BOMBARDIER

- Notice of Annual Meeting of Shareholders

- Management Proxy Circular

2008

BOMBARDIER INC.

Notice of Annual Meeting of Shareholders 2008

Date: Wednesday, June 4, 2008

Time: 9:30 a.m. (Montréal time)

Place: Hyatt Regency Montréal
(Grand Salon)
1255 Jeanne-Mance Street
Montréal, Québec, Canada

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Friday, April 18, 2008, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,

«Roger Carle»
(signed)

Roger Carle
Corporate Secretary

Montréal, Québec, Canada, April 16, 2008

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended January 31, 2008 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the external auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the external auditors;
4. Consideration and, if deemed advisable, approval of the eight shareholder proposals set out in Schedule "A" to the Management Proxy Circular; 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** wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to the transfer agent for all the shares of Bombardier Inc., Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Tuesday, June 3, 2008. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular. **Non-registered shareholders should refer to page 5 of the Management Proxy Circular for information on how to submit a proxy.**

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This Management Proxy Circular is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting), or the Class A shares, and/or Class B shares (subordinate voting), or the Class B subordinate shares, of the Corporation to be held on Wednesday, June 4, 2008, at 9:30 a.m. (Montréal time) at the Hyatt Regency Montréal (Grand Salon), 1255 Jeanne-Mance Street, Montréal, Québec, Canada, and at any and all adjournments thereof. As used in this Management Proxy Circular, all references to "Bombardier", the "Corporation" or similar terms are to Bombardier Inc., and unless otherwise indicated, all dollar amounts are in Canadian currency.

Section 1: Voting Information

Who is soliciting my proxy?

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

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 6 to 12 and 14 to 17);
- the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation (see pages 13 and 14); and
- each of the eight shareholder proposals set out in Schedule "A" attached to this Management Proxy Circular (see pages 42 to 47).

How will these matters be decided at the meeting?

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

How many votes do I have?

The Class B subordinate shares of Bombardier are restricted securities (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights. In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at January 31, 2008, 31.16% 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 the shareholders of the Corporation prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Friday, April 18, 2008, 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 April 2, 2008, there were 316,961,957 of the Class A shares and 1,435,006,136 of the Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and officers of the Corporation, the only persons who, as at April 2, 2008, beneficially owned or exercised control or direction over shares carrying directly or indirectly 10% or more of the voting rights attached to all of its issued and outstanding shares were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine. These four persons indirectly controlled, through holding companies, 249,199,909 Class A shares, and 1,118,275 Class B subordinate shares, representing in the aggregate 78.62% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.14% of all the voting rights attached to all of its issued and outstanding voting shares.

As at April 2, 2008, the directors of Bombardier (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,705,295 Class A shares and 1,547,318 Class B subordinate shares, representing 5.59% and 0.11%, respectively, of the outstanding shares of each such class.

How do I vote?

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

If your shares are held in the name of a nominee, please see the instructions below under the headings "As a non-registered shareholder, how do I vote?" and "As a non-registered shareholder, how do I vote in person at the meeting?" on page 5.

Voting by proxy

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

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

How will my proxyholder vote?

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

AGAINST each of the eight shareholder proposals set out in Schedule "A".

Proxy Voting Options

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

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

Mail or Fax

Registered shareholders electing to submit a proxy by mail 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., or Computershare, either in the postage prepaid return envelope provided or by fax at 1-866-249-7775 no later than 4:00 p.m. (Montréal time) on Tuesday, June 3, 2008.

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 6-digit Control Number, the 11-digit Holder Account Number and the 5-digit Access Number located on the form of proxy. Instructions are then conveyed by use of the touchtone selections over the telephone.

Internet

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

Registered shareholders must then follow the instructions and refer to the form of proxy received from Bombardier which contains a 6-digit Control Number, an 11-digit Holder Account Number and a 5-digit Access Number located on the form of proxy. Voting instructions are then conveyed electronically by the shareholder over the Internet.

Non-registered shareholders, that is persons whose shares are held in "nominee" name, usually banks, trust companies, securities dealers or brokers or other financial institutions, will be provided with voting instructions by their nominee. Please see further instructions below under the heading "As a non-registered shareholder, how do I vote?" on page 5.

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

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

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

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

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

Who counts the proxies?

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

Is my vote confidential?

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

How are proxies solicited?

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

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

If you are an employee of Bombardier and you own shares under Bombardier's Employee Share Purchase Plan, or the ESPP, your shares are registered in the name of Computershare Trust Company of Canada, the administrator of the ESPP, until such time as the shares are withdrawn from the ESPP pursuant to its terms and conditions. Voting rights attached to your shares may be exercised through the use of a voting instruction form which will permit the voting of shares by mail, fax, telephone (the number to dial for the employees of the Corporation in Canada and in the United States is 1-866-732-VOTE (8683) and for the employees of the Corporation outside Canada and the United States (312-588-4290) or over the Internet at www.investorvote.com

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

FOR the election of all the nominees proposed as directors;

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

AGAINST each of the eight shareholder proposals set out in Schedule "A".

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?

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

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

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

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

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

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

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

Section 2 : Business of the Meeting

Election of Directors

The articles of incorporation of Bombardier provide that its Board of Directors shall consist of not less than five and not more than 20 directors. Its directors are elected annually. **It is proposed that 14 directors be elected until the next annual meeting of the shareholders of Bombardier.** The term of office of each director so elected expires upon the election of his/her successor unless he/she shall resign or his/her office shall become vacant by death, removal or other cause.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying form of proxy will vote for the election of the 14 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier. Mr. Federico Sada G., currently a director of Bombardier, will not stand for re-election at the annual meeting of the shareholders of the Corporartion on Wednesday, June 4, 2008.

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

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

Chairman of the Board and Chief Executive Officer of Bombardier
Westmount, Québec, Canada
Age: 69
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	13,052,944	812,500	887,205 (C)
2007	11,126,951	2,738,493	400,000 (C)
Change	1,925,993	(1,925,993)	487,205 (C)

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

PIERRE BEAUDOIN

President and Chief Operating Officer of Bombardier Aerospace
Executive Vice President of Bombardier
Westmount, Québec, Canada
Age: 45
Director since 2004
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	512,859	1,312	0
2007	512,859	1,312	0
Change	—	—	—

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

ANDRÉ BÉRARD

Corporate Director
Montréal, Québec, Canada
Age: 67
Director since 2004
Lead Director
Chairman of the Finance and Risk Management Committee
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	5,000	135,981
2007	0	5,000	106,032
Change	—	—	29,949

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

J.R. ANDRÉ BOMBARDIER

Vice Chairman of Bombardier
Montréal, Québec, Canada
Age: 65
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	(D)	265,774	0
2007	(D)	265,774	0
Change	—	—	—

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

JANINE BOMBARDIER (E)

President and Governor,
J. Armand Bombardier Foundation,
charitable organization
Westmount, Québec, Canada
Age: 74
Director since 1984
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	(F)	40,001	121,841
2007	(F)	40,001	104,479
Change	—	—	17,362

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

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

Corporate Director
Ottawa, Ontario, Canada
Age: 64
Director since 2003
Chairman of the Audit Committee
Member of the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	6,500	69,620
2007	0	6,500	57,014
Change	—	—	12,606

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

JEAN-LOUIS FONTAINE (G)

Vice Chairman of Bombardier
Director since 1975
Westmount, Québec, Canada
Age: 68
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	4,097,472	6,465	0
2007	4,097,472	6,465	0
Change	—	—	—

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

JANE F. GARVEY

Executive Vice President and Chairman, Transportation Practice, APCO Worldwide, Inc.,
Washington D.C., United States
Age: 64
Director since 2007
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	0	4,407
2007	0	0	0
Change	—	—	4,407

Mrs. Jane F. Garvey is Executive Vice President and Chairman of the Transportation Practice of APCO Worldwide, Inc. since 2003. From 1997 to 2002, she served as the first ever five-year term administrator of the US Federal Aviation Administration (FAA). Previously, she was acting administrator of the Federal Highway Administration (FHWA). From 1991 to 1993, she was Director of Boston's Logan International Airport, and from 1988 to 1991, Commissioner of the Massachusetts Department of Public Works. Mrs. Garvey is a director of MITRE Corporation, Sentient Jet, Inc., SpectraSensors, Inc., Advanced Navigation & Positioning Corporation, Reveal Imaging Technologies, Inc. and Skanska AB.

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors
Montréal, Québec, Canada
Age: 63
Director since 1999
Member of the Audit Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	1,200	100,180
2007	0	1,200	87,574
Change	—	—	12,606

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

JEAN C. MONTY

Corporate Director
Montréal, Québec, Canada
Age: 60
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	25,000	175,000	172,666
2007	25,000	175,000	147,067
Change	—	—	25,599

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

ANDRÉ NAVARRI

President of Bombardier Transportation
Executive Vice President of Bombardier
Paris, France
Age: 55
Director since 2004
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	50,000	0
2007	0	50,000	0
Change	—	—	—

Mr. André Navarri has been President of Bombardier Transportation since February 22, 2004 and, since December 13, 2004, Executive Vice President of Bombardier joining Mr. Laurent Beaudoin, Chairman of the Board and Chief Executive Officer, and Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace, in the Office of the President. On that same date, he also became a member of the Board of Directors of Bombardier. Prior to February 22, 2004, he was President-Operations of Alcatel, a worldwide supplier of telecom equipment from September 2001 to December 2002. From May 1999 to May 2000, he served as Chief Operating Officer, then from May 2000 to March 2001 as Chairman and Chief Executive Officer of Valeo, a worldwide automotive component maker. From April 1996 to April 1999, he was President of the Transport Sector of Alstom, a worldwide specialist in power, marine and transportation equipment. In May 2005, he was named Chairman of the Association of the European Railways Industries (UNIFE).

CARLOS E. REPRESAS

Chairman of the Board, Nestlé Group Mexico, a food and beverage company
Mexico City, Mexico
Age: 62
Director since 2004
Member of the Human Resources and Compensation Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	0	73,109
2007	0	0	60,100
Change	—	—	13,009

Mr. Carlos E. Represas has been Chairman of Nestlé Group Mexico since 1983. He has been a member of the Board of Directors of Vitro, S.A. de C.V. since 1998. He is a member of the Latin American Business Council (CEAL). He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latinamerican Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

JEAN-PIERRE ROSSO

Chairman of World Economic Forum USA Inc.
New York, New York, United States
Age: 67
Director since 2006
Chairman of the Corporate Governance and Nominating Committee
Member of the Audit Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	0	48,727
2007	0	0	21,267
Change	—	—	27,460

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

HEINRICH WEISS

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

Dusseldorf, Germany
Age: 65

Director since 2005
Member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2008	0	0	101,092
2007	0	0	75,079
Change	—	—	26,013

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

NOTES

(*) The information appearing on pages 7 to 11 of this Management Proxy Circular is determined as at January 31, 2008 and January 31, 2007, respectively.

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

(B) "Deferred Stock Units" are : (i) in the case of the non-executive directors of Bombardier, namely Mmes. Janine Bombardier and Jane F. Garvey and Messrs. André Bérard, L. Denis Desautels, Daniel Johnson, Jean C. Monty, Carlos E. Represas, Jean-Pierre Rosso and Heinrich Weiss, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 15 of this Management Proxy Circular; and (ii) in the case of the Chairman of the Board and Chief Executive Officer 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 20 of this Management Proxy Circular. The number of Deferred Stock Units for each non-executive director and for Mr. Laurent Beaudoin has been determined as at January 31, 2008 and January 31, 2007, respectively.

(C) As part of his compensation for the financial years ended January 31, 2006 and 2007, Mr. Laurent Beaudoin, as Chief Executive Officer of the Corporation, received an annual incentive of $1,400,000 and $2,285,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units ($3.50 per Unit) and 487,205 Deferred Stock Units ($4.69 per Unit) pursuant to the Deferred Stock Unit Plan for Senior Officers. Please refer to note (4) of the Summary Compensation Table on page 28 of this Management Proxy Circular.

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

(E) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board of Directors of the Corporation. Although Mrs. Janine Bombardier has attained the prescribed retirement age, the Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Mrs. Bombardier as a director of the Corporation during their annual meeting to be held on Wednesday, June 4, 2008.

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

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

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

The following table sets forth the number of meetings of the Board of Directors of Bombardier and its Committees held between February 1, 2007 and January 31, 2008 and the record of attendance at these meetings of the 14 nominees for election to the Board of Directors who are currently all directors of the Corporation.

Nominees	Board of Directors [1]	Audit Committee Chairman: L. Denis Desautels	Corporate Governance and Nominating Committee Chairman: Jean-Pierre Rosso [2]	Human Resources and Compensation Committee Chairman: Jean C. Monty	Finance and Risk Management Committee [3] Chairman: André Bérard	Individual Attendance Rate
Laurent Beaudoin [4]	8/8 = 100%	[5]	[5]	[5]	[5]	100%
Pierre Beaudoin [4]	9/9 = 100%	—	—	—	—	100%
André Bérard	10/10 = 100%	7/7 = 100%	—	2/2 = 100% [6]	7/7 = 100%	100%
J.R. André Bombardier	10/10 = 100%	—	—	—	—	100%
Janine Bombardier	10/10 = 100%	—	—	—	—	100%
L. Denis Desautels	10/10 = 100%	7/7 = 100%	—	—	7/7 = 100%	100%
Jean-Louis Fontaine	9/10 = 90%	—	—	—	—	90%
Jane F. Garvey [7]	1/2 = 50%	—	—	—	—	50%
Daniel Johnson	10/10 = 100%	7/7 = 100%	—	—	7/7 = 100%	100%
Jean C. Monty	10/10 = 100%	—	5/5 = 100%	6/6 = 100%	—	100%
André Navarri [4]	8/8 = 100%	—	—	—	—	100%
Carlos E. Represas	10/10 = 100%	—	—	6/6 = 100%	7/7 = 100%	100%
Jean-Pierre Rosso	10/10 = 100%	6/7 = 86%	3/3 = 100%	—	—	95%
Heinrich Weiss	9/10 = 90%	—	4/5 = 80%	5/6 = 83%	—	86%
Overall Attendance Rate	**98%**	**96%**	**92%**	**95%**	**100%**	

(1) Two special sessions for the review of the strategic plan, business plan and budget of the Corporation were held during the year.
(2) On May 29, 2007, Mr. Jean-Pierre Rosso became Chairman of the Corporate Governance and Nominating Committee.
(3) Since May 29, 2007, the Finance and Risk Management Committee replaces the Retirement Pension Oversight Committee. The mandate of the Finance and Risk Management Committee is described on page 38 of this Management Proxy Circular.
(4) Two special meetings of the Board of Directors were held in August and October 2007 to discuss the succession planning for the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin (please refer to page 19 of this Management Proxy Circular for more information). Messrs Laurent Beaudoin and André Navarri did not attend these two special meetings. Mr. Pierre Beaudoin attended the August meeting but not the October meeting.
(5) The Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is not a member of any of the Committees of the Board of Directors of Bombardier; however, he is entitled to attend and to participate in all the meetings of the Committees but not to vote.
(6) On May 29, 2007, Mr. André Bérard became a member of the Human Resources and Compensation Committee.
(7) On October 26, 2007, Mrs. Jane F. Garvey was appointed to the Board of Directors of Bombardier.

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

(a) is, as at the date of this Management Proxy Circular, or has been, within 10 years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that, while such person was acting in that capacity:

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

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

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

(b) has, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; except for the following:

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

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

Appointment of External Auditors

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

For each of the financial years ended January 31, 2008 and 2007, Ernst & Young, LLP, billed Bombardier the following fees for their services:

Fees	Financial Year Ended January 31, 2008	Financial Year Ended January 31, 2007
Audit fees	US$ 13,901,000	US$ 12,809,000
Audit-related fees	US$ 1,444,000	US$ 736,000
Tax fees	US$ 3,202,000	US$ 1,666,000
All other fees	US $ 147,000	US$ 159,000
Total Fees	**US$ 18,694,000**	**US$ 15,370,000**

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

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

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

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

Audit Committee Information

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

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

L. Denis Desautels (Chairman) – Mr. Desautels, F.C.A., is the Chairman of the Audit Committee since 2003. He has a Bachelor of Commerce degree from McGill University. He served as Auditor General of Canada from April 1, 1991 until March 31, 2001. As Auditor General of Canada, he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montréal Office of Ernst & Young, LLP, (formerly Clarkson Gordon). In his 27 years with Ernst & Young, he served the firm in various capacities and in a number of offices, namely Montréal, Ottawa and Québec. He is currently Vice Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants and a member of the National Awards in Governance Advisory Committee of the Conference Board of Canada. He is an Executive-in-residence at the Telfer School of Management of the University of Ottawa.

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

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

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

Section 3: Remuneration of the Directors and Executive Officers of Bombardier

Remuneration of the Directors of Bombardier

The following table provides the various compensation components to which the members of the Board of Directors of Bombardier are entitled with the exception, however, of Messrs. Pierre Beaudoin, J.R. André Bombardier, Jean-Louis Fontaine and André Navarri.

Type of Fees	Fees [1]	
	From February 1, 2006 to January 31, 2008	As of February 1, 2008 [2]
Annual Retainer		
• Chairman of the Board [3]	$300,000	$300,000
• Board Members (other than the Chairman)	$66,000	$80,000
• Audit Committee Chairman	$20,000	$20,000
• Other Committee Chairman	$10,000	$10,000
• Committee Members (other than the Chairman)	$5,000	$5,000
Fees		
• Board and Committee Attendance Fees	$2,500	$2,500
• Travel Fees [4]	$2,500	$2,500

(1) All of the dollar amounts mentioned above are in Canadian dollars for a director who is a resident of Canada and in US dollars for a director who is not a resident of Canada.
(2) In November 2007, the non-executive director compensation was reviewed and increased to align it with competitive levels. The effective date of these changes is February 1, 2008.
(3) The Chairman of the Board does not receive any other annual retainer fees nor attendance fees.
(4) Every time a non-executive director has a one-way travel time of 3 hours or more from his/her residence, he/she is entitled to travel fees in addition to his/her regular attendance fees.

The following table shows the remuneration earned during the financial year ended January 31, 2008 by the following current non-executive directors of the Corporation who are nominees for election to the Board of Directors.

Financial Year Ended January 31, 2008	Annual Retainer Fees			Attendance Fees			Travel Fees ($)	Total Fees Earned ($)	Total Fees Paid in Cash ($)	Total Fees Credited in DDSUs (#)
Non-Executive Director	Board [1] ($)	Committee ($)	Total ($)	Board [2] ($)	Committee ($)	Total ($)				
André Bérard	66,000	18,750	84,750	25,000	47,500	72,500	—	157,250	—	29,949
Janine Bombardier	66,000	—	66,000	25,000	—	25,000	—	91,000	—	17,362
L. Denis Desautels	66,000	25,000	91,000	25,000	35,000	60,000	—	151,000	85,000	12,606 [4]
Jane F. Garvey [3] [5]	16,500	—	16,500	2,500	—	2,500	2,500	21,500	—	4,407
Daniel Johnson	66,000	10,000	76,000	25,000	35,000	60,000	—	136,000	70,000	12,606 [4]
Jean C. Monty	66,000	15,000	81,000	25,000	27,500	52,500	—	133,500	—	25,599
Carlos E. Represas [3]	66,000	10,000	76,000	25,000	32,500	57,500	17,500	151,000	85,000	13,009 [4]
Jean-Pierre Rosso [3]	66,000	11,667	77,667	25,000	22,500	47,500	15,000	140,167	—	27,460
Heinrich Weiss [3]	66,000	10,000	76,000	22,500	22,500	45,000	12,500	133,500	—	26,013

(1) The full amount of the annual Board retainer fees has been credited in Director Deferred Stock Units (as explained below) to every non-executive director, with the exception of Mrs. Jane F. Garvey who was appointed on October 26, 2007.
(2) Two special sessions for the review of the strategic plan, business plan and budget of the Corporation were held during the year.
(3) This non-executive director receives his/her remuneration in US dollars and is also entitled to travel fees of $2,500 for each meeting which he or she attended.
(4) This non-executive director has elected to receive only his annual Board retainer of $66,000 in the form of Director Deferred Stock Units.
(5) Mrs. Jane F. Garvey became a non-executive director on October 26, 2007.

Director Deferred Stock Unit Plan

To encourage the non-executive directors of Bombardier to better align their interests with those of the shareholders by having an investment in the Corporation, a Director Deferred Stock Unit Plan, or the DDSU Plan, was implemented on April 1, 2000; it was amended in 2003, 2006 and 2007.

The DDSU Plan provides that the non-executive directors of Bombardier are required to receive the entirety of their annual Board retainer fees in the form of Director Deferred Stock Units, or DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained on page 16 of this Management Proxy Circular) is met. Thereafter, they have the option to be paid their annual Board retainer fees in cash or to keep receiving 50% or more of such fees in the form of DDSUs. In addition, the non-executive directors may elect to receive 50% or more of any other remuneration (i.e., attendance fees, fees received by Committee chairs and members and travel fees) in the form of DDSUs.

DDSUs have a value equal to the market value of the Class B subordinate shares of the Corporation at the time DDSUs are credited to each non-executive director. DDSUs take the form of a bookkeeping entry credited to the account of each non-executive director which cannot be redeemed for cash for as long as the non-executive director remains a member of the Board of Directors. All of a non-executive director's DDSUs will, upon request by such non-executive director, be redeemed for cash by Bombardier after he/she ceases to be a member of the Board of Directors; however, failing such request, the redemption of such DDSUs for cash will occur automatically upon the expiry of a period as determined under the DDSU Plan. The value of a DDSU, when redeemed for cash, will be equivalent to the market value of the Class B subordinate shares at the time of the redemption. DDSUs confer the right to receive dividends paid in the form of additional DDSUs at the same rate as the dividend paid on the Class B subordinate shares of Bombardier.

Remuneration of the Executive Officers of Bombardier

Report of the Human Resources and Compensation Committee on Executive Compensation

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

As of January 31, 2008, the HRCC consisted of 4 independent directors, namely Mr. Jean C. Monty who is its Chairman, and Messrs. André Bérard, Carlos E. Represas and Heinrich Weiss. None of them is an active chief executive officer with a publicly-traded entity. They each have experience in executive compensation as either a former chief executive officer of a publicly-traded corporation or a senior executive officer who had executive responsibility for very sizeable businesses or the current owner and chief executive officer of an international private holding corporation. The Board of Directors of Bombardier believes that the members of the HRCC collectively have the knowledge, experience and background required to fulfill their mandate.

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

The HRCC held six meetings during the financial year ended January 31, 2008. The table below outlines the main activities of the HRCC during the financial year.

Agenda Items	
• CEO's objectives and mandate • Approval of CEO compensation and salary increases for senior officers • Annual incentives: review and approval of plan design for the fiscal year starting February 1st • Selection of compensation consultant	February, 2007
• Review of CEO performance • Annual incentives: review of plan results and approval of payments for the fiscal year ended January 31st • Review and approval of the proxy disclosure (section on executive compensation) • Review and approval of long-term incentive programs and modifications to be submitted for shareholders' approval, if any	March, 2007
• Annual stock options and PSUs grants – review and approval • Review of health and safety performance and action plan for current year	May, 2007
• Succession planning review • Health and safety compliance audit reviews	October, 2007
• Review of executive total compensation policy competitiveness and approval of any modifications • Approval of salary scale and budget increases for fiscal year starting February 1st	November, 2007
• Appointments, total compensation, other terms and conditions and termination settlements • Modifications to existing pension plans and implementation of new plans	As required

Independent consultant

The HRCC has the authority to retain any independent consultants to advise its members on total compensation policy matters, including fixing their fees and the terms and conditions of their engagement.

In 2007, the HRCC engaged in a process to select an outside consulting firm specialized in executive compensation matters. As a result,Towers Perrin, a recognized independent external consulting firm, was retained to provide advice and guidance to the HRCC. The services of Towers Perrin include conducting a comprehensive review of senior executive compensation relative to best market practices and providing its expertise with respect to the trends and practices on executive compensation to the HRCC. Towers Perrin reports directly to the HRCC on these matters. The decisions made by the HRCC are the responsibility of the Committee and may reflect factors and considerations other than information and recommendations provided by Towers Perrin. The HRCC reviewed both the mandate and performance of Towers Perrin, and found both to be satisfactory.

Towers Perrin earned the following fees during the financial year ended January 31, 2008:

Towers Perrin's Mandates	Towers Perrin's Fees
HRCC Mandates (executive compensation)	$206,000
Bombardier Mandates (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	$3,813,000
Total Fees	**$4,019,000**

At its meeting of April 1, 2008, the HRCC has adopted a policy whereby the HRCC will pre-approve additional work of a material nature assigned to external executive compensation consultant and the HRCC will not approve any such work that, in its view, could compromise the independence of an external compensation consultant as advisor to the HRCC.

Succession planning for the Chairman of the Board and Chief Executive Officer

The HRCC was informed that the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, made the decision to relinquish, during 2008, his responsibilities as Chief Executive Officer of Bombardier which he has assumed since December 2004. As a result, during 2007, the HRCC engaged in a succession planning process which led to the selection by the Board of Directors of Bombardier of Mr. Pierre Beaudoin, currently President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President, to become President and Chief Executive Officer of the Corporation on Wednesday, June 4, 2008, following the annual meeting of the shareholders. Mr. Laurent Beaudoin will, however, retain his responsibilities as Chairman of the Board of Bombardier. Theses changes were publicly disclosed by a press release issued on November 28, 2007.

Leadership development and management succession

Bombardier remains committed to the continued development of leaders at all levels in its organization to drive the long term business success of the Corporation. Its efforts are anchored by the performance management process (PMP) which directly links the achievement of business objectives with the personal development of leaders across the organization. The feedback and performance evaluation that leaders receive as part of the PMP become key discussion points for subsequent leadership development review and management succession sessions which identify overall leadership quality and depth, succession candidates for key positions, review of high potential employees and progress on development plans. The management succession plan process originates in each operating group, that is Bombardier Aerospace and Bombardier Transportation, and, after a series of escalating reviews, culminates in a detailed and integrated assessment of the leadership status by Bombardier senior management. This program is further reinforced by formal periodic talent reviews by the Chairman of the Board and Chief Executive Officer, the respective Group Presidents and the Group Vice Presidents for Human Resources, of the development plans of the organization's top 80 leaders. Three of these talent review sessions were held for each operating group during 2007 in conjunction with regularly scheduled operational reviews. A summary of the full management succession plan was presented to the Board of Directors in February 2008. The HRCC monitors progress on the action plans identified in this plan on a regular basis.

Compensation policy of Bombardier

The compensation policy of Bombardier is designed to maximize the overall performance of the Corporation through the related individual performance of its senior executives. The overall goals of the policy are to attract, retain and motivate the senior executives in order to increase business performance and enhance shareholder value which support the pay-for-performance commitment of Bombardier. During the financial year ended January 31, 2008, the HRCC reviewed and approved the Corporation's executive compensation policy and its application to senior executives based on the recommendation of Towers Perrin and in line with best market practices.

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

In 2007, the annual benchmarking was performed by Towers Perrin who was responsible for the gathering of comparator information relevant to Bombardier's executive positions. The composition of the comparator group is reviewed every year to ensure its continued relevance.

In addition to market benchmarking reviews, contemplated modifications to compensation policy or programs are validated through a stress-testing process. An analysis is conducted to demonstrate to the HRCC that the revised design should provide appropriate results in future years. For example, in 2007, the introduction of a new performance metric in the design of the annual incentive plan for Bombardier Aerospace was approved as a result of a demonstration of what the revised incentive plan would have paid out in the past multi-year performance period, based on each year's actual financial performance, as well as under various projections of results based on future years anticipated performance scenarios.

Base salary

Senior executive positions are benchmarked with positions of similar responsibility in their respective local markets. For example, executive positions based in Germany are compared with similar positions in German companies comparable in size and complexity with Bombardier. For Canadian-based positions, the following table provides an overview of the characteristics of the 2007 Canadian comparator group as compared to Bombardier.

Criteria	Bombardier	Canadian Comparator Group	
Industry	Manufacturing	Large Canadian autonomous public companies with international operations	
		Median	75th Percentile
Revenues (USD)	$15.0 B	$11.3 B	$20.5 B
Number of employees	56,000	43,000	64,000
Assets (USD)	$18.6 B	$20.1 B	$28.9 B

Short-term incentive plans

The philosophy of Bombardier is to link the incentive plans for its employees to the overall performance of the Corporation and business units.

The objective of the short-term incentive plan is to motivate employees to achieve and surpass the financial objectives approved by the Board of Directors of Bombardier at the beginning of each financial year. The metrics used for this plan are essentially based on financial results.

At its meeting of February 19, 2007, the HRCC approved the financial drivers of the short-term incentive plan for the financial year ended January 31, 2008. In accordance with the respective management recommendation for each operating group, the bonus targets for Bombardier Aerospace were based on earnings before interest and taxes, or EBIT, and net utilized assets, or NUA, while the bonus targets for Bombardier Transportation were based on EBIT and free cash flow. These targets are set in order to maximize shareholder return and in light of a market assessment of direct competitors' executive compensation. During the year, a periodic review of the activities of each operating group was made in order to monitor its financial and operational performance against the objectives that it had to meet for the year. For the Corporate Office, the bonus targets were based on a blended average of the Bombardier Aerospace and Bombardier Transportation results as well as individual objectives for a limited number of officers at the Corporate Office. The weightings for the short-term incentive plan for the financial year ended January 31, 2008 were as follows:

Objectives		
Bombardier Aerospace	**Bombardier Transportation**	**Corporate Office** [1]
50% EBIT of the group and the divisions	50% EBIT of the group	50% Bombardier Aerospace objectives
50% NUA of the group and the divisions	50% Free Cash-Flow of the group	50% Bombardier transportation objectives

(1) For a limited number of executive officers at the Corporate Office, their bonus targets were allocated 45% on Bombardier Aerospace objectives, 45% on Bombardier Transportation objectives and 10% on individual objectives.

The 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, and the payout potential can reach twice the target. The plan restricts the total bonus envelope to a predetermined percentage of EBIT for Bombardier Aerospace and Bombardier Transportation respectively. If the predetermined financial objectives are not met, all bonuses payable are proportionately reduced to remain within the limits of the bonus envelope. Accordingly, no bonus would be paid if EBIT for the year is null or negative.

At its meeting of April 1, 2008, the HRCC has reviewed and approved the bonus payable for the financial year ended January 31, 2008, based on the following results:

- Bombardier Aerospace exceeded both EBIT and net utilized asset targets.
- Bombardier Transportation partially attained its EBIT target and exceeded its free cash flow target.
- Corporate Office payout to eligible employees was based on the average results for Bombardier Aerospace and Bombardier Transportation and individual objectives.

Deferred Stock Unit Plan for Senior Officers

Under the Deferred Stock Unit Plan for Senior Officers, or the DSU Plan, introduced in respect of the financial year ended January 31, 2005, designated senior officers are given the opportunity to receive all or a portion of the cash bonus awarded to them in respect of a financial year, if any, in the form of Deferred Stock Units, or DSUs. The number of DSUs credited to a senior officer who elects to participate in this plan is based on the value of the Class B subordinate shares of Bombardier, this value being determined in accordance with the terms of the plan. In addition, when Bombardier pays out dividends on the Class B subordinate shares, additional DSUs are credited to the account of the participating senior officer. Upon the senior officer ceasing to be a senior officer (as a result of retirement, death, permanent disability, termination, or otherwise), the DSUs are automatically redeemed and converted to cash on the basis of the market value of the Class B subordinate shares when the conversion takes place.

Mid-term and long-term incentive plans

The mid-term and long-term incentive plans objectives of Bombardier are to align its management's interest with shareholder value growth and to retain key talent.

Prior to 2005, the long-term incentive plan offered to key employees of the Corporation and its subsidiaries consisted only of the Stock Option Plan. In 2005, upon the recommendation of the HRCC, the Board of Directors approved a new mid-term incentive plan, the Performance Share Unit Plan, or the PSU Plan. The criteria pursuant to which stock options are to be granted under the Stock Option Plan were also reviewed at the same time. The size of option grants to be awarded to executives was reduced in order to take into account the value of the performance share units they would receive. A description of the PSU Plan and the Stock Options Plan is provided on pages 20 to 22 of the Management Proxy Circular.

The role of the HRCC is to review the provisions of the mid-term and long-term incentive plans and, if required, to make appropriate recommendations to the Board of Directors to modify them. It also determines the size of grants to be awarded by the Board of Directors to executives. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data of the comparator group and on individual performance. As a general rule, the number of PSUs and stock options granted to each participant is based on a grant guideline that is related to the employee's management level in Bombardier and its subsidiaries.

At its meeting of March 26, 2007, the Board of Directors, upon the recommendation of the HRCC, approved the Stock Option Plan and PSU Plan parameters for the 2007-2008 financial year and the aggregate number of stock options and PSUs to be granted. At its meeting of May 28, 2007, the Board of Directors, upon the recommendation of the HRCC, approved the stock options and PSUs to be granted to each executive. These stock options and PSUs were granted on June 5, 2007.

Performance Share Unit Plan

The purpose of the PSU Plan is to reward key employees of the Corporation and its subsidiaries who make a particular contribution to the creation of economic value for Bombardier and its shareholders.

Key employees may be granted Performance Share Units, or PSUs, which represent the right to receive Class B subordinate shares of Bombardier on the vesting date upon the attainment of specified performance objectives. The vesting date is to be determined at the date of the grant and will not exceed three years of such date. PSUs

vest if the average Return on Equity, or ROE, over that period reaches specific targets approved by the HRCC. PSUs shall expire on the vesting date if the minimum ROE target is not met. The number of Class B subordinate shares which may be delivered upon a vesting date could be increased if the ROE targets are exceeded. The approved targets and payout ranges for PSUs granted since 2005 are presented in the Pay-for-Performance Table on page 23 of this Management Proxy Circular. The PSU Plan is not dilutive in that PSUs are settled in Class B subordinate shares of Bombardier purchased on the secondary market. Following each grant, each PSU participant will give irrevocable instructions to the PSU Plan trustee to deliver to him/her Class B subordinate shares or an amount in cash, representing the value of such shares sold by the trustee on behalf of the PSU participant on the market, if vesting conditions are met. For the PSUs vesting in June 2008, 192 employees and executives have elected to receive cash instead of shares, and accordingly have requested the PSU Plan trustee to sell the Class B subordinate shares to which they are entitled on the market.

The Board of Directors of Bombardier may, subject to receiving regulatory approvals, if required, amend or terminate the PSU Plan. No such amendment or termination shall alter or impair any rights of a PSU holder previously granted without the consent of such PSU holder.

PSUs may vest or terminate prior to the vesting date in certain circumstances, including:

- if the holder voluntarily resigns or is dismissed for cause, PSU grants shall expire; or
- if a PSU holder retires on or after age 55 and with 5 or more years of service with Bombardier or is dismissed without cause, the size of the grants will be reduced in proportion of the length of service between the award date and the date of departure to the length of the total period between the award and vesting dates; or
- if the PSU holder retires on or after age 60 and with 5 or more years of service with Bombardier, dies or becomes disabled, the size of the grant shall not be affected by any of these events.

Stock Option Plan

The purpose of the Stock Option Plan is to reward executives of the Corporation and its subsidiaries 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 Bombardier's Class B subordinate shares.

The Stock Option Plan provides for the granting to participants of non-assignable options to purchase an aggregate number of Class B subordinate shares of the Corporation which may not exceed 133,782,688. Bombardier's annual grant of stock options is within a 1% dilution limit. The Stock Option Plan further provides that the number of shares reserved for issuance shall not exceed 10% of all the issued and outstanding Class A shares and Class B subordinate shares combined. It also provides that no single person may hold options to acquire shares representing more than 5% of all the issued and outstanding Class A shares and Class B subordinate shares combined. In addition, in any given 1-year period, insiders and their associates may not be issued under the Stock Option Plan a number of shares exceeding 5% of all the issued and outstanding Class A shares and Class B subordinate shares combined. Furthermore, as of April 30, 2003, the number of Class B subordinate shares reserved for issuance to insiders under the Stock Option Plan was fixed at 26,910,324.

In 2007, certain administrative amendments to the Stock Option Plan were approved, including amendments in accordance with the Toronto Stock Exchange Staff Notice 2005-0001.

As at April 2, 2008, 31,742,467 Class B subordinate shares had been issued and 59,831,846 Class B subordinate shares remained issuable under future option grants pursuant to the Stock Option Plan representing, respectively, 1.81% and 3.41% of all the issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 42,208,375 Class B subordinate shares are issuable under options already granted (i.e., unexercised options that have neither expired nor been cancelled), representing 2.41% of all the issued and outstanding Class A shares and Class B subordinate shares combined.

The exercise price is equal to the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the 5 trading days immediately preceding the day on which an option is granted.

Stock options granted prior to June 2003 are conventional options with a term of 10 years and they vest at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant.

Stock options granted since June 2003 are performance options with a term of 7 years and they vest at the rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant, if performance vesting criteria are met. According to this additional requirement, an optionee may exercise his/her option only if, within the 12-month period preceding the first vesting date, the weighted average trading price of Class B subordinate shares on the Toronto Stock Exchange, during a period of 21 consecutive trading days, is greater than or equal to a target price threshold established at the time of grant. If, within such 12-month period, the target price threshold criteria is not met, then the optionee may exercise such option upon the same terms and conditions and with the target price threshold applicable to the next vesting tranche (i.e., 25%). If the final target price threshold criteria is not met within the last 12-month period established with respect to a particular option grant, then the optionee may exercise such options if, at any time after that 12-month period, the final target price threshold criteria is met within the remaining term of the option. Furthermore, once the target price threshold criteria for any particular vesting tranche is met in accordance with the above, the optionee may exercise these options notwithstanding any further variation in the weighted average trading price of the Class B subordinate shares. The approved target price thresholds for options granted during 2007, 2006 and 2005 are presented in the Pay-for-Performance Table on page 23 of this Management Proxy Circular.

Upon exercise, the optionee shall remain the direct owner of at least 25% of the number of shares purchased for a period of at least 1 year following the date of exercise.

Since June 2005, the management level as of which a key employee becomes entitled to be granted a stock option was raised and the recommended size of the grant was reduced in connection with the introduction of the PSU Plan.

The Code of Ethics and Business Conduct of Bombardier provides that employees shall only trade on Bombardier shares within predetermined trading periods and shall not trade on Bombardier shares if they are aware of undisclosed material information. Optionees are instructed to exercise their stock options within these trading periods. In addition, the Code also provides that under no circumstances shall any employee engage in hedging activity or in any form of transactions of publicly traded options on Bombardier shares, or any other form of derivatives relating to Bombardier shares, including "puts" and "calls". Furthermore, no employee of Bombardier shall sell Bombardier shares that he/she does not own (a "short sale"). According to these rules, optionnes are not authorized to monetize their stock options at any time.

For stock options granted since 2002 and in the circumstances detailed below, optionees must exercise them prior to the applicable expiration date and:

- in the case of "normal" retirement, stock options must be exercised during the 3 years following the date on which retirement commenced and the regular vesting rules continue to apply during this 3-year period; or
- in the case of early retirement authorized under an approved retirement plan and authorized leave of absence (including for sickness), stock options must be exercised within 1 year following the date on which the early retirement or authorized leave of absence commenced and, as of and from the date of early retirement or authorized leave of absence, the optionee's stock options are "frozen" and do not continue to vest; or
- in the case of death, the legal representatives of the deceased optionee must exercise all stock options within 60 days commencing on the later of the date of death and the date of receipt of all required succession duty releases (if applicable), and, as of and from the date of death, the deceased optionee's stock options are "frozen" and do not continue to vest; or
- in the event of termination of employment or resignation by an optionee, such person's stock options shall terminate on the date of termination or resignation, as the case may be, unless otherwise determined by the HRCC.

In each of the above cases, all stock options that are not exercised prior to the end of the relevant period shall be deemed to have lapsed.

No stock option or any right in respect thereof may be transferred or assigned other than by will or in accordance with the laws of succession, and no stock option may be exercised by anyone other than the optionee during his or her life. The Board of Directors of Bombardier may, subject to receiving the required regulatory approvals, amend or terminate the Stock Option Plan; however, no such amendment or termination shall affect the terms and conditions applicable to unexercised stock options previously granted without the consent of the relevant optionees, unless the rights of such optionees shall have been terminated or exercised at the time of the amendment or termination.

Pension plan, benefits and perquisites

The objective of Bombardier is to provide pension, benefits and perquisites at the median of the comparator group. The Corporation offers a limited number of perquisites, such as a company provided car and financial counselling to certain executives. External consultants are used to evaluate the pension, benefits and perquisites offered by the Corporation to its senior executives and compare these results with the data of the comparator group. More information about the pension plan costs and features is available on pages 31 and 32 of this Management Proxy Circular.

Relative weighting of each compensation component

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

The following table sets forth the percentage of each component for senior executives' total direct compensation package based on the above stated compensation policy and the achievement of target performance during the financial year ended January 31, 2008.

Position	Base Salary	Short-Term Incentive	Mid-Term and Long-Term Incentive	Other Compensation
Chairman of the Board and Chief Executive Officer	0%	64%	0%	36% (1)
Group Presidents	32%	29%	39%	0%
Senior Vice Presidents	37%	33%	30%	0%
Vice Presidents	47%	28%	25%	0%

(1) Retirement pension benefits and annual retainer fees as Chairman of the Board.

Pay-for-Performance Table

The following table sets forth the impact of the financial performance of Bombardier on the total compensation earned by the senior executives of Bombardier during the financial year ended January 31, 2008.

Compensation component	Performance objectives	Results
Annual Incentive • Bombardier Aerospace (BA) • Bombardier Transportation (BT) • Corporate Office	**Payout ranges within 0% – 200% of target, based on:** • EBIT and Net Utilized Assets of BA • EBIT and Free Cash Flow of BT • Combination of BA and BT objectives plus individual objectives	• 200% of target attained • 94% of target attained • 147% of target attained
Performance Share Units	**Vesting at end of 3 years requires that 3-year average ROE is within or above target zone (PSUs expire if ROE is below threshold):** • For PSUs granted in 2005-2006: payout ranges within 0% – 130% of grant based on actual ROE results • For PSUs granted in 2006-2007: payout ranges within 0% – 150% of grant based on actual ROE results • For PSUs granted in 2007-2008: payout ranges within 0% – 150% of grant based on actual ROE results	• ROE exceeded target for the full 3-year grant cycle • ROE exceeded target for the first 2 years of the grant cycle • ROE exceeded target for the first year of the grant cycle
Stock Options	**Performance vesting requires that the target price threshold for Class B subordinate shares reaches:** • $4.00 for options granted in 2005-2006 • $4.50 for options granted in 2006-2007 • $6.00 for options granted in 2007-2008	• Target price threshold attained • Target price threshold attained • Target price threshold attained

Chief Executive Officer's compensation

The individual performance of the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is measured against the objectives approved annually by the HRCC. These objectives include both financial and non-financial metrics.

Since October 1, 2003, Mr. Beaudoin has received the pension to which he is entitled under the Corporation's basic and supplemental pension plans for senior executives. As Chairman of the Board, he has also been paid annual retainer fees of $300,000 for the financial year ended January 31, 2008 but he has not received any other annual retainer fees nor attendance fees. A description of Mr. Laurent Beaudoin's compensation is set out in the Summary Compensation Table on page 28 of this Management Proxy Circular.

At its meeting of March 26, 2007, the HRCC reviewed an incentive compensation proposal for Mr. Laurent Beaudoin, in view of his responsibilities as Chief Executive Officer. The overall value of this compensation package was set so that the sum of his annual pension and such annual incentive was within total compensation benchmarks for comparable positions in the marketplace. The annual incentive was targeted at $2,500,000 for the financial year ended January 31, 2008 and it was determined primarily as a function of specific financial targets for 75% of the annual incentive and the 25% of the incentive amount was determined to be a function of specific strategic objectives. The resulting annual incentive payment is to be paid either in cash or in DSUs, at the option of Mr. Laurent Beaudoin. At its meeting of April 1, 2008, based on its assessment, the HRCC has agreed to recommend to the Board of Directors, a $3,675,000 annual incentive compensation payment to Mr. Laurent Beaudoin for the financial year ended January 31, 2008. He has elected to receive this sum in the form of DSUs as shown in the Summary Compensation Table on page 28 of this Management Proxy Circular.

The following total compensation value table summarizes Mr. Laurent Beaudoin's total compensation value as established by the HRCC for the financial years ended January 31, 2008, 2007 and 2006.

It also provides a summary of the aggregate holdings of shares, DSUs, PSUs and stock options held by him as at January 31, 2008, 2007 and 2006.

Total Compensation Value Table

Laurent Beaudoin **Chairman of the Board and Chief Executive Officer**

Since Mr. Laurent Beaudoin's appointment as Chairman of the Board and Chief Executive Officer of the Corporation on December 13, 2004, Bombardier's equity market capitalization has increased from $4.586 billion as of January 31, 2005 to $8.570 billion as of January 31, 2008. Mr. Beaudoin's total compensation for this same period was $11.6 million which represents 0.29% of the increase in market capitalization over these 3 years.

Compensation for the years ended January 31,	2008	2007	2006
Base Salary [1]	—	—	—
Annual Incentive [1]	3,675,000	2,285,000	1,400,000
Other Annual Compensation: [1] • Annual Pension Benefits • Annual Retainer as Chairman of the Board	 1,115,703 300,000	 1,115,703 300,000	 1,115,703 300,000
Performance Share Units (PSUs)	—	—	—
Stock Options	—	—	—
Annual Pension Service Cost	—	—	—
Total Compensation	**5,090,703**	**3,700,703**	**2,815,703**

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

As at January 31,	2008		2007		2006	
	(#)	($) [2]	(#)	($) [2]	(#)	($) [2]
Shares						
• Class A	13,052,944	64,742,602	11,126,951	49,848,740	9,626,951	29,073,392
• Class B Subordinate	812,500	4,021,875	2,738,493	12,186,294	4,238,493	12,630,709
DSUs	887,205 [3]	4,391,665	400,000 [3]	1,780,000	—	—
PSUs	—	—	—	—	—	—
Stock Options [4]						
• Exercisable	2,000,000	—	2,000,000	—	6,000,000	—
• Unexercisable	—	—	—	—	—	—
Total	**16,752,649**	**73,156,142**	**16,265,444**	**63,815,034**	**19,865,444**	**41,704,101**

(1) Please refer to the Summary Compensation Table on page 28 of this Management Proxy Circular.
(2) Value calculated on the basis of the closing price of the Class A shares and Class B subordinate shares of Bombardier on the Toronto Stock Exchange on January 31, 2008, 2007 and 2006.
(3) Represents the cumulative number of DSUs granted to Mr. Laurent Beaudoin following his election in respect of his earned annual incentive amounts for financial year ended January 31, 2007 and January 31, 2006 paid to him in the form of DSUs as mentioned in note (4) of the Summary Compensation Table on page 28 of this Management Proxy Circular.
(4) Please refer to the table Exercised and Unexercised Stock Options for the Financial Year Ended January 31, 2008 on page 30 of this Management Proxy Circular.

Total Compensation Value Tables for the other Named Executive Officers of Bombardier

The following total compensation value tables summarize the total compensation value for the other Named Executive Officers of Bombardier, namely Messrs. Pierre Beaudoin, André Navarri, Pierre Alary and Carroll L'Italien, as presented in the Summary Compensation Table on page 28 of this Management Proxy Circular, for the financial years ended January 31, 2008, 2007 and 2006. These tables also provide a summary of the aggregate holdings of DSUs, PSUs and stock options held by each one of them as at January 31, 2008, 2007 and 2006 (the footnotes for the tables below are on page 26 of this Management Proxy Circular).

Total Compensation Value Table

Pierre Beaudoin President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President

Compensation for the years ended January 31,	2008	2007	2006
Base Salary [1]	1,100,000	1,050,000	1,000,000
Annual Incentive [1]	1,980,000	393,750	735,000
Other Annual Compensation [1]	—	—	—
Performance Share Units [2] (PSUs)	842,500	592,000	298,000
Stock Options [3]	675,000	1,115,000	141,000
Annual Pension Service Cost [4]	350,000	317,000	243,000
Total Compensation	**4,947,500**	**3,467,750**	**2,417,000**

Aggregate Holding and Value of DSUs, PSUs and Stock Options

As at January 31,	2008		2007		2006	
	(#)	($) [5]	(#)	($) [5]	(#)	($) [5]
DSUs	—	—	—	—	—	—
PSUs [6]	350,000	1,732,500	200,000	890,000	100,000	298,000
Stock Options [7]						
• Exercisable	1,500,000	983,000	1,037,500	269,000	675,000	0
• Unexercisable	950,000	948,000	1,012,500	987,000	975,000	141,000
Total	**2,800,000**	**3,663,500**	**2,250,000**	**2,146,000**	**1,750,000**	**439,000**

Total Compensation Value Table

André Navarri President of Bombardier Transportation and Executive Vice President

Compensation for the years ended January 31,	2008 [8]	2007 [8]	2006 [8]
Base Salary [1]	1,268,350	1,166,673	1,153,588
Annual Incentive [1]	1,078,351	1,004,926	1,038,508
Other Annual Compensation [1]	—	—	—
Performance Share Units [2] (PSUs)	842,500	592,000	298,000
Stock Options [3]	425,000	952,500	141,000
Annual Pension Service Cost [4]	374,000	399,000	384,000
Total Compensation	**3,988,201**	**4,115,099**	**3,015,096**

Aggregate Holding and Value of DSUs, PSUs and Stock Options

As at January 31,	2008		2007		2006	
	(#)	($) [5]	(#)	($) [5]	(#)	($) [5]
DSUs	—	—	—	—	—	—
PSUs [6]	350,000	1,732,500	200,000	890,000	100,000	298,000
Stock Options [7]						
• Exercisable	541,000	609,875	269,000	155,250	97,000	—
• Unexercisable	947,000	908,625	819,000	938,250	591,000	141,000
Total	**1,838,000**	**3,251,000**	**1,288,000**	**1,983,500**	**788,000**	**439,000**

Total Compensation Value Table			
Pierre Alary Senior Vice President and Chief Financial Officer			
Compensation for the years ended January 31,	**2008**	**2007**	**2006**
Base Salary [1]	588,000	560,000	540,000
Annual Incentive [1]	779,335	442,512	445,500
Other Annual Compensation [1]	—	—	—
Performance Share Units [2] (PSUs)	347,000	296,000	149,000
Stock Options [3]	287,500	385,250	47,000
Annual Pension Service Cost [4]	173,000	155,000	121,000
Total Compensation	**2,174,835**	**1,838,762**	**1,302,500**

Aggregate Holding and Value of DSUs, PSUs and Stock Options						
As at January 31,	**2008**		**2007**		**2006**	
	(#)	($) [5]	(#)	($) [5]	(#)	($) [5]
DSUs [9]	105,839	523,903	105,839	470,894	105,839	315,400
PSUs [6]	160,000	792,000	100,000	445,000	50,000	149,000
Stock Options [7]						
• Exercisable	518,750	396,188	375,000	103,750	250,000	—
• Unexercisable	356,250	323,563	350,000	328,500	350,000	47,000
Total	**1,140,839**	**2,035,653**	**930,839**	**1,348,234**	**755,000**	**511,400**

Total Compensation Value Table			
Caroll L'Italien Senior Vice President and Chief Talent Officer (retired as at January 31, 2008)			
Compensation for the years ended January 31,	**2008**	**2007**	**2006**
Base Salary [1]	525,000	525,000	525,000
Annual Incentive [1]	695,835	414,855	433,125
Other Annual Compensation [1]	—	—	—
Performance Share Units [2] (PSUs)	40,000	236,800	119,200
Stock Options [3]	210,000	345,400	47,000
Annual Pension Service Cost [4]	204,000	194,000	175,000
Total Compensation	**1,674,835**	**1,716,055**	**1,299,325**

Aggregate Holding and Value of DSUs, PSUs and Stock Options						
As at January 31,	**2008**		**2007**		**2006**	
	(#)	($) [5]	(#)	($) [5]	(#)	($) [5]
DSUs [9]	102,892	509,315	102,892	457,869	102,892	306,618
PSUs [6]	80,000	396,000	80,000	356,000	40,000	119,200
Stock Options [7]						
• Exercisable	850,000	334,900	700,000	101,800	575,000	—
• Unexercisable	250,000	267,500	300,000	290,600	325,000	47,000
Total	**1,282,892**	**1,507,715**	**1,182,892**	**1,206,269**	**1,042,892**	**472,818**

(1) Please refer to the Summary Compensation Table on page 28 of this Management Proxy Circular.
(2) Annual variation of the PSU portfolio value for the financial years ended January 31, 2008, 2007 and 2006 based on target performance for each grant as shown in note (3) of the Summary Compensation Table on page 28 of this Management Proxy Circular.
(3) Annual variation of the stock option portfolio value for the financial years ended January 31, 2008, 2007 and 2006 as shown in the table Exercised and Unexercised Stock Options Financial Year Ended January 31, 2008 on page 30 of this Management Proxy Circular.
(4) Please refer to the Supplemental Pension Disclosure table on page 32 of this Management Proxy Circular.
(5) Value calculated on the basis of the closing price of Class B subordinate shares on the Toronto Stock Exchange: $4.95 on January 31, 2008, $4.45 on January 31, 2007 and $2.98 on January 31, 2006.
(6) Please refer to note (3) of the Summary Compensation Table on page 28 of this Management Proxy Circular.
(7) Please refer to the table Exercised and Unexercised Stock Options Financial Year Ended January 31, 2008 on page 30 of this Management Proxy Circular.
(8) For Mr. André Navarri, exchange rates of CAN $1.4663, CAN $1.4337 and CAN $1.4889 were used for conversion of euros into Canadian dollars for fiscal years ended on January 31, 2008, 2007 and 2006 respectively.
(9) For the financial year ended January 31, 2005, the bonus payable to certain senior corporate officers was paid, on April 29, 2005, 50% in cash and 50% in the form of share units. The number of share units granted on that date was based on the dollar amount of the portion of the bonus payable in share units divided by the closing price on the Toronto Stock Exchange of the Class B subordinate shares on the date of grant. The units will be converted into cash payments on the third anniversary of the date of grant based on the closing price on the Toronto Stock Exchange of the Class B subordinate shares on that date.

Summary

The HRCC is satisfied that Bombardier's current executive compensation policies, programs and levels of compensation are aligned with Bombardier's performance and reflect competitive market practices. The HRCC is confident that these policies and programs allow Bombardier to attract, retain and motivate talented executives while adding shareholder value. The HRCC fully understands the long-term implications of executive employment agreements and the limitations that these agreements may impose on changing the compensation mix.

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at annual meeting of shareholders, on Wednesday, June 4, 2008.

Submitted on April 1, 2008, by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman

André Bérard Carlos E. Represas Heinrich Weiss

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for (i) the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, (ii) the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, and (iii) the three most highly compensated corporate management executive officers of Bombardier namely, the President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President, Mr. Pierre Beaudoin, the President of Bombardier Transportation and Executive Vice President, Mr. André Navarri, and the Senior Vice President and Chief Talent Officer, Mr. Carroll L'Italien (retired as of January 31, 2008) all of whom are collectively referred to as the "Named Executive Officers" of the Corporation in this Management Proxy Circular), for services rendered in all capacities during the financial years ended January 31, 2008, 2007 and 2006. This information includes base salaries, bonus awards, the dollar amount of PSUs or DSUs, as the case may be, granted and certain other forms of compensation, whether actually paid or deferred.

		Annual Compensation			Long-Term Compensation			
					Awards			
Name and Principal Position	Financial Year Ended January 31	Salary ($)	Bonus ($) (1)	Other Annual Compensation ($) (2)	Securities Under Options Granted (#)	Performance Share Units (PSUs) ($) (3)	LTIP Payouts ($)	All Other Compensation ($)
Laurent Beaudoin	2008	—	3,675,000 (4)	1,415,703 (5)	—	—	—	—
Chairman of the Board and	2007	—	2,285,000 (4)	1,415,703 (5)	—	—	—	—
Chief Executive Officer	2006	—	1,400,000 (4)	1,415,703 (5)	—	—	—	—
Pierre Beaudoin	2008	1,100,000	1,980,000	—	400,000	910,500	—	—
President and Chief	2007	1,050,000	393,750	—	400,000	325,000	—	—
Operating Officer of Bombardier Aerospace and Executive Vice President	2006	1,000,000	735,000	—	300,000	250,000	—	—
André Navarri	2008	1,268,350 (6)	1,078,351 (6)	—	400,000	910,500	—	—
President of Bombardier	2007	1,166,673 (6)	1,004,926 (6)	—	400,000	325,000	—	—
Transportation and Executive Vice President	2006	1,153,588 (6)	1,038,508 (6)	—	300,000	250,000	—	—
Pierre Alary	2008	588,000	779,335	—	150,000	364,200	—	—
Senior Vice President and	2007	560,000	442,512	—	125,000	162,500	—	—
Chief Financial Officer	2006	540,000	445,500	—	100,000	125,000	—	—
Carroll L'Italien	2008	525,000	695,835	—	100,000	—	—	—
Senior Vice President and	2007	525,000	414,855	—	100,000	130,000	—	—
Chief Talent Officer	2006	525,000	433,125	—	100,000	100,000	—	—

(1) Bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.

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

(3) The amounts shown represent awards issued under the PSU Plan valued, as of the date of grant, on a share price of $6.07 for 2008 which was the closing price on the Toronto Stock Exchange of the Class B subordinate shares on June 5, 2007. For 2007 and 2006, the share prices were $3.25 and $2.50 respectively. The number of PSUs granted to each Named Executive Officer for 2007 is presented on page 29 of this Management Proxy Circular. The aggregate number of PSUs held by each Named Executive Officer and their value at January 31, 2008, based on the Class B subordinate share price of $4.95, was: 0 ($0) by Mr. Laurent Beaudoin; 350,000 ($1,732,500) by Mr. Pierre Beaudoin; 350,000 ($1,732,500) by Mr. André Navarri; 160,000 ($792,000) by Mr. Pierre Alary; and 80,000 ($396,000) by Mr. Carroll L'Italien. The PSU Plan is described on pages 20 and 21 of this Management Proxy Circular.

(4) These amounts were paid under the DSU Plan in the form of DSUs as follows: 555,975 DSUs ($6.61 per Unit) for the financial year ended January 31, 2008, 487,205 DSUs ($4.69 per Unit) for the financial year ended January 31, 2007 and 400,000 DSUs ($3.50 per Unit) for the financial ended January 31, 2006. The DSU Plan is described on page 20 of this Management Proxy Circular. See also the report on Executive Compensation at pages 23 and 24 of this Management Proxy Circular.

(5) This sum includes $1,115,703 paid to Mr. Beaudoin as pension benefits (please refer to page 32 of this Management Proxy Circular) and $300,000 paid as annual retainer fees to Mr. Beaudoin for his services as Chairman of the Board.

(6) Mr. Navarri's remuneration is paid in euros and exchange rates of CAN $1.4663 for 2008, CAN $1.4337 for 2007 and CAN $1.4889 for 2006 were used for conversion into Canadian dollars.

Granting of PSUs to the Named Executive Officers of Bombardier during the Financial Year Ended January 31, 2008

The following table sets forth information with respect to PSUs granted to each of the Named Executive Officers of Bombardier during the financial year ended January 31, 2008.

Name	Number of PSUs Granted [1] (#)	% of Total PSUs Granted to Employees in the Financial Year	Performance Period ending on	Estimated Future Payouts under the PSU Plan Non-Securities Price-Based Plans [2]		
				Threshold [3] (#)	Target [3] (#)	Maximum [3] (#)
Laurent Beaudoin	—	—	—	—	—	—
Pierre Beaudoin	150,000	2.22%	June 4, 2010	105,000	150,000	225,000
André Navarri	150,000	2.22%	June 4, 2010	105,000	150,000	225,000
Pierre Alary	60,000	0.89%	June 4, 2010	42,000	60,000	90,000
Carroll L'Italien	—	—	—	—	—	—

(1) The PSU grants to each of the Named Executive Officers of Bombardier described in the above table were made on June 5, 2007, on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was $6.07. The closing price of the Class B subordinate shares on the Toronto Stock Exchange on January 31, 2008 was $4.95.
(2) Following each grant, participants elect to receive payment of vested PSUs at the end of the performance period in cash or in Class B subordinate shares.
(3) The vesting of the 2007-2008 grant of PSUs is conditional on the achievement of Bombardier's ROE objectives.

Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Year Ended January 31, 2008

The following table sets forth information with respect to stock options granted to each of the Named Executive Officers of Bombardier during the financial year ended January 31, 2008.

Name	Securities under Options Granted (#)	% of Total Options Granted to Employees in the Financial Year	Exercise or Base Price [1] ($/Security)	Market Value of Securities Underlying Options on the Date of Grant [1] ($/Security)	Expiration Date
Laurent Beaudoin	—	—	—	—	—
Pierre Beaudoin	400,000	6.30%	$5.51	$5.51	June 4, 2014
André Navarri	400,000	6.30%	$5.51	$5.51	June 4, 2014
Pierre Alary	150,000	2.36%	$5.51	$5.51	June 4, 2014
Carroll L'Italien	100,000	1.57%	$5.51	$5.51	June 4, 2014

(1) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the Toronto Stock Exchange on the 5 trading days before the grant was effective.

Exercised and Unexercised Stock Options for the Financial Year ended January 31, 2008

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at Financial Year-End [1]		Date of Grant	Exercise Price ($)	Value of Unexercised in-the-Money Options at Financial Year-End	
			Exercisable (#)	Unexercisable (#)			Exercisable ($)	Unexercisable ($)
Laurent Beaudoin	—	—	2,000,000	—	1999-03-22	10.605	0	—
Pierre Beaudoin	—	—	200,000	—	1999-03-22	10.605	0	—
	—	—	500,000	—	2002-03-27	14.580	0	—
	—	—	250,000	—	2003-06-10	3.930	255,000	—
	—	—	300,000	100,000 [2]	2004-06-10	4.320	189,000	63,000
	—	—	150,000	150,000 [2]	2005-06-10	2.510	366,000	366,000
	—	—	100,000	300,000 [2]	2006-06-07	3.220	173,000	519,000
	—	—	—	400,000 [2]	2007-06-05	5.510	—	0
André Navarri	—	—	178,500	59,400 [2]	2004-02-24	6.850	0	0
			112,500	37,500 [2]	2004-06-10	4.320	70,875	23,625
			150,000	150,000 [2]	2005-06-10	2.510	366,000	366,000
			100,000	300,000 [2]	2006-06-07	3.220	173,000	519,000
			—	400,000 [2]	2007-06-05	5.510	—	0
Pierre Alary	—	—	50,000	—	1998-09-01	8.745	0	—
	—	—	50,000	—	1999-03-22	10.605	0	—
	—	—	50,000	—	2001-05-02	22.580	0	—
	—	—	100,000	—	2003-06-10	3.930	102,000	—
	—	—	187,500	62,500 [2]	2004-06-10	4.320	118,125	39,375
	—	—	50,000	50,000 [2]	2005-06-10	2.510	122,000	122,000
	—	—	31,250	93,750 [2]	2006-06-07	3.220	54,063	162,188
	—	—	—	150,000 [2]	2007-06-05	5.510	—	0
Carroll L'Italien	—	—	400,000	—	1999-07-26	11.220	0	—
	—	—	180,000	—	2002-03-27	14.580	0	—
	—	—	120,000	—	2003-06-10	3.930	122,400	—
	—	—	75,000	25,000 [2]	2004-06-10	4.320	47,250	15,750
	—	—	50,000	50,000 [2]	2005-06-10	2.510	122,000	122,000
	—	—	25,000	75,000 [2]	2006-06-07	3.220	43,250	129,750
	—	—	—	100,000 [2]	2007-06-05	5.510	—	0

(1) The numbers of stock options indicated in the above table have been adjusted to take into account the 2-for-1 stock split of the Class B subordinate shares which took place on July 7, 2000.

(2) Stock options may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on pages 21 and 22 of this Management Proxy Circular.

The following table sets forth, as at January 31, 2008, the information with respect to the Stock Option Plan pursuant to which equity securities of Bombardier are authorized for issuance.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for further issuance under equity compensation plans [excluding securities reflected in column (a)]
Equity compensation plans approved by securityholders	43,350,125	$6.84	58,703,846
Equity compensation plans not approved by securityholders	—	—	—
Total	43,350,125	$6.84	58,703,846

Pension Plan

The executives of Bombardier, including the Named Executive Officers, participate in 2 non-contributory defined benefit pension plans. Benefits payable from the basic plan correspond to 2% of average pensionable earnings in the three continuous years of service during which the executives were paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2008 is $116,667) multiplied by the number of years of credited service.

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

- 2% of average pensionable earnings up to $116,667 plus 1.75% of average pensionable earnings in excess of $116,667, or
- 2.25% of average pensionable earnings, or
- 2.50% of average pensionable earnings,

multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan and any benefits payable from the other pension plans of the Corporation. Pensionable earnings include base salary only and therefore exclude bonuses and any other compensation. Benefits are reduced by 1/3 of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age plus his or her years of service total 85. No benefits are payable from the supplemental plan if a participant has not completed 5 years of service.

The following table sets forth total annual benefits payable at age 60 from the basic plan and the supplemental plan for Messrs. Pierre Beaudoin, André Navarri, Pierre Alary and Carroll L'Italien which on the date of retirement of each one of them, will be based on 2.50% of their respective average pensionable earnings and accumulated number of years of credited service. Upon the death of a participant, the spouse will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly installments, in the aggregate, have been paid to the participant and/or to the designated beneficiary. All benefits payable from these plans are in addition to government social security benefits.

Annual Benefits Payable at Age 60

Average Pensionable Earnings	Years of Service				
	15	20	25	30	35
$400,000	$150,000	$200,000	$250,000	$300,000	$350,000
$500,000	$187,500	$250,000	$312,500	$375,000	$437,500
$600,000	$225,000	$300,000	$375,000	$450,000	$525,000
$700,000	$262,500	$350,000	$437,500	$525,000	$612,500
$800,000	$300,000	$400,000	$500,000	$600,000	$700,000
$1,000,000	$375,000	$500,000	$625,000	$750,000	$875,000
$1,200,000	$450,000	$600,000	$750,000	$900,000	$1,050,000
$1,400,000	$525,000	$700,000	$875,000	$1,050,000	$1,225,000

Supplemental Pension Disclosure

The following table sets forth the reconciliation of the total obligations with respect to the pension benefits payable to each of the Named Executive Officers of Bombardier between February 1, 2007 and January 31, 2008.

Name	Years of service		Annual Pension Benefits		Accrued Pension Obligation as of January 31, 2007	Change in Obligation During Year [1]		Accrued Pension Obligation as of January 31, 2008
	January 31, 2008	Age 60	January 31, 2008	Age 60 [2]		2008 Service Cost [3]	Other	
Laurent Beaudoin	—	[4]	$1,115,703	[4]	$13,166,000	$0	($561,000)	$12,605,000
Pierre Beaudoin	22.4	36.8	$588,000	$1,012,000	$7,405,000	$350,000	$234,000	$7,989,000
André Navarri [5]	3.9	9.1	$117,000	$288,000	$1,061,000	$374,000	($58,000)	$1,377,000
Pierre Alary	9.4	18.9	$132,000	$276,000	$1,441,000	$173,000	$32,000	$1,646,000
Carroll L'Italien	16.0	[6]	$300,641	[6]	$3,239,000	$204,000	$516,000	$3,959,000

(1) The change in obligation includes interest on the obligation at the beginning of the year, the cost of membership during the year, changes in interest rate assumptions as a result of changes in long-term bond yields and changes in salary and changes in exchange rates.
(2) Based on the most recently disclosed compensation levels.
(3) Represents the annual cost of membership in the non-contributory defined benefit pension plans for the financial year ended January 31, 2008.
(4) Mr. Laurent Beaudoin reached the age of 60 in May 1998. Since October 1, 2003, he has received, pursuant to the Corporation's basic and supplemental pension plans, the above pension benefits. Upon his death, his spouse will be entitled to receive a benefit equal to 60% of his pension benefits.
(5) For Mr. André Navarri, exchange rates of CAN $1.4663 and CAN $1.4337 were used for conversion of euros into Canadian dollars for the financial year ended January 31, 2008 and 2007 respectively.
(6) Mr. Carroll L'Italien reached the age of 60 in October 2003. Having retired on January 31, 2008, he receives, pursuant to the Corporation's basic pension plan and pursuant to a special arrangement made with him under the supplemental pension plan, the above pension benefits. Upon his death, his spouse will be entitled to receive a benefit equal to 60% of his pension benefits.

The amounts presented in the table above are estimates based on assumptions and employment conditions that can change over time. The assumptions used for the individual calculations are the same as those used for the computation of pension obligations in Bombardier's financial statements. The method used to determine any estimated amounts may differ from that used by other companies and, for that reason, comparing the estimated amounts of Bombardier's pension obligations with those of other companies is of limited use and any such comparison should be used with caution. Under these assumptions, the supplemental plans for all past and present executives worldwide have a total liability of $319,170,000 as of January 31, 2008, which represents an increase in liability of $27,632,000 over the previous year. As at January 31, 2008, there is an accrued benefits asset of $5,819,000 recognized in the balance sheet of Bombardier in respect of these executives.

Employment Arrangements

Pursuant to the current employment practices of Bombardier, the compensation of each of the Named Executive Officers is revised and set on an annual basis by the HRCC. The report of the HRCC on executive compensation, on page 18 to 27 of this Management Proxy Circular, provides more information on the executive compensation policy of the Corporation.

In addition to the foregoing, Bombardier has an employment agreement with Mr. Navarri which is governed by French law. As a result, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of his basic salary and target bonus in the event that his employment is terminated by the Corporation.

Bombardier also had an employment agreement with Mr. L'Italien pursuant to which he would have been entitled to receive a separation allowance in an amount equal to 18 months of his basic salary in the event that his employment would have been terminated by Bombardier. However Mr. L'Itatien retired on January 31, 2008 and this agreement is no longer in effect.

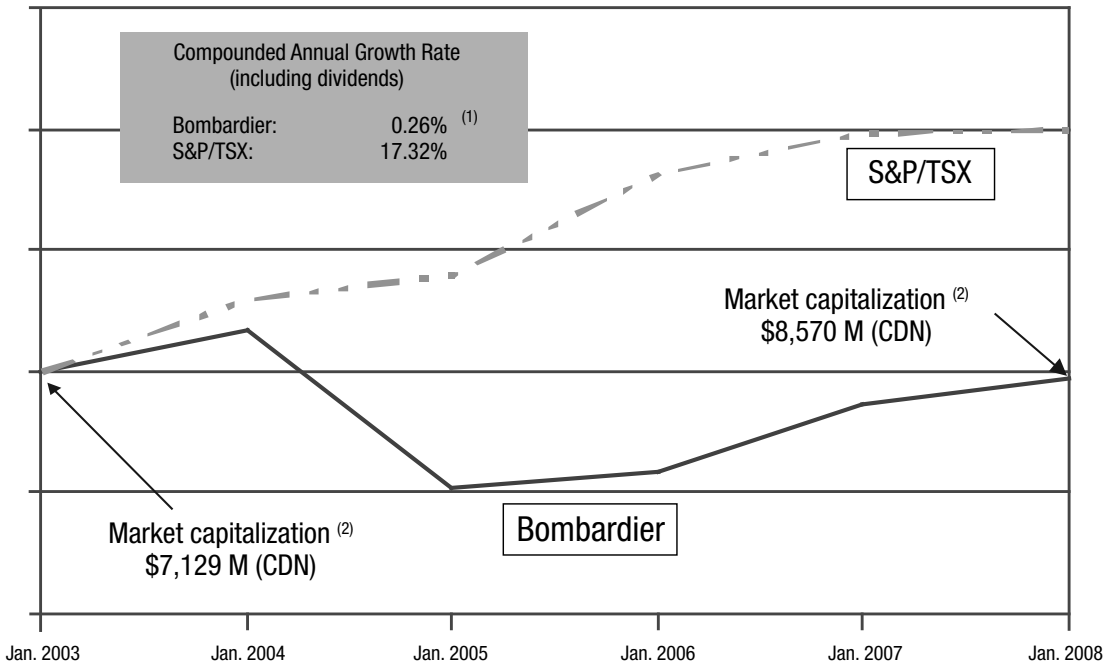
As of the date of this Management Proxy Circular, there are no other termination or severance agreements or arrangements, including change-of-control arrangements, which had been entered into by Bombardier and any of the other Named Executive Officers.

Section 4 : Additional Information

Performance Graph

Performance of the Class B subordinate shares of Bombardier from January 31, 2003 to January 31, 2008

(Index: Closing Price au 01/31/03 = 100)



(1) Return on Class B subordinate shares.

(2) Market capitalization is based on 342,020,138 Class A shares and 1,035,666,780 Class B subordinate shares as at January 31, 2003 and on 316,961,957 Class A shares and 1,413,700,636 Class B subordinate shares as at January 31, 2008.

Statement of Corporate Governance Practices

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 Multilateral Instrument 52-110-Audit Committees, or MI 52-110, which sets out rules regarding the composition and responsibilities of public company audit committees, National Policy 58-201 Corporate Governance Guidelines, or NP 58-201, and National Instrument 58-101-Disclosure of Corporate Governance Practices, or NI 58-101, as well as amendments to MI 52-110 to ensure that the definition of “independence” is consistent with each of NI 58-101 and MI 52-110.

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

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

Board of Directors of Bombardier

Composition

- As of the date of this Management Proxy Circular, the Board of Directors of Bombardier is composed of 15 directors. However, Mr. Federico Sada G., currently a director of the Corporation, will not stand for re-election at the annual meeting of the shareholders of Bombardier on Wednesday, June 4, 2008. Detailed information on each of the 14 nominees proposed to be re-elected as directors of the Corporation for the current year is found on pages 6 to 12 and 14 to 17 and their respective attendance records at Board and Committee meetings are found on page 12 of this Management Proxy Circular.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin. In December 2004, the Board of Directors approved the creation of the Office of the President to help ensure that Bombardier's focus is closely aligned with the best interests of all shareholders and to provide for continuity of leadership while the Corporation's long-term strategy for value creation is implemented. The Office of the President regroups strategic and executive management responsibilities. As a result, Mr. Laurent Beaudoin assumes the added responsibilities of Chief Executive Officer while Mr. Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace, and Mr. André Navarri, President of Bombardier Transportation, continue to focus primarily on the day-to day operations of their respective businesses.
- The Corporate Governance and Nominating Committee has determined that 8 of the 14 nominees proposed for re-election as directors of the Corporation are independent, thus representing a majority of the members of the Board of Directors.

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

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

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at Schedule "B" to this Management Proxy Circular on pages 47 and 48.

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

  It is the role of the corporate management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategic plan, business plan and budget approved by the Board of Directors. In this context, the Office of the President, composed of the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, the President and Chief Operating Officer of Bombardier Aerospace, Mr. Pierre Beaudoin, and the President of Transportation, Mr. André Navarri, makes recommendations to the Board of Directors with respect to matters of corporate strategy and policy. The Board of Directors then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.

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

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

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

  The Board of Directors also adopts each year an appropriate business plan and budget and reviews them on a quarterly basis.

- **Risk Management** Pursuant to its mandate, the Board of Directors reviews overall business risks and the practices and policies for dealing with these risks.

  The new Finance and Risk Management Committee, created in May 2007, essentially assists the Board of Directors in fulfilling its oversight responsibilities with respect to

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

  More information on this Committee is provided on page 38 of this Management Proxy Circular.

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

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

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

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

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

- **Communications policy** The objective of the corporate disclosure policy, adopted by the Board of Directors in 2001 and amended in 2004 and 2006, is to ensure that communications to the investing public about Bombardier are (i) timely, factual and accurate, and (ii) disseminated in a fair and impartial manner in accordance with all applicable legal and regulatory requirements. Among other matters, the policy outlines how Bombardier should interact with analysts, investors, the media and other people and

contains measures intended to ensure compliance with its timely disclosure obligations and avoid making selective disclosure of information. The Audit Committee has the responsibility, under its charter, of monitoring this policy and updating it, when needed.

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

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

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

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

Committees of the Board of Directors

- The Board of Directors of Bombardier has four Committees.

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

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

  Mr. L. Denis Desautels is its Chairman and Messrs. André Bérard, Daniel Johnson, and Jean-Pierre Rosso are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2007 and January 31, 2008 and the attendance records of its members.

  The Charter of the Audit Committee is reproduced at Schedule "C" attached to this Management Proxy Circular on pages 49 to 52.

  Pursuant to its charter, the mandate of the Committee is to help the directors meet their responsibilities with respect to accountability, to assist in maintaining good communication between the directors and the external auditors of Bombardier, Ernst & Young, LLP, to assist in maintaining the independence of Ernst & Young, LLP, to maintain the credibility and objectivity of the financial reports of Bombardier, and to investigate and assess any issue that raises significant concerns with the Committee. The Committee periodically monitors the adequacy and effectiveness of the disclosure controls and systems of internal control of Bombardier through the reports provided by the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, and Ernst & Young, LLP, as the case may be.

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

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

  Mr. Jean C. Monty acts as its Chairman and Messrs. André Bérard, Carlos E. Represas and Heinrich Weiss are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by the Committee between February 1, 2007 and January 31, 2008 and the attendance records of its members.

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

  The Committee also reviews and approves a total compensation policy that takes into account, among other things, (i) base salary, (ii) short-term incentives, (iii) mid-term and long-term incentives, and (iv) pension, benefits and perquisites. It reviews the design of equity-based compensation plans with respect to the granting of

- ensuring that the Board develops clear position descriptions for the Chairman and the chair of each Board Committee.

As Chief Executive Officer, Mr. Laurent Beaudoin is responsible for the management and execution of Bombardier's strategic and operational plans. His specific responsibilities as Chief Executive Officer include:

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

The corporate objectives which the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, is responsible for meeting are determined pursuant to the business plan and budget approved each year by the Board of Directors.

The performance of Mr. Laurent Beaudoin, as Chairman of the Board and Chief Executive Officer of the Corporation, is assessed against the achievement of the business plan and the budget and it may also be assessed, in part, in relation to specific objectives that have been fixed for him by the Board of Directors upon the recommendation of the Human Resources and Compensation Committee.

Orientation and continuing programs

- **Orientation programs for new directors** The Corporate Governance and Nominating Committee implemented, in February 2004, an orientation program for new directors, which enables them to participate in an initial information session on Bombardier in the presence of some of its senior executives to learn about, among others, the business of Bombardier, its financial situation and its strategic planning.

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

  The meetings in which new directors participate (including the annual review sessions of the strategic plan and budget) as well as discussions with other directors and with Bombardier's senior executives also permit new directors to familiarize themselves rapidly with Bombardier's operations.

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

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

  Visits to Bombardier's various facilities are also arranged, from time to time, for the Board of Directors, and individual visits on request.

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct. It is available in 13 languages on its website at www.bombardier.com.
- A Corporate Compliance Officer was appointed in December 2003 to ensure full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the members of the Board of Directors of Bombardier and to all of its employees and managers. Bombardier's suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code when dealing with or acting on behalf of Bombardier.
- The Code explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier's values and reputation.
- The Code outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code.
- Senior managers are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; help integrate the Code into Bombardier's governance system ensure that the Code is a top priority with leadership and promote integrity as a core value.

Hiring of outside advisors

With the prior authorization of the Corporate Governance and Nominating Committee, each director or Committee may, when needed, retain the services of outside advisors at the expense of Bombardier, except the Audit Committee and the Human Resources and Compensation Committee, which do not require any such prior authorization to do so. Between February 1, 2007 and January 31, 2008, no outside advisor was retained by a director.

Ernst & Young, LLP, are the external auditors of Bombardier and work closely with the Audit Committee. Towers Perrin provides various services on executive compensation matters to the Human Resources and Compensation Committee.

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

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is US$240,000,000 per occurrence and in the aggregate per year, at a cost of US$2,197,009 per annum. The deductible applicable to the Corporation is US$2,500,000 for any insured occurrence.

Available Documentation

Copies of the 2008 Annual Information Form, the 2008 Management Proxy Circular and the 2008 Annual Report of Bombardier that includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended January 31, 2008, 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 on its website at www.bombardier.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on January 31, 2008.

Shareholder Proposals

Schedule "A" attached to this Management Proxy Circular on pages 42 to 47 sets out the eight shareholder proposals that have been submitted for consideration at the annual meeting of shareholders of Bombardier to be held on Wednesday, June 4, 2008.

Shareholders of Bombardier who will be entitled to vote at the 2009 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Corporate Secretary of Bombardier no later than January 9, 2009.

Approval of the Board of Directors of Bombardier

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

Montréal, April 16, 2008

«Roger Carle»
(signed)

Roger Carle
Corporate Secretary

SCHEDULE "A"
BOMBARDIER INC.
SHAREHOLDER PROPOSALS

The following eight shareholder proposals have been submitted by the Mouvement d'éducation et de défense des actionnaires (MÉDAC), 82 Sherbrooke Street West, Montréal, Québec H2X 1X3 for consideration at the annual meeting of shareholders of Bombardier on Wednesday, June 4, 2008. They have each been submitted in French and translated by Bombardier into English.

Proposal 1

10% increase in the dividend paid to shareholders who hold their securities for two years or more

It is proposed that Bombardier encourage long-term shareholding by increasing by 10% the dividend normally paid on shares that have been held for more than two years.

The instability in the markets in recent years and investors' desire for short-term profit encourages investors to "continually play the market". The adoption of MÉDAC's proposal would have the beneficial effect, not only of acknowledging shareholder loyalty, but also of encouraging the development of a group of shareholders whose investment horizon is longer and who support management, strategic and compensation policies that focus on the long-term prospects of Bombardier.

This proposal is inspired by a French law adopted on July 12, 1994 which authorizes companies to reward individual shareholders for their loyalty. Currently in effect at large French corporations such as Air Liquide and Lafarge, this mechanism acts as an incentive for small shareholders to hold their shares, to develop a greater sense of ownership and to support policy making for the long term.

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

It is a well entrenched principle of corporate law in Canada that shareholders of the same class have an absolute right to be treated equally among themselves in all respects including, among others, the right to receive any dividend declared by a corporation. This principle has been recognized by case law and commentators. It is also clearly embodied as a rule in the provisions of the Canada Business Corporation Act which governs Bombardier.

Given this unambiguous context, Bombardier cannot endorse and/or implement this proposal from MÉDAC without violating the applicable provisions of the Canada Business Corporation Act, which it will definitely not do.

Proposal 2

Shares would receive voting rights after being held for at least one year

It is proposed that shareholders obtain the right to vote after a minimum holding period of one year.

This proposal is inspired by the recommendations of the HEC-Concordia Institute for Governance of Private and Public Organizations, which is financed in part by the Jarislowsky Foundation and the above-mentioned universities.

The Institute gives the following reasons for its position:

> "The practice of granting all the privileges of corporate citizenship immediately upon purchase of a share has two negative, or at the very least, dubious, results.
>
> It gives undue influence and power to transient shareholders determined to create short-term value for themselves by all possible means, in particular, by leveraging a short-term stock position to influence the outcome in takeover situations or to provoke such situations.
>
> This practice induces in managers a short-term perspective attuned to the expectations of these shareholders; for instance, a study by Brian Bushee concludes that high levels of transient ownership are associated with an over-weighting of near-term expected earnings. This finding supports the concerns that many corporate managers have about the adverse effects of an ownership base dominated by short-term focused institutional investors (Bushee, 2004).
>
> In another paper, Graham, Harvey, and Rajgopal (2005) report on a survey of some 400 financial executives in the U.S. They found that financial executives would forego positive NPV projects to meet short-term earnings benchmarks. They write: "In the end, many of our results are disturbing. The majority of CFOs admit to sacrificing long-term economic value to hit a target or to smooth short-term earnings."

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

The Board of Directors recognizes that this proposal from MÉDAC represents a defensive solution which has the definite merit of preventing transient shareholders from having undue influence and power in takeover deals in an attempt to generate significant short-term value for themselves at the detriment of long-term shareholders.

However, having said this, the position expressed by the Board of Directors of Bombardier with respect to the previous proposal from MÉDAC equally applies in the case of this proposal when it comes to the right of shareholders to vote at any meeting of shareholders. Equality of treatment is the rule embodied in the Canada Business Corporations Act and Bombardier will fully comply with it.

Proposal 3

Compensatory bonuses to employees

It is proposed that the by-laws of Bombardier provide that, in the event of a merger or acquisition, an amount equal to twice the bonuses and compensatory benefits paid to the directors and officers be contributed to the employees' pension fund.

The newspaper *La Presse* revealed in its August 15, 2007 edition that the executive officers and directors of BCE will receive a grand total of $170 million following the hostile takeover bid by the Ontario Teachers' Pension Plan. Incentive bonuses of $110 million for the senior officers and executives of the company were disclosed in the US$38.1 billion take-over bid circular for the Alcan - Rio Tinto merger. The President will receive at least $51 million if the transaction is accepted. If he is fired after Rio Tinto takes over, he will be eligible to receive an additional payment of at least $8.1 million. The principal members of the senior management team at Alcan will share a jackpot of at least $88 million in the form of various bonuses and awards.

MÉDAC considers it unfair that employees do not benefit at all from such financial transactions. These loyal employees have spent years, and often decades, building the company. They deserve much more than certain officers who just pass through, fill their pockets and enjoy a gilded retirement and other benefits entirely disproportionate to the quality of the services they have rendered to Bombardier.

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

The Human Resources and Compensation Committee has the mandate from the Board of Directors of Bombardier to review and approve a compensation policy for the executives of the Corporation while the Corporate Governance and Nominating Committee has been delegated the authority by the Board of Directors of Bombardier to review and make recommendations to the Board with respect to the compensation of the Chairman of the Board, the non-executive directors and the Committee chairs and members, including the granting of equity based compensation. Both Committees are composed only of independent directors.

Section 3 of this Management Proxy Circular provides a concise, but complete, description of the various elements of the remuneration to which the non-executive directors and the officers of Bombardier are entitled. It is readily apparent from it that there are no special compensatory arrangements in place at Bombardier like those referred to in this proposal from MÉDAC that could generate the type of payouts that is mentioned therein.

As stated on page 32 of this Management Proxy Circular, the only termination or severance arrangement that exists at Bombardier is the one incorporated in the employment agreement between the Corporation and Mr. André Navarri, President of Bombardier Transportation and Executive Vice President of Bombardier. There are no change-of-control arrangements signed by the Corporation with any of its directors or officers.

Therefore, under these conditions, this proposal from MÉDAC loses all of its relevance.

Proposal 4

Parity between men and women on the Board of Directors

It is proposed that, within three years of the adoption of this proposal, there be as many women as men on the Board of Directors of Bombardier.

MÉDAC's proposal at last year's annual meeting was that women should account for one third of the members of the Bank's Board of Directors within three years from adoption of the proposal. MÉDAC is raising its demands on this issue as it is convinced that the presence of more women on the Board of Directors will add value to the Board's activity. A survey in 2004 by the Catalyst Institute of 353 of the largest global corporations reported that those with the highest percentage of women in management had the best returns. Meanwhile, a study by the Conference Board shows clearly that the presence of women changes the dynamic of a board. For example, at meetings, women have different concerns, ask new questions and bring a different perspective. A wider range of topics is covered and all the aspects of good corporate governance are thus better represented. In addition, executive recruiters believe that women bring a different skill set (multitasking, consensus-building and communication skills, longer-term view) that adds value to the work of boards of directors. In Quebec, 24 crown corporations (s. 5 of the Auditor General Act) now have an obligation to have half of the seats on their boards of directors occupied by women by 2011.

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

The Board of Directors of Bombardier reiterates essentially the same position that it took in 2007 with respect to the shareholder proposal then submitted by MÉDAC that at least a third of the Board of Directors should be composed of women within three years from adoption of the proposal. It is worth mentioning that 96.969% of the proxies received with respect to this matter were then **VOTED AGAINST** it.

All the members of the Board of Directors of Bombardier have no hesitation in supporting the objective of having women directors. Accordingly, when the opportunity will come for the Corporate Governance and Nominating Committee to review the selection criteria with regard to a prospective candidate, the Committee will definitely have this objective in mind, but its focus will remain, as it has always been the case, to select the most qualified individual who will be able to adequately serve the interests of Bombardier and its shareholders, having regard to the circumstances and the requirements of Bombardier at that time. As a matter of fact, when in 2007, the Corporate Governance and Nominating Committee had to identify a successor to Mr. Michael J. Durham who decided to resign from the Board of Directors, the Committee found in Mrs. Jane F. Garvey the appropriate candidate and was thus able to recommend her appointment to the Board of Directors.

Finally, it is worth remembering that 8 of the 14 directors who are nominated for re-election by the shareholders at their annual meeting on Wednesday, June 4, 2008. have only been in office since 2003. It would definitely be counterproductive to replace them in the near term solely to satisfy this proposal.

Proposal 5

Information on compensation equity

It is proposed that the annual report and the management proxy circular disclose the equity ratio between the total compensation of the highest paid executive officer of Bombardier, including annual salary, bonuses, perks, long-term incentive plans and all other forms of compensation, and the average compensation of employees.

According to a study published in May 2006 by the Teachers' Pension Plan there is no link between executive compensation and a company's stock market performance. The study concluded with a very worrying observation: the bosses who received the highest salary increases did not succeed in increasing the value of their company's shares faster that the shares of companies in the same business. In Canada, the average compensation of the executives of large corporations in 2006, according to data compiled by the Globe and Mail, was 116 times the average compensation of Canadian workers.

The compensation policies of executive officers and their working conditions in general are too generous, not to say excessive, which is unfair for their subordinates and employees. It is essential that the laws and regulations of our institutions protect fair and equitable policies for the treatment of human resources.

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

The Board of Directors of Bombardier reminds to its shareholders and their proxyholders that at their annual meeting on May 29, 2007, MÉDAC submitted an almost similar proposal to their consideration and that 99.09% of the proxies received on it were **VOTED AGAINST** it. Given this context, the Board of Directors of Bombardier re-affirms the same position that it took in 2007.

Bombardier's compensation policy is designed to maximize the overall performance of the Corporation through the appropriate individual performance of its executives. The overall goals of the policy are to attract, retain and motivate the executives in order to increase business performance and enhance shareholder value which supports the pay-for-performance commitment of Bombardier. The Human Resources and Compensation Committee is responsible for thoroughly reviewing and approving the Corporation's executive compensation policy based on the recommendations of Towers Perrin and in line with best market practices.

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

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

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

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

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

Proposal 6

Prior approval by the shareholders of the compensation policy for executive officers

It is proposed that the compensation policy of the five highest paid executive officers of Bombardier and the directors' fees be adopted by the shareholders beforehand.

In light of the significant costs associated with an excessive compensation system, it is legitimate that the shareholders, who are the owners of Bombardier, be asked to approve the compensation policy of the five highest paid executive officers as well as the directors' fees. The current policy of *fait accompli* in these matters is archaic and insulting to the shareholders, who are relegated to acting as rubber stamps at annual meetings.

Such a requirement is set out in the "Principles of Corporate Governance" published by the Organisation for Economic Cooperation and Development (OECD) in 2004:

> "Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval."

In France, the overall budget for directors' fees must be approved by the shareholders. In the United States, all stock or option plans must be submitted to a vote at the general meeting of shareholders. On April 20, 2007, by a historic vote of 269 to 134, the House of Representatives passed new legislation compelling listed companies to make provision for shareholders to have an advisory vote on their company's executive compensation plans. It is worth noting in this regard the results of votes obtained by "say on pay" resolutions at several important shareholder meetings: Ingersoll Rand (57% in favour), Blockbuster (57%), Motorola (52%), Bank of New York (47%), Apple (46%) and Citigroup (43%).

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

The Board of Directors of Bombardier reminds its shareholders and their proxyholders that in 2006, MÉDAC presented a shareholder proposal almost to the same effect. On a vote by ballot, they **VOTED AGAINST** it in the proportion of 99.26%. The position then taken by the Board of Directors in the 2006 Management Proxy Circular recommending to **VOTE AGAINST** the proposal still remains valid today.

As required by the Canada Business Corporation Act, the shareholders of Bombardier are asked each year to elect a group of individuals who will make up the Board of Directors. In so doing, they give the mandate to the Board of Directors to oversee the management of the business and affairs of Bombardier.

One of the key responsibilities of the Board is to monitor the executive compensation policy of Bombardier that rewards the creation of shareholder value and reflect an appropriate balance between the short-term, mid-term and the long-term performance of Bombardier and to assess the performance of its executives and determine their compensation.

This responsibility is delegated by the Board of Directors to the Human Resources and Compensation Committee. This Committee is composed of four independent directors who hold meetings regularly throughout the year. It has retained Towers Perrin, a firm of independent external consultants, to assist it in its work. Towers Perrin provides advice on current trends and best practices with respect to executive compensation.

The main duties of the Committee include (i) the assessment of the performance of the Chairman of the Board and Chief Executive Officer and the senior executives reporting to him and the determination of their compensation; (ii) the review and approval of a total compensation policy that takes into account, among others, (a) base salary, (b) short-term incentives, (c) mid-term and long-term incentives, and (d) pension, benefits and perquisites; (iii) the review ofthe design of equity-based compensation plans with respect to granting of stock options and performance stock units and making appropriate recommendations to the Board of Directors for its approval and (iv) the review of the salary classes as well as the levels and degrees of participation in incentive compensation programs whether bonuses or plans based on the evolution of the market performance of Bombardier shares.

The report of the Committee on pages 18 to 27 of this Management Proxy Circular provides more information on executive compensation.

The Board of Directors of Bombardier strongly believes that the proposal of MÉDAC significantly restricts its mandate to oversee the management of the business and affaires of Bombardier. It also restricts the flexibility and capacity of the Board of Directors to provide, as part of its responsibilities, competitive compensation packages in order to attract and retain the most qualified and talented executives needed to create sustained profitability for Bombardier and, therefore, enhances shareholder value.

Proposal 7

No exercise of options before the end of the officer's term of office

It is proposed that Bombardier govern the exercise of the options granted to executive officers and directors of our companies by stipulating that such options may not be exercised by the holders until the end of their term of office.

Since the mid nineteen-nineties, North American companies have increasingly used stock options as part of the compensation of their executive officers and directors. This practice has resulted in levels of compensation that are excessive and indefensible when compared with the performance of most companies and the stock market returns available to shareholders. Such abuses have greatly contributed to the dramatic loss of investor and public trust in the quality of corporate governance and the integrity of financial markets. Executive compensation has become completely dissociated from the achievement of the long-term goals set and has become an incentive to manage companies only from the perspective of the immediate effect on the share price. The massive use of stock options in the compensation system is the principal cause of these distortions and there is widespread belief that it accounts for numerous frauds by executives who, with the complicity of their auditors, have acted unethically and unlawfully to manipulate information regarding the real financial situation of their company.

Far from aligning the interests of executives with those of shareholders, options have resulted in the destruction of investors' wealth. On September 26, 2002, the Canadian Council of Chief Executives (CCCE) also concluded that options have failed to achieve this goal, stating that it understood the frustration felt by investors "when senior executives are rewarded handsomely for past performance that proves to be short-lived."

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

The Board of Directors of Bombardier has given the responsibility to the Human Resources and Compensation Committee to monitor the compensation policy for the executives of the Corporation to ensure that it rewards the creation of shareholder value and reflects an appropriate balance between the short-term, mid-term and long-term performance of Bombardier.

The Human Resources and Compensation Committee periodically reviews the provisions of the stock option plan and, if required, makes appropriate recommendations to the Board of Directors to modify them, if required. It also determines the size of grants to be awarded by the Board of Directors of the Corporation to the senior executives.

The purpose of the stock option plan is to reward executives of Bombardier with an incentive to enhance shareholders value by providing them with a form of compensation that is tied to increases in the market value of Bombardier's shares.

Stock options granted prior to June 2003 are conventional options with a term of 10 years and they vest at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant.

Stock options granted since June 2003 are performance options with a term of 7 years and they vest at the rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant, if performance vesting criteria are met. According to this additional requirement, an optionee may exercise his/her option only if, within the 12-month period preceding the first vesting date, the weighted average trading price of Class B subordinate shares on the Toronto Stock Exchange, during a period of 21 consecutive trading days, is greater than or equal to a target price threshold established at the time of grant. If, within such 12-month period, the target price threshold criteria is not met, then the optionee may exercise such option upon the same terms and conditions and with the target price threshold applicable to the next vesting tranche (i.e., 25%). If the final target price threshold criteria is not met within the last 12-month period established with respect to a particular option grant, then the optionee may exercise such options if, at any time after that 12-month period, the final target price threshold criteria is met within the remaining term of the option. Furthermore, once the target price threshold criteria for any particular vesting tranche is met in accordance with the above, the optionee may exercise these options notwithstanding any further variation in the weighted average trading price of the class B subordinate shares. The approved target price thresholds for options granted during 2007, 2006 and 2005 are presented in the Pay-for-Performance Table on page 23 of this Management Proxy Circular.

Upon exercise, the optionee shall remain the direct owner of at least 25% of the number of shares purchased for a period of at least 1 year following the date of exercise.

Finally, it should be remembered that the stock option plan for the benefit of the non-executive directors of Bombardier was abolished on October 1, 2003; however, it continues to apply to outstanding, unexercised options; as at January 31, 2008, options for a total of 45,000 Class B subordinate shares of Bombardier, which had been previously granted, remained outstanding.

Proposal 8

Cumulative voting for the election of directors

It is proposed that Bombardier amend its articles to institute a cumulative voting procedure for the election of directors.

When this proposal was presented by MÉDAC to the shareholders' meeting of Bombardier it received a support of XX%. According to this election procedure, shareholders are entitled to one vote for every share they hold multiplied by the number of nominees. Votes can then be cast for a single nominee or all the nominees at the option of the shareholder. Cumulative voting is provided for in Canadian law in order to encourage the expression of the will of the minority shareholders in electing the directors of company. One of the foundations of healthy corporate governance is the legitimacy of the directors: in a world where the ownership of companies has gradually shifted from a situation in which a few shareholders have large holdings to one where ownership is broken up into a myriad small holdings and passive investments by numerous individuals, the process for the selection of directors has slipped into the exclusive control of management and the directors already in office, with emphasis being placed on independence and credibility – principles whose value we certainly recognize – but concealing the legitimacy of representation of both the majority and minority shareholders, who are a source of new ideas and added value for all the shareholders.

In order to ensure the application of this principle, we are asking that cumulative voting be introduced as a means of ensuring that the minority shareholders play their role fully, since the existing voting policies give an advantage to management's position. The legitimacy of the directors is as important as their independence and credibility. This proposal is thus not intended to pass judgment on the openness of management and the board of directors to shareholders' concerns, but essentially to affirm the principle that the directors must represent both majority and minority shareholders.

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

Firstly, it is to be noted that MÉDAC never submitted a similar proposal to the consideration of the shareholders of Bombardier and their proxyholders in any previous meeting of shareholders.

Secondly, the share structure of Bombardier is well known. It has two classes of voting shares, the Class A shares (multiple voting) and the Class B shares (subordinate voting). The Class B shares (subordinate voting) are restricted (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 (multiple voting) carries the right to ten votes and each Class B share (subordinate voting) carries the right to one vote.

Thirdly, because it has been publicly disclosed over the years in the Management Proxy Circular of Bombardier (please refer to page 3 of this Management Proxy Circular), it is a well known fact that together Mmes. Janine Bombardier, Claire Bombardier-Beaudoin and Huguette Bombardier-Fontaine and Mr. J.R. André Bombardier, indirectly control today, through holding companies, 249,199,909 Class A shares (multiple voting) and 1,118,275 Class B (subordinate voting), representing in the aggregate 78.62% of the outstanding Class A shares (multiple voting) and 0.08% of the outstanding Class B shares (subordinate voting) of Bombardier and, as a result, 54.14% of all the voting rights attached to all the issued and outstanding Class A shares (multiple voting) and Class B shares (subordinate voting).

Fourthly, in his closing address to the shareholders of Bombardier during their annual meeting held on June 10, 2003, the Chairman of the Board and Chief Executive Officer, Mr. Laurent Beaudoin, made it abundantly clear that the dual-class shares structure of Bombardier has been quite beneficial to the Corporation over the years and that no change to this structure will be made to it as evidenced by the following extracts from his speech:

> "The presence of a majority shareholder, whose commitment to the Corporation's success is as complete as the Bombardier

family's, was a determining factor for the growth and success of the Corporation. It has allowed it to become a multinational, all the while maintaining its decision-making centre in Montréal.

(…)

Over the years, to further the Corporation's expansion, multiple equity issues, like the one recently offered, have come to substantially dilute the majority shareholder's holdings. However, due to Class A multiple voting shares, this dilution did not result in a corresponding dilution of voting rights. As such, the Bombardier family is and intends to remain the Corporation's majority shareholder by continuing to hold Class A and Class B shares. We are convinced that the interests of all shareholders will thus be better served and protected.

Moreover, the existence of two share classes in no way hinders the sound management of the Corporation, commonly referred to as governance.

So, at Bombardier, we have put the rules and principles of good governance in place before the events that have shaken the financial market forced us to do so."

This position still remains valid today.

Given this context and also its continuous commitment and that of its Corporate Governance and Nominating Committee to always maintain sound corporate governance practices, the Board of Directors of Bombardier is of the opinion that cumulative voting does not have any value added per se and therefore is not required.

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

Mandate of the Board

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

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

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

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

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

A. Approving Bombardier's strategy

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

B. Monitoring financial matters and internal controls

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

and the public, (ii) contain measures for Bombardier to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) are reviewed at least annually.

C. Monitoring pension fund matters

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

D. Monitoring environmental matters

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

E. Monitoring occupational health and safety matters

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

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

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

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

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

H. The Lead Director

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

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

Audit Committee

1.1 Membership and Quorum

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

1.2 Frequency and Timing of Meetings

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

1.3 Chairman of the Audit Committee

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

A. PROVIDING LEADERSHIP TO ENHANCE THE AUDIT COMMITTE'S E EFFECTIVENESS

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

B. MANAGING THE AUDIT COMMITTEE

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

1.4 Mandate of the Audit Committee

A. PURPOSE

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

B. OBJECTIVES

The objectives of the Audit Committee are :

- to help the directors meet their responsibilities with respect to accountability;
- to assist in maintaining good communication between the directors and the external auditor;
- to assist in maintaining the external auditor's independence;
- with the assistance of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, to ensure that an appropriate system of internal accounting and financial controls is maintained in view of the major business risks facing Bombardier;
- to maintain the credibility and objectivity of financial reports;
- to investigate and assess any issue that raises significant concern to the Audit Committee, with the assistance, if so required by the Audit Committee, of the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, and/or the external auditor.

C. MEETINGS

- Any member of the Audit Committee or the external auditor or the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment may request a meeting of the Committee.
- The Chairman of the Board and Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Senior Vice President and Treasurer shall attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not

involving all or some of these officers as determined by the Audit Committee.

- The Chairman of the Board and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management's discussion and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.
- The Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment shall have direct access to the Audit Committee and shall receive notice of and attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The external auditor shall have direct access to the Audit Committee and shall receive notice of and have the right to attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him.
- The Chairman of the Board and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment or any other representative of management whose presence is requested by the Chairman of the Audit Committee or any of the Audit Committee members, and the external auditor shall meet separately with the Audit Committee, in a private session held during the course of a meeting, at least once annually.
- Minutes of the meetings of the Audit Committee shall be kept by the Corporate Secretary. Supporting documents reviewed by the Audit Committee shall be kept by the Corporate Secretary. A copy of the minutes of any meeting or of any supporting document shall be made available for examination by any director of Bombardier upon request to the Corporate Secretary.

D. DUTIES AND RESPONSIBILITIES

- As they relate to the Board and financial reporting

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

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

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

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

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

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

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

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

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

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

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

l) Ensure that procedures are in place for

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

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

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

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

- As they relate to the external auditor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.5 Miscellaneous

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

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

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