

BOMBARDIER

Annual Information Form

2006

April 13, 2006

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NOTES:

- (1) In this Annual Information Form, all dollar figures are in U.S. dollars, unless otherwise indicated.
- (2) This Annual Information Form contains references to trademarks belonging to Bombardier Inc. or its subsidiaries (which trademarks are listed in Schedule A hereto) as well as trademarks of third parties for the purpose of describing Bombardier's competitive environment and the development of its businesses.

Item 1 Corporate Structure

1.1 Incorporation of the Issuer

Bombardier Inc. (the "Corporation" or "Bombardier") was incorporated by letters patent under the laws of Canada on June 19, 1902 and was continued under the *Canada Business Corporations Act* by a certificate of continuance dated June 23, 1978, which was subsequently the subject of certain amendments.

The registered office of the Corporation is located at 800 René-Lévesque Boulevard West, Montréal, Québec H3B 1Y8. Its telephone number is (514) 861-9481 and its website is www.bombardier.com.

In this Annual Information Form, the term "Bombardier" means, as required by the context, the Corporation and its subsidiaries on a consolidated basis or the Corporation or one or more of its subsidiaries.

1.2 Subsidiaries

The activities of the Corporation are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of each reportable segment of the Corporation as at January 31, 2006, as well as their jurisdiction of incorporation and the percentage of voting shares held by the Corporation. Certain subsidiaries whose total assets did not represent more than 10% of the Corporation's consolidated assets or whose sales and operating revenues did not represent more than 10% of the Corporation's consolidated sales and operating revenues as at January 31, 2006, have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets, sales and operating revenues of the Corporation at such date.

Bombardier Aerospace

Bombardier Aerospace Corporation (Delaware)	100%
Learjet Inc. (Delaware)	100%
Short Brothers plc (Northern Ireland)	100%
Bombardier Capital Inc. (Massachusetts)	100%

Bombardier Transportation

Bombardier Transportation GmbH (Germany)	100%
Bombardier Transportation (Bahntechnologie) Germany GmbH & Co. KG (Germany)	99.5%
Bombardier Transportation (Holdings) UK Ltd. (England)	100%
Bombardier Transportation Belgium S.A. (Belgium)	100%
Bombardier Transportation Italy S.p.A. (Italy)	100%
Bombardier Transportation (Switzerland) Aktiengesellschaft (Switzerland)	100%
Bombardier Transportation Sweden AB (Sweden)	100%

Others

Bombardier Corporate Financial Services Islandi, sf., Reykjavik, Zurich Branch (Iceland)	100%
Bombardier Corporation (Idaho)	100%

Item 2 General Development of the Business

2.1 General

The Corporation is a world-leading manufacturer of innovative transportation solutions, from regional aircraft and business jets to rail transportation equipment.

2.2 History

The main developments in the business of the Corporation and its most significant transactions during the past three years are as described below.

On September 27, 2002, Bombardier announced its decision to reduce its debt mainly through the sale and gradual wind-down of the receivable factoring portfolios as well as the business aircraft financing portfolios of Bombardier Capital. On April 3, 2003, the Corporation announced its decision to cease origination of the railcar leasing activities of Bombardier Capital. Bombardier Capital was then to concentrate on inventory finance and interim financing for Bombardier Aerospace regional aircraft. Proceeds from the sale and gradual wind-down of the discontinued portfolios were to be applied to the reduction of Bombardier Capital's debt.

On April 3, 2003, the Corporation announced an "action plan" for Bombardier, consisting of a major recapitalization program, including a significant issuance of its equity shares, and a number of planned divestitures, including the sale of its recreational products business. The announcement of the "action plan" also confirmed that Bombardier was in the process of divesting Belfast City Airport as well as its Military Aviation Services unit, the latter of which had provided technical services for military aircraft through facilities located at Mirabel, Québec and Bridgeport, West Virginia.

On April 4, 2003, Bombardier Transportation confirmed the financial close of the share purchase agreement between London Underground Ltd and Metronet, which was a condition for the awarding of the contracts referred to in the following paragraph. This allowed for London Underground Ltd to transfer to the private sector for 30 years, the renewal, modernisation and maintenance of two of the London Underground's infrastructure projects.

The Corporation announced on April 7, 2003 that Bombardier Transportation had been awarded contracts from Metronet (in which Bombardier Transportation is a 20% equity partner) for the supply of rolling stock, signalling, maintenance and project management for the modernisation of the London Underground system. The value of these contracts is approximately £3.4 billion (CAN\$7.9 billion) over 15 years. The turnkey contracts include the project management and the supply of 1,738 metro cars and new signalling systems for the Victoria Line and Sub-Surface Lines, together with the maintenance of rolling stock. In the early stages of the project, Bombardier Transportation will commence re-signalling work, refurbish the existing District Line rolling stock and build two pre-production trains for the Victoria Line. The new metro car fleets will be built in Bombardier's facility in Derby, United Kingdom between 2008 and 2015.

On April 17, 2003, and as part of its "action plan" referred to above, Bombardier announced that it had closed a public offering of 370 million Class B Shares (Subordinate Voting) (the "Class B Subordinate Voting Shares"), at a price of CAN\$3.25 per share, for total gross proceeds of approximately CAN\$1.2 billion.

On May 22, 2003, and as part of its "action plan" referred to above, Bombardier completed the sale of Belfast City Airport to Ferrovial of Spain, for net proceeds of £35 million (CAN\$78 million). Prior to the sale, the

airport had been a subsidiary of Bombardier's Short Brothers plc subsidiary, which itself had been acquired by the Corporation in 1989.

On August 8, 2003, the Corporation announced an agreement to sell a significant portion of the business aircraft market portfolio of its subsidiary, Bombardier Capital Inc., to GE Commercial Equipment Financing (CEF) for \$339 million (CAN\$475 million), which consideration represented the book value of the assets that were disposed of.

On October 31, 2003, the Corporation completed the sale of its Military Aviation Services unit, which had provided technical services for military aircraft through facilities located at Mirabel, Québec and Bridgeport, West Virginia, to L-3 Communications MAS (Canada) Inc. for net proceeds of \$85 million (CAN\$112 million). The intention to sell its Military Aviation Services unit had been previously announced by Bombardier as part of its "action plan" described above.

On December 18, 2003, Bombardier completed the sale of its recreational products business to Bombardier Recreational Products Inc., a corporation formed by Bain Capital, certain members of the Bombardier family and Caisse de dépôt et placement du Québec for CAN\$960 million, CAN\$910 million of which was paid in cash, and CAN\$50 million of which was paid through the issuance of preferred shares of the purchaser's parent company. Net cash proceeds of CAN\$740 million were generated. The closing of the sale of Bombardier's recreational products business represented a significant milestone in the fulfillment of Bombardier's "action plan" that had previously been announced in April 2003 as described above.

On March 16, 2004, the Board of Directors of the Corporation approved a restructuring initiative to reduce the cost structure of Bombardier Transportation. This initiative contemplated a workforce reduction of 6,600 positions, of which 5,100 were permanent positions. As a result of the slowdown at the time in European market demand, the restructuring plan was enlarged during the third quarter of fiscal year 2005 (the "enlarged plan") in order to maintain the Corporation's competitiveness. The enlarged plan now contemplates additional proposed workforce reductions for a net total of 7,300 permanent positions. The reduction in the total workforce, including contractual employees, is 7,600, net of expected new hirings. The Amadora site in Portugal and the Doncaster site in the United Kingdom ceased manufacturing activities in May and June 2004, respectively, both ahead of schedule. The Derby Pride Park site in the United Kingdom ceased manufacturing operations as planned in December 2004. The Pratteln site in Switzerland and the Wakefield site in the United Kingdom ceased manufacturing activities in April and in October 2005, respectively, both ahead of schedule. The Ammendorf site in Germany and the Kalmar site in Sweden ceased manufacturing operations as planned in December 2005. Approximately 7,500 positions, net of new hires, including contractual employees, had been eliminated as at January 31, 2006.

On April 21, 2004, the Corporation completed a private placement offering in the United States of \$500 million aggregate principal amount of 6.30% Notes due in 2014 and \$250 million aggregate principal amount of 7.45% Notes due in 2034.

On October 7, 2004, Bombardier Aerospace announced that it was aligning the production rates of its Bombardier CRJ Series aircraft with the then current and forecasted market demand, resulting in a total workforce reduction of approximately 2,000 employees at its Montréal-area facilities and at its Belfast site over a nine-month period starting in November 2004. Severance costs associated with these layoffs totalled approximately \$26 million, and \$19 million was recorded in cost of sales in fiscal year 2005.

Effective December 31, 2004, the Corporation's Class B Subordinate Voting Shares were de-listed from the Euronext Brussels Stock Exchange and they were de-listed from the Frankfurt Stock Exchange effective March 7, 2005.

On March 15, 2005, the Board of Directors of the Corporation granted authority to Bombardier Aerospace to offer the proposed new CSeries family of aircraft to customers. On January 31, 2006, the Corporation

announced that the then existing market conditions did not justify the launch of the CSeries program at that time and that CSeries project efforts, team and resources would be reoriented to regional jet and turboprop aircraft opportunities to address regional airlines' future needs in the 80- to 100-seat aircraft market. A small team of employees would remain with the CSeries program to further develop its business plan and continue to explore the potential of the CSeries.

On April 18, 2005, the Corporation announced an agreement to sell Bombardier Capital's Inventory Finance Division to GE Commercial Finance which resulted in cash proceeds of approximately \$1.3 billion, approximately \$700 million after repayment by Bombardier Capital of its private bank-sponsored securitized floorplan conduits not transferred to GE Commercial Finance, subject to final adjustments. Bombardier Capital's inventory financing business was comprised of trade receivables in the marine, recreational products, recreational vehicles and manufactured housing industries. GE Commercial Finance also assumed after closing the future servicing obligations of Bombardier Capital under public securitizations. Some 280 employees based in Colchester, Vermont and Brossard, Québec were transferred to GE Commercial Finance.

On June 30, 2005, the Corporation completed a \$1.1 billion unsecured credit facility through a syndicate of banks.

On September 23, 2005, the Corporation announced the closing of a permanent financing structure for a value of approximately \$1.7 billion. The structure, known as Regional Aircraft Securitization Program (RASPRO), provides financing in the form of long-term leases for certain Bombardier Aerospace regional aircraft customers. RASPRO covers seventy aircraft comprising sixty-five CRJ and five Q400 aircraft.

On October 26, 2005, Bombardier Aerospace announced the establishment of a world-class manufacturing facility in Querétaro, Mexico to complement its existing manufacturing sites. The Corporation will be investing approximately \$200 million in equipment, buildings and start-up costs over a period of seven years.

On October 28, 2005, the Corporation announced that, as of mid-January 2006, it would temporarily suspend the production of its CRJ200 aircraft to re-align its production to the current market outlook for 50-seat regional jets. On February 9, 2006, the Corporation announced that it would restart production of the Bombardier CRJ200/Challenger 850 aircraft platform. The production is scheduled to start in mid-April 2006 and will take place at Bombardier's Dorval facility primarily to meet present and anticipated demand for Challenger 850 business jets. The impact on the level of employment from this production re-start will result in the re-call of approximately 50 employees at the Dorval facilities. Substantially all of the workforce reduction of approximately 2,000 employees, previously announced on October 7, 2004, took place during the fiscal year ended January 31, 2006. Approximately 355 remaining employees will be laid off by July 2006.

On November 7, 2005, Bombardier announced its exit from the servicing of Bombardier Capital's manufactured housing portfolio with the transfer to Green Tree Servicing LLC of future servicing rights and obligations. This transaction was completed on March 1, 2006 and is the continuation of Bombardier Capital's orderly portfolio wind-down initiated in 2001.

On February 15, 2006, the Corporation announced that it expected to close its production facility in Auburn, New York by the end of May 2006 primarily due to a lack of sufficient workload necessary to sustain the site.

Item 3 Narrative Description of the Business

3.1 Structure and Management

The Corporation operates in two reportable segments: Bombardier Aerospace and Bombardier Transportation.

Bombardier Aerospace is a world leader in the design and manufacture of innovative aviation products and services for the business, regional, missionized and amphibious aircraft markets. Bombardier Aerospace's product portfolio includes the industry's most comprehensive line-up of business aircraft, regional jets, turboprops and amphibious aircraft.

Bombardier Transportation is the global leader in the rail equipment manufacturing and servicing industry. It offers a full range of passenger railcars, including locomotives, light rail vehicles and automated people movers. It also provides electrical propulsion and control equipment as well as complete system and signalling solutions. Bombardier Transportation is also a provider of maintenance services.

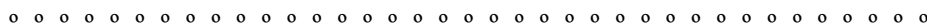
During the fiscal year ended January 31, 2006, the Corporation continued with its strategy of reducing Bombardier Capital's operations and several portfolios were sold or put up for sale. The remaining portfolios are essentially related to Bombardier Aerospace. As a result, they are now included in Bombardier Aerospace and the operations and results of Bombardier Capital ceased to be reported as a separate segment, effective as of the fourth quarter of fiscal year 2006 (see note 25 – Segment disclosure, to the Corporation's consolidated financial statements for the fiscal year ended January 31, 2006 at page 123). For purposes of the consolidated financial statements of the Corporation for the year ended January 31, 2006, the inventory finance, on- and off-balance sheet manufactured housing, consumer finance and on- and off-balance sheet freight car operations, are presented as discontinued operations in the consolidated statement of income and cash flows and the related assets and liabilities are reported as "Assets held for sale" and "Liabilities related to assets held for sale" on a single line item in the consolidated balance sheets (see note 1 – Discontinued operations and assets held for sale to the consolidated financial statements on pages 90 and 91). The core operations of Bombardier Capital consisting of commercial aircraft financing, and business aircraft lending operations, are now managed by Bombardier Aerospace and therefore, these operations are part of this segment's results. The portfolios of Bombardier Capital related to aircraft financing operations are included in a new balance sheet caption, "Aircraft financing", together with the other assets related to aircraft financing of Bombardier Aerospace. The remainder of the operations of Bombardier Capital are not significant and the related assets are included in "Other assets" in the Corporation's consolidated balance sheets.

The two reportable segments are constituted as follows:

<i>Bombardier Aerospace</i>	<ul style="list-style-type: none">• Business Aircraft• Regional Aircraft• Aircraft Services and New Commercial Aircraft Program• Flexjet and Skyjet
<i>Bombardier Transportation</i>	<ul style="list-style-type: none">• Rolling Stock• Services• System• Signalling

The activities of these two segments are described in this Annual Information Form under separate headings.

Bombardier Aerospace



Bombardier Aerospace is a world leader in the design and manufacture of innovative aviation products and services for the business, regional, missionized and amphibious aircraft markets. Bombardier Aerospace's product portfolio includes the industry's most comprehensive line-up of business aircraft, regional jets, turboprops and amphibious aircraft.

The administrative centre of Bombardier Aerospace is located in Montréal, Québec, Canada.

For a list of the Corporation's principal subsidiaries which fall within Bombardier Aerospace, see "Item 1 – Corporate Structure – Subsidiaries".

The following table shows the principal operation centres owned by the Corporation or one of its subsidiaries, as the case may be, unless they are indicated as being leased ("L"), and which forms part of Bombardier Aerospace. The table also lists the type of operations conducted or products manufactured at these facilities.

Manufacturing Facilities	Operations Conducted or Products
Montréal, Québec, Canada ^(L)	Assembly of, and pre-flight activities for, the Challenger 300, Challenger 604, Challenger 605 and Challenger 850 business aircraft and the CRJ200 regional aircraft. Interior finishing and painting of the CRJ200 regional aircraft. Interior completion and painting of the Challenger 300, Challenger 604 and Challenger 605 and Bombardier Global 5000 and Global Express business aircraft.
Mirabel, Québec, Canada ^(L)	Assembly, pre-flight, painting and interior finishing of the CRJ700 and CRJ900 regional aircraft and the Challenger 870 business aircraft.
Montréal, Québec, Canada	Parts, components and spare parts for the Challenger 300, Challenger 604, Challenger 605 and Challenger 850 and Challenger 870 business jets, CRJ200, CRJ700 and CRJ900 regional aircraft, Global Express and Bombardier Global 5000 business aircraft, and Bombardier 415 amphibious aircraft; structural components for Airbus Industries.
Montréal, Québec, Canada	Complete wing and fuselage assembly for the Bombardier 415 amphibious aircraft.
Downsview, Ontario, Canada	Manufacture and final assembly of the Q-Series turboprop aircraft, including related spare parts and components; manufacture of components and final assembly of Global Express and Bombardier Global 5000 aircraft; assembly of wings for the Learjet 45, Learjet 45 XR, Learjet 40 and Learjet 40 XR business aircraft.
North Bay, Ontario, Canada ^(L)	Final assembly of, and pre-flight activities for, Bombardier 415 amphibious aircraft.

Manufacturing Facilities

Operations Conducted or Products

Wichita, Kansas, United States

Manufacture of the Learjet family of business aircraft and flight test centre for aircraft manufactured by Bombardier Aerospace.

Dunmurry and Newtownabbey, Belfast, Northern Ireland, United Kingdom^(L)

Composite components either for Bombardier Aerospace or for Boeing.

Hawtmark, Newtownards, and Queen's Island, Belfast, Northern Ireland, United Kingdom^(L)

Aircraft components, engine nacelles and nacelle components and spare parts for Bombardier Aerospace or for Boeing, Rolls-Royce, Rolls-Royce Deutschland and International Aero Engines.

In addition, service centres for the Business aircraft division located in Tucson, Arizona; Hartford, Connecticut; Fort Lauderdale, Florida; Wichita, Kansas, and Dallas, Texas, in the United States, and Berlin, Germany, are part of a service network called Bombardier Aircraft Services. Service centres for the Regional aircraft division are located in Tucson, Arizona and Bridgeport, West Virginia. The Corporation owns an airport located in Downsview, Ontario in Canada and uses it to support Bombardier Aerospace's manufacturing activities.

Marketing of Bombardier Aerospace products is provided through marketing and sales offices. In North America, marketing and sales offices are located in Canada (in Montréal, Ottawa and Toronto) and the United States (in the states of Arizona, California, Colorado, Connecticut, Florida, Georgia, Kansas, Maryland, Minnesota, Missouri, Ohio, South Carolina and Texas, and in Washington, D.C.). In Europe, marketing is carried out through offices in France, Germany, the United Kingdom and Switzerland. In Asia, such offices are maintained in Dubai, in the United Arab Emirates, Hong Kong, the People's Republic of China and in Singapore.

Business Aircraft

Bombardier Aerospace markets, sells and provides customer support for its three families of business jets. The Bombardier Global family includes the super-large Bombardier Global 5000 aircraft and the ultra-long-range Global Express XRS business jet. The Bombardier Challenger family includes the Challenger 850, the Challenger 870, the large Challenger 605 that was launched in November 2005 and the super-midsize Challenger 300 business aircraft. The Bombardier Learjet family includes the light Learjet 40 and Learjet 40 XR aircraft, the super-light Learjet 45, the Learjet 45 XR aircraft and the midsize Learjet 60 XR aircraft that was launched in November 2005.

Aircraft ordered by customers are produced by the manufacturing facilities of Bombardier Aerospace. The raw materials and the various components and systems required to manufacture the aircraft are procured around the world and this procurement varies from product to product; however, most such materials, components and systems are provided by suppliers with which Bombardier Aerospace generally has long-term contracts.

• *Bombardier Global Family*

The Bombardier Global family of business jets is comprised of two wide-body aircraft: the super-large Bombardier Global 5000 and the ultra-long-range Global Express XRS. The Bombardier Global family of aircraft share a high degree of systems commonality, offering mixed fleet operators the cost benefits of common type rating, training, spare parts and maintenance.

The Bombardier Global 5000 aircraft is a high-speed intercontinental business jet capable of flying non-stop up to 4,800 nautical miles at Mach 0.85 with eight passengers and three crew members under certain operating conditions. The first Bombardier Global 5000 entered service in the first quarter of the fiscal year ended January 31, 2006. Main competitors of the Bombardier Global 5000 include the Gulfstream G450, the Dassault Falcon 900EX and the Falcon 7X aircraft.

The Global Express XRS aircraft is an ultra long-range business jet covering distances of up to 6,150 nautical miles at Mach 0.85 non-stop under certain operating conditions. The first Global Express XRS entered service in the fourth quarter of the fiscal year ended January 31, 2006. The Global Express XRS aircraft competes against the Gulfstream G500 and G550 aircraft.

- ***Bombardier Challenger Family***

The Bombardier Challenger family of business jets currently includes the Challenger 300, Challenger 605, Challenger 850 and Challenger 870.

The Challenger 300 business jet is a recent entrant into the super-midsize category and has a transcontinental range of up to 3,100 nautical miles at Mach 0.80 under certain operating conditions with eight passengers and two crew members. It competes with four other aircraft models in this category: the Raytheon Hawker 4000; the Gulfstream G200; the Dassault Falcon 50EX; and the Cessna Citation X.

The Challenger 605 aircraft is a wide-body, twin-engine intercontinental business jet capable of non-stop flights of over 4,000 nautical miles under certain operating conditions. The Challenger 605 aircraft is the sixth generation of the wide-body Challenger design, the previous models being the Challenger 600, 601, 601-3A, 601-3R and 604. It was launched in November 2005 and is expected to enter into service in the second quarter of 2007. Main competitors of the Challenger 605 aircraft include the Falcon 2000EX and Falcon 900C aircraft manufactured by Dassault Aviation, as well as the Gulfstream G300 aircraft.

The Challenger 850 and 870 aircraft are derivatives of the CRJ aircraft modified for corporate travel. They can be configured for either executive transport or as corporate shuttles. The Challenger 850 and 870 aircraft combine a large cabin, similar in size to the Global Express, with a non-stop range of up to 3,100 nautical miles under certain operating conditions. Embraer-Empresa Brasileira de Aeronáutica S.A. (Embraer) competes with Bombardier Aerospace in this market as do the Boeing Business Jet and the Airbus A319C-J aircraft.

- ***Bombardier Learjet Family***

The Bombardier Learjet family's current production models are the Learjet 40, the Learjet 40 XR, the Learjet 45, the Learjet 45 XR and the Learjet 60 XR.

Introduced in October 2004, the Learjet 40 XR aircraft, a derivative of the Learjet 40 business jet, is capable, under certain operating conditions, of operating at cruising speeds of up to Mach 0.81 and has a maximum range of up to 1,803 nautical miles with four passengers and two crew. The Learjet 40 and Learjet 40 XR business jet competitors are the Cessna Citation Bravo, Encore and V (Ultra) and the Raytheon Hawker 400XP. The first Learjet 40 XR aircraft entered service in the fourth quarter of the fiscal year ended January 31, 2006.

The Learjet 45 aircraft has a maximum range of 2,102 nautical miles with four passengers and two crew and can reach cruising speeds of up to Mach 0.81 under certain operating conditions. Introduced in July 2002, the Learjet 45 XR aircraft is an evolution of the Learjet 45 business jet designed to deliver greater payload-range capabilities through a 1,000-pound increase in Maximum Takeoff Weight (MTOW) and enhanced engine performance. Both the Learjet 45 and the Learjet 45 XR business jets compete with the Cessna Citation XLS aircraft.

In January 2005, the Civil Aviation Administration of China granted its approval for the Learjet 40, Learjet 40 XR, Learjet 45 and Learjet 45 XR, which allows Bombardier Aerospace to deliver these aircraft in China.

The Learjet 60 XR business jet has a maximum range of 2,502 nautical miles, with four passengers. Maximum cruising speed is Mach 0.81. It was officially launched in November 2005 and is expected to enter into service in the fourth quarter of 2006. Competitors of the Learjet 60 XR business jet include the Gulfstream G150, the Raytheon Hawker 850XP and the Cessna Sovereign.

Regional Aircraft

Bombardier Aerospace markets and sells the Bombardier CRJ family of regional jets and the Bombardier Q-Series family of turboprops to airline companies and also provides maintenance and modification services to its customers. Raw materials and equipment are procured from suppliers around the world with which Bombardier Aerospace generally has long-term contracts.

- ***Bombardier CRJ Aircraft***

The Bombardier CRJ family consists of the 40-, 44- and 50-passenger CRJ200 aircraft, the 70-passenger CRJ700 aircraft, the 75-seat CRJ705 aircraft and the 86-passenger CRJ900 aircraft. In October 2005, Bombardier Aerospace announced that it was temporarily suspending production of the CRJ200 aircraft. However, in February 2006, Bombardier announced that it would restart production of the CRJ200/Challenger 850 aircraft platform in mid-April 2006 primarily to meet present and anticipated demand for Challenger 850 business jets.

Newly developed enhancements to the CRJ700 and the CRJ900 aircraft will improve performance and economics, contributing to more operational flexibility and lower operating costs for airlines. Developments for the CRJ700 aircraft include the CRJ700 LR (long range), which extends the range of the aircraft over that of the CRJ700 ER (extended range). In addition, an engine upgrade developed for the CRJ700 aircraft is expected to offer operators savings of up to 15% in engine maintenance costs over 15 years. Developments for the CRJ900 aircraft include a number of product enhancements that substantially improve take-off and landing performance, increase range and lower fuel consumption. In addition to the performance improvements, Bombardier Aerospace has developed the CRJ900 LR to complement the existing baseline and extended range aircraft. The CRJ900 LR provides an increased payload and range over the CRJ900 ER version.

The CRJ aircraft family has one major competitor, Embraer-Empresa Brasileira de Aeronáutica S.A. (Embraer), which produces the 50-passenger jet ERJ 145, the 37-passenger jet ERJ 135 and a 44-passenger jet, the ERJ 140. Embraer also offers the 70-passenger jet Embraer 170 and the 86-passenger jet Embraer 175.

- ***Bombardier Q-Series Aircraft***

The Bombardier Q-Series family of turboprops consists of the 37-passenger Q200 aircraft, the 50-passenger Q300 aircraft and the 68- to 78-passenger Q400 aircraft.

The main products in competition with the Bombardier Q-Series aircraft family come from Avions de Transport Regional (ATR). The Q300 aircraft faces competition from the ATR 42 and the Q400 from the ATR 72.

Aircraft Services and New Commercial Aircraft Program

- ***Parts logistics***

Bombardier Aerospace provides worldwide 24-hour spare parts support, including regular parts shipments, aircraft on ground service, lease programs, rotatable management programs, surplus sales and customer-owned repair.

Customers are served from two main distribution centres, one in Chicago, Illinois, in the United States, and the other in Frankfurt, Germany, from depots in Montréal, Canada, Dubai in the United Arab Emirates, Singapore, Sydney, Australia and Beijing in the People's Republic of China.

The parts logistics organization supports the parts requirements of substantially all Bombardier Aerospace customers for the life of the aircraft. Spare parts demand is driven by the size of the fleet of Bombardier Aerospace aircraft and the number of hours flown. The continued growth of the installed fleet will contribute to growth in spare parts demand.

Bombardier Aerospace competes with various large and small suppliers of aerospace parts. Bombardier Aerospace's competitive strengths include the availability of most spare parts for its aircraft. Bombardier Aerospace is also at an advantage offering Original Equipment Manufacturer (OEM) certification along with OEM technical advice. Bombardier Aerospace also offers a number of spare parts programs for customers, including the "Smart Parts" program, which allows customers to purchase spare parts on a "cost-per-flight-hour" basis.

- ***Aircraft maintenance***

Bombardier Aerospace offers maintenance services for its business aircraft customers at its four exclusive centres located in Fort Lauderdale, Florida, Hartford, Connecticut, Wichita, Kansas, and Dallas, Texas, in the United States, as well as at a service centre located in Berlin, Germany, in which the Corporation holds an equity investment. In addition, Bombardier Aerospace offers maintenance services to its business and regional aircraft customers at two service centres located in Tucson, Arizona, and Bridgeport, West Virginia, in the United States.

Bombardier Aerospace is also associated with 31 authorized service centres worldwide, of which 28 centres are for business aircraft and three for regional aircraft that provide complete services to operators. These service facilities are located in Europe, Asia, Africa, Australia, North America and South America.

- ***Customer training***

Bombardier Aerospace offers a complete range of pilot and maintenance training programs for CRJ Series aircraft in Montréal, Canada as well as through a joint venture in Berlin, Germany.

Bombardier Aerospace provides customized business aircraft pilot and maintenance training, as well as ancillary training. The training centres are located in Montréal, Canada and at the Dallas/Fort Worth International Airport in Dallas, Texas, in the United States.

- ***Military aviation training***

Bombardier Aerospace's Military Aviation Training ("MAT") division, in collaboration with a team of sub-contractors, delivers integrated training solutions.

MAT currently has two major Canadian aviation training contracts: the NATO Flying Training in Canada ("NFTC") program and the CF-18 Advances Distributed Combat Training System ("ADCTS") program.

Nations currently participating in the NFTC program include Denmark, the United Kingdom, the Republic of Singapore, Italy, Hungary and Canada. Finland, Sweden, France and Germany have also sent instructor pilots to the program.

The ADCTS contract includes the design and construction of purpose-designed facilities, as well as the provision of full instructional and support services for up to 15 years for the Canadian Air Force's CF-18 ADCTS program.

- ***CSeries***

During the Corporation's 2005 fiscal year, Bombardier Aerospace undertook a feasibility study in connection with the development of a new generation of commercial aircraft, to be known as the CSeries. The CSeries family would include two size variants, 110 and 130 seats all in economy seating, and each size variant would be available with range flexibility per individual airline requirements between 1,800 (short-haul) and 3,000 (transcontinental) nautical miles. At the time, Bombardier Aerospace had estimated the market for the 90- to 150-passenger commercial aircraft segment to be approximately \$280 billion, or approximately 6,500 aircraft, over the next 20 years. Total development costs were estimated at approximately \$2.1 billion. If the program had been launched, the Corporation's objective was to have the funding for the development costs of the CSeries financed evenly (one-third each) between suppliers, governments and Bombardier.

On March 15, 2005, the Board of Directors of the Corporation approved an authority to offer whereby Bombardier Aerospace was to offer the new CSeries family of aircraft to customers. However, on January 31, 2006, the Corporation announced that the then existing market conditions did not justify the launch of the CSeries at that time and that CSeries project efforts and a majority of the CSeries program employees will be reoriented to regional jet and turboprop aircraft opportunities to address regional airlines' future needs in the 80-100 seat aircraft market. However, the CSeries program has not been cancelled. A small team of approximately 50 employees would remain with the CSeries program to concurrently further develop its business plan and continue to explore the potential of the CSeries.

- ***Amphibious Aircraft***

Bombardier Aerospace markets and manufactures the Bombardier 415 turboprop amphibious aircraft, a purpose-built firefighting aircraft. This aircraft can also be adapted to a multi-purpose version, the Bombardier 415MP, which can be used in a variety of specialized missions such as search and rescue, environmental protection, coastal patrol and transport. Certification for the multipurpose Bombardier 415MP was obtained in March 2004. Production of the Bombardier 415 aircraft resumed during fiscal year 2006 in response to improved market conditions. In February 2006, Bombardier Aerospace re-launched the CL-215T program in response to customer demand, mainly in Canada, for a conversion of CL-215 piston aircraft to turboprop engine. The converted CL-215T aircraft have a performance equivalent to that of the Bombardier 415 aircraft.

- ***Government and missionized aircraft***

Bombardier Aerospace continues to identify and provide special mission aircraft sales solutions to governments and special interest organizations worldwide. Bombardier Aerospace recognizes the potential market for special mission versions of both regional and business aircraft and is dedicated to further develop this market through sale, marketing and support of these aircraft. Bombardier Aerospace is mandated to work with technical and third party specialists to support the conversion of these aircraft for their special roles.

Flexjet and Skyjet

- ***Flexjet***

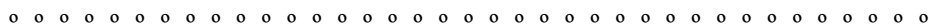
Through the North American Flexjet program, owners purchase shares of aircraft with operations and support, including flight crew, maintenance, hangar fees and insurance. The North American Flexjet program has partnered with Delta AirElite Business Jets, a subsidiary of Delta Airlines, to market and sell the Flexjet membership card program (25-hour block of flight time entitlement on the Flexjet fleet).

The North American Flexjet program holds the number three position among the fractional ownership programs currently available in that market. The main competitors of Bombardier Aerospace in this segment, NetJets Inc. and Flight Options LLC, have typically purchased new aircraft from different manufacturers, such as Gulfstream Aerospace Corporation, Cessna Aircraft Company and Raytheon Aircraft. A few other small organizations also offer fractional ownership of various categories of aircraft.

- *Skyjet*

The North American Skyjet program offers both on-demand and flight time entitlement charter services. Through the Skyjet International program, which serves the European, Asian, and Middle East markets, customers purchase hours of flight time entitlement instead of shares of aircraft. The Skyjet program arranges for its customer's business jet charter with selected air charter operators.

Bombardier Transportation



Bombardier Transportation is the global leader in the rail equipment manufacturing and servicing industry, offering a full range of passenger railcars, including locomotives, light rail vehicles and automated people movers. It also provides electrical propulsion and control equipment as well as complete system and signalling solutions. Bombardier Transportation is also a provider of maintenance services.

The administrative centre of Bombardier Transportation is located in Berlin, Germany.

For a list of the Corporation's principal subsidiaries which fall within Bombardier Transportation, see "Item 1 – Corporate Structure – Subsidiaries".

The following table shows the principal operation centres owned by the Corporation or one of its subsidiaries, as the case may be, unless they are indicated as being leased ("L"), and which forms part of Bombardier Transportation. The table also lists the type of operations conducted or products manufactured at these facilities.

Manufacturing or Service Facilities	Operations Conducted or Products
La Pocatière, Québec, Canada	Manufacture of carbodies and mass transit vehicles.
Thunder Bay, Ontario, Canada	Manufacture of mass transit vehicles and ART.
Plattsburgh, New York, United States ^(L)	Final assembly of mass transit vehicles.
Pittsburgh, Pennsylvania, United States	Final assembly of automated people movers and propulsion systems.
Sahagún, Mexico	Manufacture of mass transit vehicles, freight locomotives, refurbishment of rail passenger cars and light rail vehicles.
Hortolândia, Brazil ^(L)	Vehicle refurbishment.
Vienna, Austria	Manufacture of steel carbodies for light rail vehicles in Europe, final assembly of light rail vehicles.
Bruges, Belgium	Manufacture of steel carbodies for passenger cars in Europe, final assembly of passenger cars and railway equipment.
Česká Lipa, Czech Republic	Supplier of primary parts and welding substructures and low-cost components.
Crespin, France	Manufacture of aluminium and steel carbodies for passenger cars in Europe, final assembly of passenger cars and manufacture of bogies.
Aachen, Germany	Manufacture of carbodies and final assembly of passenger vehicles.
Bautzen, Germany	Manufacture of aluminium and steel carbodies and final assembly of passenger cars (in particular light rail vehicles) in Europe.
Görlitz, Germany	Manufacture of aluminium and steel carbodies and final assembly of passenger cars (in particular double-deck trains).

Manufacturing or Service Facilities	Operations Conducted or Products
Hennigsdorf, Germany	Manufacture of carbodies and final assembly of passenger vehicles and test centre, propulsion and control activities.
Kassel, Germany ^(L)	Final assembly of electric and diesel locomotives.
Mannheim, Germany	Manufacturing of propulsion equipment for all types of passenger rail vehicles and electric locomotives.
Siegen, Germany	Manufacture of bogies for Europe, Asia and the Middle East.
Dunakeszi, Hungary ^(L)	Refurbishment activities, manufacturing of passenger coaches and engineering.
Matranovak, Hungary	Manufacture of bogie frames.
Vado Ligure, Italy	Manufacture of locomotive and upgrades activities.
Wrocław, Poland	Manufacture of bogie frames and locomotive carbodies.
Trapaga, Spain	Manufacture of propulsion equipment.
Västerås, Sweden	Manufacture of propulsion equipment and services activities.
Central Rivers, United Kingdom	Maintenance and overhaul activities.
Crewe, United Kingdom	Wheelset and bogies service activities, overhaul and refurbishment.
Derby, United Kingdom	Manufacture of aluminium carbodies, final assembly site for passenger cars in Europe.
Plymouth, United Kingdom	Subassembly and final assembly for signalling products.
Melbourne, Australia	Manufacturing of stainless steel carbodies, final assembly, repair and refurbishment of passenger rail vehicles.
Maryborough, Australia ^(L)	Manufacturing activities for regional and commuter cars.

Marketing of the products manufactured by Bombardier Transportation is carried out through marketing or sales offices. In the Americas, these marketing or sales offices are located in Canada (in Saint-Bruno, Québec, Toronto and Millhaven (Kingston), Ontario), the United States (in the states of California, Florida and Pennsylvania, and in Washington, D.C.), Mexico and Brazil.

In Europe, marketing is effected through offices in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Finally, Bombardier Transportation also has offices in India, Israel, the United Arab Emirates, South Africa, Australia, China, Korea, Malaysia, the Republic of Singapore, Taiwan and Thailand.

Bombardier Transportation leases these marketing or sales offices, with the exception of the office in Saint-Bruno, Québec, Millhaven (Kingston) and those in Austria, Belgium, Germany, Switzerland and the United Kingdom, which it owns.

Rolling Stock

The rolling stock products of Bombardier Transportation include light rail vehicles, metro cars, commuter and regional trains, intercity and high-speed trains, locomotives, bogies, propulsion and train controls for the vehicles.

- ***Light Rail Vehicles***

Bombardier Transportation's family of light rail vehicles includes street-trams, city-trams and tram-train vehicles.

- ***Metro Cars***

Bombardier Transportation offers a full range of technologies adapted to the needs of urban transit systems.

- ***Commuter and Regional Trains***

Bombardier Transportation offers a wide range of passenger railcars for suburban and regional markets. The product line includes electrical multiple units (EMUs), diesel multiple units (DMUs), coaches and double-deck trains.

- ***Intercity and High-Speed Trains***

Bombardier Transportation's product line includes diesel multiple units (DMUs), electric multiple units (EMUs), diesel-electric multiple units (DEMUX), coaches and high-speed trains.

- ***Locomotives***

Bombardier Transportation offers locomotives and powerheads for use in high-speed, intercity, regional and freight traffic in both electric and diesel-electric versions to suit the specific needs of railway operators.

- ***Bogies***

Bombardier Transportation offers reliable and innovative bogie solutions for all market segments and types of rolling stock (from trams, metros, commuter and regional trains to long distance, high-speed and locomotives).

- ***Propulsion and Controls***

Bombardier Transportation offers complete propulsion, train control and management systems. The propulsion system includes transformers, converters, traction motors, gears and auxiliary power supplies.

- ***Competition***

Bombardier Transportation has two major global competitors, Alstom Transport, a division of Alstom SA (Alstom) and Siemens Transport, a division of Siemens AG (Siemens). Both are active in the same markets as Bombardier Transportation.

AnsaldoBreda Spa Transport (Ansaldo) is also a full line supplier, with established bases in Italy and other European countries. Construcciones y Auxiliar de Ferrocarriles SA (CAF), Patentes Talgo SA (Talgo) and Stadler Rail AG are specialized in the field of passenger cars, mainly in Europe. CAF and Talgo are also active in North America. Vossloh AG is active in the field of diesel locomotives and propulsion, among others.

Japanese suppliers like Kawasaki Heavy Industries Ltd., Mitsubishi Electric Corporation and Toshiba Corporation are competing mostly in Asia and the United States in the rolling stock or electrical propulsion segments. Rotem Company is a Korean manufacturer of passenger rolling stock and is active in Asia, the United States and Europe.

Bombardier Transportation has traditionally maintained project-based business relationships with most of its competitors, especially in Europe.

Services

Bombardier Transportation provides a full range of railways services. These include total train maintenance, technical support, spares and logistics management, car re-engineering and heavy overhaul and component re-engineering and overhaul.

- ***Competition***

For the services of Bombardier Transportation-built trains, which are the primary focus of its services activities, Bombardier Transportation competes with railway operators, subsystem and component suppliers as well as third-party service providers in this highly fragmented market. For combined rolling stock and maintenance contracts, Bombardier has the same two main competitors as in rolling stock, Alstom and Siemens, who also offer a full range of services. Most other rolling stock manufacturers are also active in the services segment.

System

Bombardier Transportation develops, designs, builds and maintains complete transportation systems from high-capacity urban transit systems to fully automated people movers and monorail systems. Bombardier Transportation also operates and maintains fully automated systems.

- ***Competition***

Bombardier Transportation's global competitors, Alstom and Siemens, continue to develop total transit systems capabilities.

Engineering, procurement and construction companies are active in rail project development. Such firms include Bechtel Corporation, SNC-Lavalin Inc., Dragados S.A. and Washington Group.

In the automated people mover market, Mitsubishi Heavy Industries Ltd. and Doppelmayr Cable Car GmbH are Bombardier Transportation's main competitors. Hitachi Ltd. and KL Monorail System Sdn Bhd are active in the monorail market.

Signalling

Bombardier Transportation's signalling products cover the mass transit and mainline markets. Mass transit solutions extend from manual to fully automatic systems and communication-based systems. Mainline solutions range from conventional systems to European Rail Traffic Management System (ERTMS) technology.

- ***Competition***

Major competitors in the market for signaling are Siemens, Alstom, Alcatel, Invensys and Ansaldo.

3.2 Segmented Disclosure

For information respecting Bombardier's sales by industry and geographic segments, reference is made to note 25 to the Corporation's consolidated financial statements for the fiscal years ended January 31, 2006 and January 31, 2005 filed with the Canadian securities regulatory authorities on March 29, 2006, including the table referred to in note 25, which note and table appear on pages 123 to 125 of such financial statements and are incorporated by reference into this Annual Information Form.

3.3 Agreements Relating to the Use of Certain Technologies

Some operations of Bombardier are conducted under agreements which allow it to use certain technical data and information relating to products or technologies developed by others. The most important of such agreements is the agreement signed on December 22, 1986 with Cartierville Financial Corporation Inc. ("CFC") (a wholly-owned subsidiary of Canada Development Investment Corporation, in turn wholly-owned by the Canadian federal government), under which Canadair Limited had obtained a licence granting it the exclusive and absolute right to use and exploit all the technology relating to the design of the Challenger aircraft and to use and incorporate that technology in the manufacture, development, testing, sale, distribution and maintenance of Challenger aircraft and any other related product worldwide. The initial term of the agreement is 21 years; however, the Corporation (as successor in interest to Canadair Limited) has an option to renew this agreement for three additional consecutive periods of 21 years each. In consideration for the rights thus granted to it, the Corporation paid CFC a lump sum of CAN\$20 million in 1988, less an amount equal to certain royalties then paid, in lieu of the royalties provided for under the agreement.

3.4 Product Development

Every year, Bombardier commits some of its resources and revenues to product development. The main product development initiatives of Bombardier Aerospace and Bombardier Transportation, respectively, are described on pages 14, 16, 21, 36 and 38 of the Corporation's Management's Discussion and Analysis for the fiscal year ended January 31, 2006 filed with the Canadian securities regulatory authorities on March 29, 2006, which pages are incorporated by reference into this Annual Information Form. Product development costs appear on pages 76 and 78 of the consolidated balance sheets and of the consolidated statements of income, respectively, of the Corporation's consolidated financial statements for the fiscal years ended January 31, 2006 and January 31, 2005 filed with the Canadian securities regulatory authorities on March 29, 2006, which pages are incorporated by reference into this Annual Information Form.

3.5 Environment

The Corporation's products as well as its manufacturing and service activities are subject to environmental regulation by federal, provincial and local authorities in Canada as well as local regulatory authorities having jurisdiction over the Corporation's foreign operations. As a result, the Corporation has established, and it periodically updates a health, safety and environment policy that defines the Corporation's vision for its worldwide operations. Consistent with this policy, approximately 85% of the Corporation's manufacturing and services locations (over 150 employees) have been certified according to the ISO 14001 Standard for Environmental Management by outside auditors.

Consistent with its policy stressing environmental responsibility and its desire to maintain legal compliance, the Corporation routinely procures, installs and operates pollution control devices, such as wastewater treatment plants, groundwater monitoring devices, air strippers or separators, and incinerators at new and existing facilities constructed or upgraded in the normal course of business. Future capital expenditures for pollution control systems are not expected to have a material effect on the Corporation's consolidated financial position.

With respect to environmental matters related to site contamination (historical contamination of soil and groundwater), the Corporation periodically conducts studies, individually at sites owned by the Corporation, and jointly as a member of industry groups at sites not owned by the Corporation, to evaluate the presence of contaminants in the soil and groundwater and to determine the need and feasibility of various remediation techniques and to define the Corporation's share of liability. The Corporation is currently proceeding with

decontamination at a small number of sites both in North America and in Europe. The historical costs for soil and/or groundwater decontamination have not been significant.

Estimating future environmental clean-up liabilities is dependent on the nature and the extent of historical information and physical data about the contaminated site, the complexity of the contamination, the uncertainty of which remedy to apply, the timing of the remedial action and the outcome of the discussions with regulatory authorities.

Although it appears likely that annual costs for remediation activities might increase over time because of ever more stringent legal requirements, these costs are not expected to be material to the Corporation.

3.6 Human Resources

The following table shows the total number of employees of Bombardier:

	Number of employees as at January 31,	
	2006	2005
Bombardier Aerospace	26,800	27,100
Bombardier Transportation.....	28,644	31,570
Corporate Office	241	250
Other (employees of the former reportable segment, Bombardier Capital)	<u>237</u>	<u>636</u>
Total.....	55,922	59,556

As at January 31, 2006, 11,697 of Bombardier's North American employees were represented by certified unions under 19 separate collective agreements. These agreements expire at different dates, the latest of which is December 2009.

In Europe, there are some 61 collective agreements in force. National unions represent employees in subsidiaries or divisions and national and sectoral bargaining generally takes place every one or two years depending on the country. These agreements expire at different dates, the latest of which is December 2010.

Bombardier considers that its relations with its employees are satisfactory.

3.7 Foreign Currency Fluctuations

The Corporation is exposed to risks resulting from foreign currency fluctuations as described in the section titled "Derivative financial instruments" on page 50 of the Corporation's Management's Discussion and Analysis for the fiscal year ended January 31, 2006 filed with the Canadian securities regulatory authorities on March 29, 2006, which section is incorporated by reference into this Annual Information Form. In an effort to mitigate such risks, the Corporation makes use of derivative contracts to hedge against the exposure to future

cash flows in various currencies and asset/liability management, which involves mostly borrowing in foreign currencies to hedge foreign currency exposure arising from permanent investments in foreign countries.

3.8 Risk Factors

The Corporation is subject to certain risk factors and uncertainties as described in the section titled "Risks and uncertainties" on pages 58 to 63 of the Corporation's Management's Discussion and Analysis for the fiscal year ended January 31, 2006 filed with the Canadian securities regulatory authorities on March 29, 2006, which section is incorporated by reference into this Annual Information Form.

Item 4 Dividends

The Corporation declared the dividends indicated below on its outstanding shares during each of the fiscal years ended January 31, 2006, January 31, 2005 and January 31, 2004. These dividends are denominated in Canadian dollars.

(millions of dollars, except per share amounts)	Fiscal years ended January 31,					
	2006		2005		2004	
	Total	Per share	Total	Per share	Total	Per share
Series 2 Cumulative Redeemable Preferred Shares	2.9	\$1.11586	2.6	\$0.99781	3.0	\$1.16930
Series 3 Cumulative Redeemable Preferred Shares	12.9	\$1.36900	12.9	\$1.36900	12.9	\$1.36900
Series 4 Cumulative Redeemable Preferred Shares	14.7	\$1.56250	14.7	\$1.56250	14.7	\$1.56250
Class A Shares (Multiple Voting)	—	—	30.8	\$0.09000	30.8	\$0.09000
Class B Subordinate Voting Shares	—	—	129.0	\$0.09160	128.9	\$0.09160

The articles of the Corporation stipulate that no dividends may be paid on the Class A Shares (Multiple Voting) (the "Class A Shares") or the Class B Subordinate Voting Shares unless all accrued and unpaid dividends on the Series 2 Cumulative Redeemable Preferred Shares (the "Series 2 Preferred Shares"), Series 3 Cumulative Redeemable Preferred Shares (the "Series 3 Preferred Shares") and Series 4 Cumulative Redeemable Preferred Shares (the "Series 4 Preferred Shares") have been declared and paid or set aside for payment, or all the outstanding Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares, as the case may be, have been called for redemption and the redemption price of such shares has been deposited in the manner set out in the articles of the Corporation.

The holders of Class B Subordinate Voting Shares are entitled, in preference to the holders of Class A Shares, to a non-cumulative dividend at the rate of CAN\$0.0015625 per share per annum, or CAN\$0.000390625 per quarter; when a dividend on the Class B Subordinate Voting Shares at the rate of CAN\$0.0015625 per share per annum is declared and paid or set aside for payment in any fiscal year, the Class A Shares and the Class B Subordinate Voting Shares participate equally, share for share, with respect to any additional dividend which may be declared, paid or set aside for payment during said fiscal year.

In general, the Corporation's policy is to set the total amount of its dividends for a fiscal year at approximately 30% of the consolidated net income for the previous fiscal year. The Board of Directors of the Corporation reserves the right to modify this policy at any time. On March 30, 2005, the Board of Directors of Bombardier decided that in accordance with the Corporation's policy and based on the financial results for fiscal year 2005, there would be no dividend payment on the Class A Shares and the Class B Subordinate Voting Shares for fiscal year 2006.

Pursuant to various financing agreements to which they are parties, Bombardier Capital Ltd, Bombardier Capital Inc. and Learjet Inc. are subject to certain restrictions as to payment of dividends. The Corporation, as intervenor, is also subject to certain restrictions as to the receipt of dividends from these subsidiaries. These subsidiaries have undertaken to maintain certain financial ratios or a minimum level of net worth, which may have the indirect effect of restricting payment of dividends by these subsidiaries.

Item 5 General Description of Capital Structure

The authorized capital of the Corporation consists of (i) an unlimited number of preferred shares without nominal or par value issuable in series (the "Preferred Shares"), of which 12,000,000 have been designated as the Series 2 Preferred Shares, 12,000,000 have been designated as the Series 3 Preferred Shares and 9,400,000 have been designated as the Series 4 Preferred Shares, (ii) 1,892,000,000 Class A Shares, and (iii) 1,892,000,000 Class B Subordinate Voting Shares. As at January 31, 2006, the Corporation had outstanding 2,597,907 Series 2 Preferred Shares, 9,402,093 Series 3 Preferred Shares, 9,400,000 Series 4 Preferred Shares, 342,000,010 Class A Shares and 1,408,466,958 Class B Subordinate Voting Shares.

The Class B Subordinate Voting Shares are restricted securities (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights. In the aggregate, all of the voting rights associated with the Class B Subordinate Voting Shares represented, as at January 31, 2006, 30.95% of the voting rights attached to all of the Corporation's issued and outstanding voting securities.

Class A Shares and Class B Subordinate Voting Shares

Subordination and Voting Rights

The Class A Shares and the Class B Subordinate Voting Shares rank after the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. Each Class A Share entitles the holder thereof to 10 votes and each Class B Subordinate Voting Share entitles the holder thereof to one vote.

Dividends and Liquidation

The holders of Class B Subordinate Voting Shares are entitled to receive, in each fiscal year, if declared by the Board of Directors, a non-cumulative dividend at the rate of CAN\$0.0015625 per share per annum and after payment or setting aside for payment of said dividend, the holders of Class A Shares and the holders of Class B Subordinate Voting Shares will be entitled, share for share, to any additional dividend which may be declared by the Board of Directors in such fiscal year in respect of the Class A Shares and Class B Subordinate Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Class A Shares and the holders of Class B Subordinate Voting Shares will be entitled, share for share, to receive on a *pro rata* basis all of the assets of the Corporation remaining after payment of all of the liabilities, subject to the preferential rights attaching to any shares ranking prior to the Class A Shares and Class B Subordinate Voting Shares.

Conversion Privilege

Each Class A Share is convertible at any time by the holder thereof into one fully paid and non-assessable Class B Subordinate Voting Share. Each Class B Subordinate Voting Share is convertible by the holder thereof into one fully paid and non-assessable Class A Share at any time upon and after the occurrence of either one of the following events: (i) if an offer (as defined) is made to the holders of Class A Shares to

acquire Class A Shares and such offer is accepted by the majority shareholder of the Corporation, namely, the Bombardier Family; or (ii) if such majority shareholder of the Corporation ceases to hold more than 50% of the outstanding Class A Shares.

Except for the rights, privileges, restrictions and conditions attaching to the Class A Shares and Class B Subordinate Voting Shares as described above, the Class A Shares and the Class B Subordinate Voting Shares have the same rights, are equal in all respects and will be treated by the Corporation as if they were shares of the same class.

The Class A Shares and the Class B Subordinate Voting Shares were the subject of a two-for-one stock split in July 2000, 1998 and 1995.

Preferred Shares as a Class

Issuable in Series

The Preferred Shares are issuable in series, each series consisting of such number of shares and having such provisions as may be determined by the Board of Directors prior to the issue thereof.

Priority

The Preferred Shares of each series will rank equally with the Preferred Shares of all other series and will rank ahead of the Class A Shares and the Class B Subordinate Voting Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation.

Dividends

The holders of Preferred Shares are entitled to receive preferential dividends in such amounts and at such intervals as may be determined by the Board of Directors in respect of each series prior to the issue thereof.

Voting Rights

The holders of Preferred Shares do not have the right to receive notice of, attend, or vote at, any meeting of shareholders except to the extent otherwise provided in the Articles of the Corporation in respect of any series of Preferred Shares or when holders of Preferred Shares are entitled to vote as a class or as a series as set forth in the *Canada Business Corporations Act* or any successor statute, as amended from time to time (the "CBCA"). In connection with any matter requiring the approval of the Preferred Shares as a class, each holder is entitled to one vote for each dollar of the issue price of the Preferred Shares held. Holders of Preferred Shares have no pre-emptive rights.

Modifications

The class provisions of the Preferred Shares may be amended at any time with such approval as may be required by the CBCA. The CBCA currently provides that such approval may be given by at least two-thirds of the votes cast at a meeting of the holders of Preferred Shares. The Articles of the Corporation provide, in respect of meetings of holders of Preferred Shares, that a quorum is constituted by the holders of such number of Preferred Shares carrying at least 25% of the voting rights attached to all the outstanding Preferred Shares; however, at any adjourned meeting in the event of a failure to meet the quorum requirement, the quorum will be constituted by the persons present at such adjourned meeting, irrespective of the percentage of outstanding Preferred Shares held by such persons.

Series 2 Preferred Shares

The Series 2 Preferred Shares are non-voting, redeemable at the Corporation's option at CAN\$25.50 per share (together with accrued and unpaid dividends), convertible on a one-for-one basis on August 1, 2007 and on August 1 of every fifth year thereafter into Series 3 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 2 Preferred Shares, such remaining number shall be automatically converted into an equal number of Series 3 Preferred Shares. Additionally, if the Corporation determines that at such time, there would be less than 1,000,000 outstanding Series 3 Preferred Shares, then no Series 2 Preferred Shares may be converted. Since August 1, 2002, floating adjustable cumulative preferential cash dividends are payable monthly, if declared, with the annual floating dividend rate equal to 80% of the Canadian prime rate. The dividend rate will float in relation to changes in the prime rate and will be adjusted upwards or downwards on a monthly basis to a monthly maximum of 4% of the prime rate if the trading price of the Series 2 Preferred Shares is less than CAN\$24.90 per share or more than CAN\$25.10 per share.

Series 3 Preferred Shares

The Series 3 Preferred Shares are non-voting, redeemable at the Corporation's option at CAN\$25.00 per share (together with accrued and unpaid dividends) on August 1, 2007 and on August 1 of every fifth year thereafter, convertible on a one-for-one basis at the option of the holder on August 1, 2007 and on August 1 of every fifth year thereafter into Series 2 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 3 Preferred Shares, such remaining number shall be automatically converted into an equal number of Series 2 Preferred Shares. Additionally, if the Corporation determines that at such time there would be less than 1,000,000 outstanding Series 2 Preferred Shares, then no Series 3 Preferred Shares may be converted. The Series 3 Preferred Shares carry an annual dividend rate of 5.476% for the initial five-year period from August 1, 2002 to and including July 31, 2007, payable quarterly, if declared. The quarterly dividend rate will be fixed by the Corporation at least 45 days and not more than 60 days before each subsequent five-year dividend period. Each five-year fixed dividend rate selected by the Corporation shall not be less than 80% of the Government of Canada bond yield as defined in the Articles of Amendment creating the Series 3 Preferred Shares.

Series 4 Preferred Shares

The 6.25% Series 4 Preferred Shares are entitled to fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, at a rate equal to CAN\$1.5625 per share per annum. Dividends are payable quarterly on the last day of July, October, January and April each year at a rate of CAN\$0.3906 per share per quarter. The Series 4 Preferred Shares, which are non-voting, will not be redeemable prior to March 31, 2007. On and after March 31, 2007, the Corporation may, subject to certain provisions, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 4 Preferred Shares in whole or in part, at the Corporation's option, at CAN\$26.00 per share if redeemed prior to March 31, 2008, CAN\$25.75 if redeemed thereafter and prior to March 31, 2009, CAN\$25.50 if redeemed thereafter and prior to March 31, 2010, CAN\$25.25 if redeemed thereafter and prior to March 31, 2011 and CAN\$25.00 if redeemed on or after March 31, 2011, in each case together with all declared and unpaid dividends to the date of redemption. Alternatively, on and after March 31, 2007, the Corporation may, on not less than 30 nor more than 60 days' notice, subject to stock exchange approvals, convert all or any of the Series 4 Preferred Shares into fully paid and non-assessable Class B Subordinate Voting Shares of the Corporation. The number of Class B Subordinate Voting Shares of the Corporation into which each Series 4 Preferred Share may be so converted will be determined by dividing the applicable redemption price per Series 4 Preferred Shares together with all declared and unpaid dividends at the date of conversion by the greater of CAN\$2.00 and 95% of the weighted average trading price of such Class B Subordinate Voting Shares on the TSX for the period of 20 consecutive

trading days which ends on the fourth day prior to the date specified for conversion or, if that fourth day is not a trading day, on the trading day immediately preceding such fourth day. The Corporation may, at its option, at any time grant the holders of Series 4 Preferred Shares the right, but not the obligation, to convert their shares upon notice into a further series of Preferred Shares.

Security Ratings

As of January 31, 2006, the Corporation had received BB and Pfd-4 ratings from Dominion Bond Rating Service Limited ("DBRS") for its senior debentures and preferred shares, respectively. The Corporation has received a BB rating for its corporate credit from Standard & Poor's ("S&P"). The Corporation's debt securities have also been rated Ba2 by Moody's Investors Service ("Moody's") and BB by Fitch Ratings ("Fitch"). Fitch and S&P have also rated the preferred shares of the Corporation respectively as a B+ and P4. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuance of securities.

DBRS rates (i) long term debt by rating categories ranging from a high of AAA to a low of D, and (ii) preferred shares by rating categories ranging from Pfd-1 (high) to a low of D. Similarly, S&P ratings range from a high of AAA to a low of D, Moody's ratings range from a high of Aaa to a low of C, and Fitch's ratings range from a high of AAA to a low of D.

The credit ratings accorded by DBRS, S&P, Moody and Fitch are not recommendations to purchase, hold or sell the securities. There is no assurance that the ratings will remain in effect for any given period of time or that the rating will not be revised or withdrawn entirely by DBRS, S&P, Moody's and Fitch in the future if it is in their judgement that circumstances so warrant.

Item 6 Market for the Securities of the Corporation

The Corporation's Class A Shares, Class B Subordinate Voting Shares, Series 2 Preferred Shares, Series 3 Preferred Shares and Series 4 Preferred Shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbols "BBD.MV.A", "BBD.SV.B", "BBD.PR.B", "BBD.PR.D" and "BBD.PR.C", respectively.

The "MV" and "SV" stock symbol extension program introduced in 2004 to indicate unique voting structures will be gradually discontinued by TSX Group's equity exchanges starting in early 2006. The implementation date for Bombardier's symbols' change will be effective as of June 5, 2006. Therefore, as a result of this decision, the symbols "BBD.MV.A" and "BBD.SV.B" will then revert back to BBD.A and BBD.B.

Trading Prices and Volumes

The following table sets forth the reported high and low sale prices in Canadian dollars and the cumulative volume of trading of each of the Corporation's securities listed for trading on the TSX for the periods indicated:

MONTH		Class A Shares "BBD.MV.A"	Class B Subordinate Voting Shares "BBD.SV.B"	Series 2 Preferred Shares "BBD.PR.B"	Series 3 Preferred Shares "BBD.PR.D"	Series 4 Preferred Shares "BBD.PR.C"
January 2006	High	\$3.13	\$3.13	\$15.98	\$16.00	\$18.99
	Low	\$2.75	\$2.74	\$14.53	\$15.26	\$17.56
	Volume	1,106,874	92,717,846	98,717	195,990	192,065
December 2005	High	\$2.95	\$2.96	\$15.60	\$15.74	\$18.89
	Low	\$2.34	\$2.34	\$13.75	\$14.51	\$17.06
	Volume	1,234,588	117,597,565	143,737	225,095	332,141
November 2005	High	\$2.80	\$2.79	\$16.06	\$16.45	\$19.30
	Low	\$2.35	\$2.34	\$14.95	\$15.32	\$18.25
	Volume	982,988	94,631,948	78,770	132,715	193,552
October 2005	High	\$2.96	\$2.95	\$16.99	\$17.90	\$20.95
	Low	\$2.45	\$2.44	\$15.27	\$15.75	\$18.63
	Volume	989,820	97,131,459	50,872	134,068	156,599
September 2005	High	\$3.32	\$3.29	\$18.00	\$17.94	\$20.95
	Low	\$2.80	\$2.85	\$16.39	\$17.09	\$20.10
	Volume	1,041,053	130,408,353	57,637	174,432	128,710
August 2005	High	\$3.69	\$3.66	\$18.59	\$18.50	\$21.08
	Low	\$2.96	\$2.99	\$17.47	\$17.51	\$20.50
	Volume	1,400,466	152,263,106	40,413	226,359	361,239
July 2005	High	\$3.43	\$3.39	\$18.51	\$18.80	\$21.20
	Low	\$2.61	\$2.56	\$17.11	\$18.05	\$20.00
	Volume	1,446,383	161,594,340	78,595	173,654	236,093
June 2005	High	\$2.88	\$2.75	\$18.25	\$19.15	\$21.50
	Low	\$2.57	\$2.46	\$16.00	\$15.90	\$18.99
	Volume	822,142	66,674,511	121,296	539,534	349,133
May 2005	High	\$2.81	\$2.70	\$15.89	\$16.33	\$19.47
	Low	\$2.52	\$2.41	\$14.65	\$15.56	\$18.11
	Volume	511,774	100,213,439	44,401	308,584	244,917
April 2005	High	\$2.98	\$2.75	\$15.95	\$16.85	\$20.26
	Low	\$2.46	\$2.28	\$15.00	\$15.75	\$18.65
	Volume	919,219	182,369,201	28,114	786,285	1,985,439
March 2005	High	\$3.30	\$3.10	\$16.99	\$17.25	\$20.95
	Low	\$2.83	\$2.62	\$15.00	\$16.10	\$19.67
	Volume	1,256,719	138,020,740	90,357	318,913	340,932
February 2005	High	\$2.98	\$2.81	\$16.85	\$16.30	\$20.08
	Low	\$2.67	\$2.47	\$14.46	\$15.20	\$19.00
	Volume	965,881	91,727,841	85,159	457,061	241,262

Item 7 Directors and Executive Officers

The names of the directors and executive officers of the Corporation, their municipality of residence, the positions held by them within the Corporation, the principal occupations of the directors, the period during which each director has exercised his or her mandate, as well as the number of Class A Shares, Class B Subordinate Voting Shares or Deferred Stock Units, as the case may be, of the Corporation that the directors, as at March 31, 2006, or as at January 31, 2006 for Director Deferred Stock Units (DDSU), owned beneficially or over which they exercised control or direction, are indicated below. No Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares are held by any director.

Directors

Name, Municipality of Residence, Principal Occupation(s) and Position(s) held within the Corporation	Period of service as a director			
		Class A Shares ⁽¹⁾	Class B Subordinate Voting Shares ⁽¹⁾	Director Deferred Stock Units ⁽²⁾
LAURENT BEAUDOIN, C.C., FCA Westmount, Québec Chairman of the Board and Chief Executive Officer of the Corporation	1975 to date	9,626,951 ⁽³⁾	4,238,493 ⁽³⁾	—
PIERRE BEAUDOIN Westmount, Québec Executive Vice President of the Corporation and President and Chief Operating Officer of Bombardier Aerospace	2004 to date	512,859	1,312	—
ANDRÉ BÉRARD ^{(a)(b)(c)} Montréal, Québec Corporate Director	2004 to date	—	5,000	69,050
J.R. ANDRÉ BOMBARDIER Montréal, Québec Vice Chairman of the Corporation	1975 to date	⁽⁴⁾	265,774	—
JANINE BOMBARDIER Westmount, Québec President and Governor, J. Armand Bombardier Foundation, charitable organization	1984 to date	⁽⁵⁾	40,001	80,709
L. DENIS DESAUTELS ^{(a)(c)} Ottawa, Ontario Corporate Director	2003 to date	—	6,500	39,747
MICHAEL J. DURHAM ^{(6)(a)(c)} Dallas, Texas, U.S.A. Corporate Director	2005 to date	—	—	23,438
JEAN-LOUIS FONTAINE Westmount, Québec Vice Chairman of the Corporation	1975 to date	4,097,472 ⁽⁷⁾	6,466	—
DANIEL JOHNSON ⁽⁸⁾ (a)(c)(d) Montréal, Québec Counsel, McCarthy Tétrault, LLP Barristers and Solicitors	1999 to date	—	1,200	70,307
JEAN C. MONTY ^{(9)(b)(d)} Montréal, Québec Corporate Director	1998 to date	25,000	175,000	111,762
ANDRÉ NAVARRI Paris, France Executive Vice President of the Corporation and President of Bombardier Transportation	2004 to date	—	50,000	—

Name, Municipality of Residence, Principal Occupation(s) and Position(s) held within the Corporation	Period of service as a director	Class B Subordinate Voting Shares ⁽¹⁾		Director Deferred Stock Units ⁽²⁾
		Class A Shares ⁽¹⁾		
JAMES E. PERRELLA ^{(b)(d)} Jupiter, Florida, U.S.A. Retired Chairman and Chief Executive Officer, Ingersoll-Rand Company, diversified industrial company and component manufacturer	1999 to date	—	10,000	149,729
CARLOS E. REPRESAS ^{(b)(c)} Mexico City, Mexico Chairman of the Board, Nestlé Group México	2004 to date	—	—	40,465
FEDERICO SADA G. ^{(10)(d)} Garza, Garcia, Mexico President and Chief Executive Officer Vitro, S.A. de C.V., glass producing company	2003 to date	—	—	68,585
HEINRICH WEISS ^(a) Düsseldorf, Germany Chairman and Chief Executive Officer SMS GmbH	2005 to date	—	—	36,831

(1) Number of shares held is given as at March 31, 2006.

(2) Number of Director Deferred Stock Units (DDUs) is given as at January 31, 2006 as the number of DDUs under the Director Deferred Stock Unit Plan is calculated and reported as at the end of the Corporation's fiscal year(s) and quarterly period(s).

(3) 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.

(4) 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.

(5) 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.

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

(7) 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.

(8) 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.

(9) 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.

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

(a) Member of the Audit Committee.

(b) Member of the Human Resources and Compensation Committee.

(c) Member of the Retirement Pension Oversight Committee.

(d) Member of the Corporate Governance and Nominating Committee.

Each director remains in office until the following annual shareholders' meeting or until the election of his/her successor, unless he/she resigns or his/her office becomes vacant as a result of his/her death, removal or any other cause.

Executive Officers who are not Directors

<u>Name and Municipality of Residence</u>	<u>Position held within the Corporation</u>
Pierre Alary Montréal, Québec	Senior Vice President and Chief Financial Officer
Richard C. Bradeen Montréal, Québec	Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment
Roger Carle Town of Mount-Royal, Québec	Corporate Secretary
Daniel Desjardins Montréal, Québec	Senior Vice President, General Counsel and Assistant Secretary
François Lemarchand Montréal, Québec	Senior Vice President and Treasurer
Carroll L'Italien Westmount, Québec	Senior Vice President
John Paul Macdonald Longueuil, Québec	Senior Vice President, Public Affairs
Marie-Claire Simoneau Montréal, Québec	Executive Assistant to the Chairman of the Board

As at March 31, 2006, the directors of the Corporation (other than Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and the executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, 14,279,302 Class A Shares and 5,005,411 Class B Subordinate Voting Shares, representing 4.48% and 0.35% , respectively, of the outstanding shares of each such class.

The directors and executive officers of the Corporation who have not occupied their current principal occupations for more than five years have had the following principal occupations during the last five years, except that where a director or executive officer has held more than one position in the same company or an affiliate of such company, only the date of his/her appointment to his current position is indicated:

- Pierre Alary has been Senior Vice President and Chief Financial Officer since June 9, 2003, after having assumed such position on an interim basis on February 12, 2003; previously, he was Vice President Finance of Bombardier since November 1, 2002; from August 17, 1998 to October 31, 2002, he was Vice President, Finance of Bombardier Transportation.
- Laurent Beaudoin has been Chairman of the Board and Chief Executive Officer since December 13, 2004 heading the Office of the President, whose members also include Pierre Beaudoin, President and Chief Operating Officer of Bombardier Aerospace and Executive Vice President of Bombardier, and André Navarri, President of Bombardier Transportation and Executive Vice President of Bombardier; prior to that, he was Executive Chairman of the Board since June 10, 2003 and, before that, Chairman of the Board and of the Executive Committee since February 1, 1999.
- Pierre Beaudoin has been Executive Vice President of Bombardier and, together with André Navarri, a member of the Office of the President, headed by Laurent Beaudoin since December 13, 2004; he has also served as President and Chief Operating Officer of Bombardier Aerospace since October 16, 2001; prior to that, he was President, Business Aircraft, Bombardier Aerospace since February 1, 2001; before that, he was President and Chief Operating Officer of Bombardier Recreational Products from April 1996 to January 2001.
- André Bérard was Chairman of the Board of National Bank of Canada from 2002 to 2004 after having been Chairman of the Board and Chief Executive Officer from 1990 to 2002.

- Richard C. Bradeen has been Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment since January 20, 2005; prior to that date, he was Senior Vice President, Corporate Audit Services and Risk Assessment since October 1, 2003, after having acted, on an interim basis, as Vice President, Corporate Audit Services and Risk Assessment since November 25, 2002; he was also Vice President, Special Projects, responsible for Amphibious Aircraft Division, Structured Finance and Military Aviation Training Service from April 8, 2002 to January 20, 2005; prior to that date, he was Vice President, Corporate Audit Services and Risk Assessment of the Corporation since February 1, 2001; prior to that date, he was Vice-President, Acquisitions and Strategic Alliances of the Corporation since February 1, 1999.
- L. Denis Desautels has been acting as a Corporate Director since October 1, 2002; before that date he was Auditor General of Canada from April 1, 1991 until March 31, 2001.
- Daniel Desjardins has been Senior Vice President, General Counsel and Assistant Secretary of the Corporation since October 1, 2003; prior to that date, he served as Vice President, Legal Services and Assistant Secretary since April 6, 1998.
- Michael J. Durham was with AMR Corporation for 20 years. He worked at American Airlines for the first 17 years, notably as Senior Vice President, Finance and Chief Financial Officer, then for three years as President and Chief Executive Officer of Sabre Inc., a NYSE-listed company providing information technology services to the travel industry.
- François Lemarchand has been Senior Vice President and Treasurer of the Corporation since October 1, 2003; prior to that date, he was Vice President and Treasurer of the Corporation since October 1, 1996.
- John Paul Macdonald has been Senior Vice President, Public Affairs of Bombardier since January 20, 2005, while continuing to act as Vice President, Communications of Bombardier Aerospace since 2002; from 1999 to 2002, he was Vice President, Corporate Affairs of Molson Inc.
- Jean C. Monty has been acting as corporate director since April 2002; before that date, he had been Chairman and Chief Executive Officer of BCE Inc., a telecommunications company, since April 26, 2000, after having been President and Chief Executive Officer of BCE Inc. since May 6, 1998 and previously President and Chief Operating Officer of BCE Inc. from October 1, 1997 to May 6, 1998; he had also been Chairman and Chief Executive Officer of Bell Canada since February 28, 1998.
- André Navarri has been Executive Vice President of Bombardier and, together with Pierre Beaudoin, a member of the Office of the President headed by Laurent Beaudoin since December 13, 2004; he has also served as President of Bombardier Transportation since February 22, 2004; prior to that date, 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 Chairman and Chief Executive Officer of Valeo, a worldwide automotive component maker.

Item 8 Legal Proceedings

The Corporation is a defendant in certain legal proceedings currently pending before various courts in relation to product liability and contract disputes with customers and other third parties.

The Corporation intends to vigorously defend its position in these proceedings. While management cannot predict the final outcome of legal proceedings that were pending as at January 31, 2006, based on information currently available, it believes that the resolution of these legal proceedings will not have a material adverse effect on its financial position.

On February 7, 2005, Teamsters Local 445 Freight Division Pension Fund filed a class action complaint in the United States district (i.e. federal) court of the Southern District of New York against the Corporation,

Bombardier Capital Inc., Bombardier Capital Mortgage Securitization Corporation ("BCMSC") and others for alleged violations of federal securities laws relating to BCMSC's Senior/Subordinated Pass-Through Certificates, Series 2000-A due January 15, 2030. On April 15, 2005, the plaintiffs filed an amended complaint, such amendments include the inclusion of all open market purchasers of BCMSC's Senior/Subordinated Pass-Through Certificates, Series 1998-A, Series 1998-B, Series 1998-C, Series 1999-A, Series 1999-B, Series 2000-A and Series 2000-B as part of the putative class. While it cannot predict the outcome of any legal proceedings, based on information currently available, the Corporation believes that it has strong defences to such proceedings and it intends to vigorously defend its position.

Item 9 Transfer Agent and Registrar

The registrar and transfer agent for each class of the Corporation's publicly listed securities is Computershare Investor Services Inc. at its principal office in each of the Canadian cities of Halifax, Montréal, Toronto, Winnipeg, Calgary and Vancouver.

Item 10 Material Contracts

Since February 1, 2005, the Corporation has entered into the contract described below outside the ordinary course of business that is material to it or its businesses and that remains (or that contains various provisions that remain) in effect.

On April 18, 2005, the Corporation announced an agreement to sell Bombardier Capital's Inventory Finance Division to GE Commercial Finance, which resulted in cash proceeds of approximately \$1.3 billion, approximately \$700 million after repayment by Bombardier Capital of its private bank-sponsored securitized floorplan conduits not transferred to GE Commercial Finance, and subject to customary adjustments. As a result, Bombardier Capital Inc. and Bombardier Capital Ltd. respectively entered into Asset Purchase Agreements with GE Commercial Distribution Finance Corporation and GE Commercial Distribution Finance Canada, respectively, for the sale of such Division. Bombardier Capital's inventory financing business was comprised of trade receivables in the marine, recreational products, recreational vehicles and manufactured housing industries. GE Commercial Finance also assumed after closing the future servicing obligations of Bombardier Capital under public securitizations.

Item 11 Interest of Experts

Ernst & Young LLP is the external auditor who prepared the Auditors' Reports to the Shareholders of Bombardier Inc. under Canadian generally accepted auditing standards. Ernst & Young LLP has confirmed to the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des Comptables agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered accountants in the other provinces of Canada.

Item 12 Audit Committee Disclosure

Multilateral Instrument 52-110 — *Audit Committees* (including Form 52-110F1 — *Audit Committee Information Required in an AIF*) requires issuers to disclose in their annual information forms certain information with respect to the existence, charter, composition, and education and experience of their audit committees, as well as all fees paid to external auditors. The charter of the Corporation's audit committee is attached as Schedule "C" to the Corporation's Management Proxy Circular dated April 13, 2006 for its annual

meeting of shareholders to be held on May 30, 2006, and the other required disclosure regarding the audit committee referred to above is set out at pages 12 and 13 of such Management Proxy Circular. Schedule "C" to the Corporation's Management Proxy Circular and pages 36 to 39 thereof are incorporated by reference into this Annual Information Form.

Item 13 Additional Information

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's Management Proxy Circular dated April 13, 2006 prepared in respect of its annual meeting of shareholders to be held on May 30, 2006. Additional financial information is provided in the Corporation's financial statements and Management Discussion & Analysis for its most recently completed financial year. All information incorporated by reference into this Annual Information Form is contained or included in one of the Corporation's continuous disclosure documents filed with the Canadian securities regulatory authorities which may be viewed on SEDAR at www.sedar.com. Where a section of this Annual Information Form incorporates by reference information from one of the Corporation's other continuous disclosure documents, such section makes specific reference to the document in which such information is originally contained or included, as well as to the relevant page and/or section.

Item 14 Forward-Looking Statements

This Annual Information Form includes forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Corporation's actual results in future periods to differ materially from forecasted results. While the Corporation considers its assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate. For additional information with respect to the assumptions underlying the forward-looking statements made in this Annual Information Form, please refer to the respective sections of the Corporation's aerospace segment and the Corporation's transportation segment in the Management's Discussion and Analysis on the Corporation's Web site at www.bombardier.com.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with the Corporation's business environment (such as the financial condition of the airline industry, government policies and priorities and competition from other businesses), operational risks (such as regulatory risks and dependence on key personnel, risks associated with doing business with partners, risks involved with developing new products and services, warranty and casualty claim losses, legal risks from legal proceedings, risks relating to the Corporation's dependence on certain key customers and key suppliers, risks resulting from fixed term commitments, human resource risk and environmental risk), financing risks (such as risks resulting from reliance on government support, risks relating to financing support provided on behalf of certain customers, risks relating to liquidity and access to capital markets, risks relating to the terms of certain restrictive debt covenants and market risks, including currency, interest rate and commodity pricing risk). For more information on these factors, please see the heading entitled "Risks and Uncertainties" in the Management's Discussion and Analysis on the Corporation's Web site at www.bombardier.com. Investors and others are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect the Corporation's expectations as at the date of this Annual Information Form and are subject to change after such date. Unless otherwise required by applicable securities

laws, the Corporation expressly disclaims any intention, and assumes no obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SCHEDULE A

LIST OF TRADEMARKS OF BOMBARDIER INC. AND ITS SUBSIDIARIES USED IN THE ANNUAL INFORMATION FORM

- Bombardier
- Bombardier 415
- Bombardier Global 5000
- Challenger
- Challenger 300
- Challenger 604
- Challenger 605
- Challenger 850
- Challenger 870
- CRJ
- CRJ200
- CRJ700
- CRJ705
- CRJ900
- CSeries
- Flexjet
- Global Express
- Global Express XRS
- Learjet
- Learjet 40
- Learjet 40XR
- Learjet 45
- Learjet 45XR
- Learjet 60
- Q-Series
- Q200
- Q300
- Q400
- Skyjet
- Skyjet International
- Smart Parts