

* The amounts presented in the table above are estimates based on assumptions and employment conditions that can change over time. Pension obligations shown above are based on the assumptions used in Bombardier's financial statements and in accordance with the IFRS accounting standards for their valuation as of the plans measurement date. The method used to determine any estimated amounts may differ from that used by other companies and, for that reason, any comparison of the estimated amounts of Bombardier's pension benefits obligations with those of other companies should be interpreted with caution.

F. Termination and Change of Control Provisions

Pursuant to the current employment practices of Bombardier, the compensation of each of the NEOs is revised and set on an annual basis by the HRCC as described in the Section C. "Compensation Discussion and Analysis" on pages 26 to 43 of this Circular.

As a general rule, Bombardier does not sign employment contracts with its executives. As a result, when the employment of an executive has to be or is terminated, any termination settlement to which he/she might be entitled according to the circumstances at hand would then be determined either in accordance with the applicable law or jurisprudence or by mutual agreement. As part of any termination agreement with an executive, Bombardier requests the inclusion of non-solicitation, non-disclosure and non-compete provisions for the duration of the severance period. In the case of Mr. Guy C. 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. Guy C. Hachey been terminated on December 31, 2013, he would have been entitled to a cash lump sum payment of $2,674,000. In order to compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Mr. Guy C. Hachey is entitled to an additional amount of $1,316,000, payable if his employment is terminated at age 58 by Bombardier for reasons other than cause. This additional amount would also be paid to his spouse in the event of his death during that same period. These amounts are converted from Canadian dollars to US dollars based on a conversion rate of 0.9400 as of December 31, 2013.

In the case of Mr. Lutz Bertling, there is an agreement pursuant to which he 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 prior to age 60, and 12 months of his base salary and target bonus if his employment is terminated by the Corporation after age 60. As per Mr. Lutz Bertling's employment contract, the earliest date at which the Corporation can terminate his employment without cause is April 1, 2015.

In the case of Mr. André Navarri, there is an employment agreement which is governed by French law, pursuant to which he 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. André Navarri's employment been terminated on December 31, 2013, he would have been entitled to a cash lump sum payment of $5,306,100. This amount was converted from Euros to US dollars based on an exchange rate of 1.3791 as of December 31, 2013.

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

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs assuming the event took place on December 31, 2013. As a general rule, only the accrued and vested benefits are paid under each of the compensation plans.

Retirement	
Severance Payment	None
Bonus	Entitled to pro-rata of bonus for portion of financial year prior to retirement date.
Stock Options	If retirement on or after age 60 with 5 or more years of service, stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. If retirement on or after age 55 with 5 or more years of service, only stock options already vested on retirement date could be exercised within the following year.(2) Exception: for stock options granted on or after June 10, 2009, if retirement on or after age 55 with 5 or more years of service, 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.
Performance Share Units	If retirement on or after age 55 with 5 or more years of service, PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period, subject to meeting the performance objectives. If retirement on or after age 60 with 5 or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the performance objectives. (3)
Deferred Share Units (1)	Upon retirement, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of retirement. All unvested DSUs expire immediately.
Pension Plan	Pension benefits start being paid according to plan rules.
Benefits and Perquisites	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement.
Termination Without Cause	
Severance Payment	Will be based on common or civil law requirements (4).
Bonus	None (4)
Stock Options	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.
Performance Share Units	The PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period, subject to meeting the performance objectives.
Deferred Share Units (1)	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination. All unvested DSUs expire immediately.
Pension Plan	Value of pension benefits payable in accordance with local legal requirements (5).
Benefits and Perquisites	All benefits and perquisites expire immediately or after a minimal period of a few months.
Death	
Severance Payment	None
Bonus	Entitled to pro-rata of bonus for portion of financial year prior to the date of death.
Stock Options	Already vested stock options could be exercised within the following 60 days.
Performance Share Units	Prior to April 1st, 2012, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the performance objectives. From April 1st, 2012, the PSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period, subject to meeting the performance objectives.
Deferred Share Units (1)	Upon death, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of death. All unvested DSUs expire immediately.
Pension Plan	Value of pension benefits payable in accordance with local legal requirements (6).
Benefits and Perquisites	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	
Severance Payment	None
Bonus	None
Stock Options	All options expire immediately.
Performance Share Units	All PSUs expire immediately.
Deferred Share Units (1)	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination. In addition, vested DSUs may be cancelled by the HRCC if the termination of employment is due to a breach of the Corporation's Code of Ethics and Business Conduct. All unvested DSUs expire immediately.
Pension Plan	Value of pension benefits payable in accordance with local legal requirements.
Benefits and Perquisites	All benefits and perquisites expire immediately.

Change of Control	
	Bombardier has no change of control arrangements or agreement with any of its NEOs.

(1) Under the 2010 DSUP, such portion of a DSU grant attributable to a financial year or years (or portion thereof) during a voluntary authorized leave of absence before the vesting date shall expire.

(2) The same applies in the case of authorized leave of absence for sickness or other reasons.

(3) The same applies if the individual becomes disabled.

(4) Mr. Guy C. Hachey is entitled to 18 months of base salary and target bonus. Mr. Lutz Bertling is entitled to 24 months of base salary and target bonus if terminated prior to age 60 and 12 months of base salary and target bonus if terminated after age 60. Mr. André Navarri is entitled to 24 months of base salary and target bonus.

(5) To compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Bombardier will pay him the additional amounts specified on page 51 of this Circular should his employment be terminated at age 58 by Bombardier for reasons other than cause.

(6) Should Mr. Guy C. Hachey die before age 59, the additional amounts payable in respect of his lost accumulated pension with his previous employer as described in note 5 above would be paid to his spouse.

The following table sets forth estimates of the amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on December 31, 2013. Bombardier's practices according to its various compensation plan rules are strictly to provide the NEOs the compensation amounts or awards already accrued and vested on the date of the event. Therefore, no incremental payments are normally payable following voluntary resignation or termination with cause. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees and do not discriminate in favor of executive officers. No perquisites are payable upon any type of termination from active employment.

Supplementary Amounts Payable upon the Following Events Assumed to Occur on December 31, 2013

NEOs	Retirement ($)	Termination without Cause ($)	Death ($)
Pierre Beaudoin	—	— (1)	—
Pierre Alary	—	— (1)	—
Guy C. Hachey	1,316,000	3,990,000 (2) (3)	1,316,000
Lutz Bertling	—	— (4)	—
Daniel Desjardins	—	— (1)	—
André Navarri	—	5,306,100 (5)	121,700 (6)

(1) Will be based on civil law requirements.

(2) Including an amount of $1,316,000 based on Mr. Guy C. Hachey's age on December 31, 2013 and contract of employment. Please refer to page 51 of this Circular.

(3) Including a lump sum amount equal to 18 months of base salary and target bonus. Please refer to page 51 of this Circular.

(4) As per Mr. Lutz Bertling's employment contract, the earliest date at which the Corporation can terminate his employment without cause is April 1, 2015.

(5) Lump sum amount equal to 24 months of base salary and target bonus. Please refer to page 51 of this Circular.

(6) Payments of all PSUs granted prior to the date of death would occur only on the vesting date and would be computed with the actual performance results. Performance of 100% of targets was assumed. Please refer to Table D.3 "Outstanding Share-Based Awards and Option-Based Awards" on page 47 of this Circular for the assumptions to determine the market value as of December 31, 2013.

G. Summary

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

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

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

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the Meeting, on Thursday, May 1, 2014.

Submitted on February 11, 2014, by the Human Resources and Compensation Committee of the Board.

Jean C. Monty, Chairman

André Bérard   Martha Finn Brooks

Patrick Pichette   Carlos E. Represas

Statement of the Corporate Governance Practices of Bombardier

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

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

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

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

Board of Directors of Bombardier

Composition

- As of the date of this Circular, the Board is composed of 15 directors. Detailed information on each of the 15 nominees proposed to be re-elected as directors is found on pages 9 to 22 and their respective attendance records at Board and Committee meetings is found on page 15 of this Circular. Because Mr. André Bérard will act as director up to the Meeting, information concerning him appears in the sections of this Circular that pertain to the directors even though he will retire at the close of the Meeting and will not seek re-election as a director.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin.

Director independence

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

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

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

The directorships of all director nominees are described on pages 10 to 14 of this Circular.

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board is reproduced at Schedule “A” to this Circular 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 is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

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

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

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

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

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

- **Risk Management** Pursuant to its charter, the FRMC assists the Board in fulfilling its oversight responsibilities with respect to:

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

  More information on this Committee is provided on page 60 of this Circular.

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

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

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

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

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

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

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

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

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

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

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

Committees of the Board of Directors

- The Board of Bombardier has four Committees.

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

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

  Mr. L. Denis Desautels is its Chairman and Ms. Sheila Fraser and Messrs. André Bérard, Daniel Johnson and Patrick Pichette are the other members. Please refer to page 15 of this Circular for the number of meetings held by this Committee between January 1, 2013 and December 31, 2013 and the attendance records of its members.

  Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com and as Schedule 1 to the Annual Information Form of the Corporation for the financial year ended December 31, 2013, which has been filed with securities regulators at sedar.com), the objectives of the Committee are (i) to help the directors meet their responsibilities with respect to accountability, (ii) to assist in maintaining good communication between the directors and the independent auditors of Bombardier, Ernst & Young, (iii) to assist in maintaining the independence of Ernst & Young, (iv) to maintain the credibility and objectivity of the financial reports of Bombardier, and (v) 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 Director, Corporate Audit Services and Risk Assessment and Ernst & Young, as the case may be.

  As a general rule, all meetings of the Committee are attended by the Chairman of the Board of Directors, the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Senior Director, Corporate Audit Services and Risk Assessment, as well as by the representatives of Ernst & Young, the independent 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 Director, Corporate Audit Services and Risk Assessment and the independent auditors to discuss various topics of interest.

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

  Mr. Jean C. Monty acts as its Chairman and Ms. Martha Finn Brooks and Messrs. André Bérard, Patrick Pichette and Carlos E. Represas are the other members. Please refer to page 15 of this Circular for the number of meetings held by the Committee between January 1, 2013 and December 31, 2013 and the attendance records of its members.

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

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

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

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

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

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 54 of this 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. Carlos E. Represas chairs this Committee and Messrs. Daniel Johnson, Jean C. Monty, and Heinrich Weiss are the other members. Please refer to page 15 of this Circular for the number of meetings held by this Committee between January 1, 2013 and December 31, 2013 and the attendance records of its members.

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

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

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

  Mr. André Bérard is its Chairman and Ms. Martha Finn Brooks and Messrs. L. Denis Desautels, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 15 of this Circular for the number of meetings held by this Committee between January 1, 2013 and December 31, 2013 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 (i) Bombardier's material risks of a financial nature and the steps that management takes to monitor, control and manage these risks, and (ii) the adequacy of policies, procedures and controls designed by management to assess and manage these risks. It reviews and monitors, as the case may be, any significant or unusual transactions or projects related to Bombardier's ongoing activities, significant business opportunities, mergers, acquisitions, divestitures, significant asset sales or purchases or equity investments. It goes over various matters or activities related to or involving the financial situation of Bombardier such as, for example, its capital structure, its long-term debt repayment profile, its compliance with covenants under credit facilities, its customer financing activities and programs, its foreign exchange hedging policies, procedures and controls, or its insurance program coverage and related risks.

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

Lead Director

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

Meetings of the independent directors

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

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

Between January 1, 2013 and December 31, 2013, the independent directors held three private meetings after the regular meetings of the Board as in each case, they then considered that it would be appropriate to do so.

Recruitment and election of directors

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

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

Taking a strategic approach in connection with the Board succession process, the members of the Committee focus their attention on (i) better assessing the skills, functional expertise and experience of the current directors; (ii) determining and anticipating the future needs of the Board based on the evolution of the business of the Corporation and its external environment; and (iii) identifying the most suitable candidates in order to be in a position to fill an opening on the Board, given the then prevailing and projected circumstances for the Corporation.

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

Majority voting policy with respect to the election of directors

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

Compensation of directors

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

The Committee also reviews periodically director share ownership guidelines.

The compensation received by the directors between January 1, 2013 and December 31, 2013 is found in Section 3: "Remuneration of the Directors of Bombardier" on pages 17 to 22 of this Circular.

Assessment of the directors

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

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

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

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

Retirement age policy for directors

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

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

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

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

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

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

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

Mandate of the President and Chief Executive Officer

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

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

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

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

Orientation and continuing programs

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

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

  The meetings in which new directors participate (including the annual sessions for the review of the strategic orientation, operating plans and budgets) as well as discussions with other directors and with Bombardier's executives also permit new directors to familiarize themselves rapidly with Bombardier's operations.

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

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

  Visits to Bombardier's various facilities are also arranged, from time to time, for the Board, and individual visits on request. Between January 1, 2013 and December 31, 2013, the directors had the opportunity to visit the facilities of Bombardier Aerospace, in Mirabel, Province of Québec, Canada.

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct translated in 15 languages. In addition to being available on the SEDAR website at www.sedar.com, it may also be consulted on the website of Bombardier at www.bombardier.com in each of the 15 languages.
- A Corporate Ethic and Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the directors and to all of Bombardier's employees and managers. Bombardier's suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code when dealing with or acting on behalf of Bombardier.
- The Code explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier's values and reputation.
- The Code outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code.
- Selected members of management are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; this process also (i) helps integrate the Code into Bombardier's governance system, (ii) ensures that the Code is a top priority with leadership and (iii) promotes integrity as a core value.
- Consistent with its commitment and strategic approach to corporate responsibility, Bombardier has deployed a Supplier Code of Conduct. This Code essentially promotes adherence by suppliers to the 10 principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.

Conflict of interest

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

Hiring of outside advisors

With the prior authorization of the CGNC, each director may, when needed, retain the services of outside advisors at the expense of Bombardier. The Audit Committee, the FRMC and the HRCC, each have the authority to do so. Between January 1, 2013 and December 31, 2013, no outside advisor was retained by a director.

Ernst & Young are currently the independent auditors of Bombardier and work closely with the Audit Committee. As to the various services on executive compensation matters provided to Bombardier by outside advisors during the 2013 financial year, please refer to paragraph B.1 of Section 4 of this Circular.

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is $240,000,000 per occurrence and in the aggregate per year, at a cost of $1,130,800 per annum. The deductible applicable to the Corporation is $2,500,000 for any insured occurrence.

Available Documentation

Copies of the Annual Information Form for the financial year ended December 31, 2013, the 2014 Circular, the Activity Report and the Financial Report of Bombardier, which includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended December 31, 2013, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on December 31, 2013.

Shareholder Proposals

There are no shareholder proposals submitted for consideration at the Meeting.

Shareholders of Bombardier who will be entitled to vote at the 2015 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Senior Vice President, General Counsel and Corporate Secretary of Bombardier no later than December 10, 2014.

Advance Notice Requirement for Director Nominations

Bombardier's By-Law One contains an advance notice requirement in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (a) a requisition of a meeting made pursuant to the provisions of the CBCA; or (b) a shareholder proposal made pursuant to the provisions of the CBCA (the "Advance Notice Requirement). In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting: provided, however that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement, In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. In addition, the Advance Notice Requirement sets forth the information that a shareholder must include in the notice for it to be valid, including, among other things, identification and shareholding information about the nominee and information about the shareholder making the nomination and any proxy, contract, arrangement, understanding or relationship pursuant to which such shareholder has a right to vote any shares of Bombardier. Bombardier's By-Law One is available on the SEDAR website at www.sedar.com.

Approval of the Board of Directors of Bombardier

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

Montréal, March 3, 2014

Daniel Desjardins
Senior Vice President, General Counsel and Corporate Secretary

SCHEDULE «A»
BOMBARDIER INC.
MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER INC.

Mandate of the Board

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

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

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

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

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

A. Approving Bombardier's strategy

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

B. Monitoring financial matters and internal controls

- through the work and recommendations of the Audit Committee, monitoring the quality and integrity of Bombardier's accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:
  a) the integrity and quality of Bombardier's financial statements and other financial information and the appropriateness of their disclosure;
  b) independent auditors' qualifications and independence;
  c) the performance of Bombardier's internal audit function and of Bombardier's independent 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 independent auditors;
- through the work and recommendations of the Finance and Risk Management Committee, ensuring that an appropriate risk assessment process is in place to identify, assesses and manage the principal risks of Bombardier's business;
- adopting communications policies and monitoring Bombardier's investor relations programs; Bombardier's communications policies (i) address how Bombardier interacts with analysts, investors, other key stakeholders and the public, (ii) contain measures for Bombardier to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) are reviewed at least annually.

C. Monitoring pension fund matters

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

D. Monitoring environmental matters

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

E. Monitoring occupational health and safety matters

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

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

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

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

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

H. The Lead Director

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