

BOMBARDIER

■ **Notice of
Annual Meeting
of Shareholders**

■ **Management
Proxy
Circular**

2012

Bombardier Inc.

Notice of Annual Meeting of Shareholders 2012

Date: Thursday, May 10, 2012

Time: 9:30 a.m. (Montréal time)

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

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Monday, March 12, 2012, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,

ROGER CARLE
(signed)

Roger Carle
Corporate Secretary

Montréal, Québec, Canada, March 12, 2012

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended December 31, 2011 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consider and, if deemed appropriate, adopt a non-binding advisory resolution (the full text of which is reproduced on page 15 of the Management Proxy Circular) on Bombardier Inc.'s approach to executive compensation;
5. Consideration and, if deemed appropriate, approval of the three shareholder proposals set out in Schedule "A" to the Management Proxy Circular; and
6. Consideration of such other business as may properly come before the meeting.

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

Any registered shareholder, that is a shareholder who has requested and received from Computershare Investor Services Inc., the transfer agent for all the shares of Bombardier Inc., a share certificate on which his/her shares are registered in his/her name, wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Wednesday, May 9, 2012. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular on page 4.

Any non-registered shareholder, that is a shareholder who did not request to receive from Computershare Investor Services Inc. a share certificate on which his/her shares are registered in his/her name and, as a result, whose shares are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution, should refer to page 5 of the Management Proxy Circular for information on how to submit a proxy.

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

REMINDER TO THE READER

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

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2012 Management Proxy Circular

This Management Proxy Circular is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting) (the “Class A shares”), and/or Class B shares (subordinate voting) (the “Class B subordinate shares”), of the Corporation to be held on Thursday, May 10, 2012 at 9:30 a.m. (Montréal time) at the Centre Mont-Royal, Auditorium – level 1, 2200 Mansfield Street, Montréal, Québec, Canada, and at any and all adjournments thereof.

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

Section 1: Voting Information

Who is soliciting my proxy?

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

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 7 to 13 and 16 to 21);
- the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation (see pages 14 and 15);
- the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 15 of this Management Proxy Circular) on Bombardier’s approach to executive compensation; and
- each of the three shareholder proposals set out in Schedule “A” attached to this Management Proxy Circular (see pages 62 to 64).

How will these matters be decided at the meeting?

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

How many votes do I have?

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

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with

the Class B subordinate shares represented, as at March 12, 2012, 31.39% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

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

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Monday, March 12, 2012 will be entitled to vote at the meeting and any adjournment thereof if present or represented by proxy.

How many shares are entitled to be voted?

As at March 12, 2012, there were 314,537,162 Class A shares and 1,438,727,131 Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and officers of the Corporation, the only persons who, as at February 29, 2012 beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine. These four persons indirectly controlled, through holding companies, 249,199,910 Class A shares and 1,118,275 Class B subordinate shares, representing in the aggregate 79.23% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.39% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on page 9 and in the notes (A), (E), (F) and (G) on page 12 of this Management Proxy Circular as to the number of Class A shares and Class B subordinate shares held by each of these four persons.

As at February 29, 2012, the directors of Bombardier (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and executive officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,688,275 Class A shares and 1,607,201 Class B subordinate shares, representing 5.62% and 0.11%, respectively, of the outstanding shares of each such class.

As at February 29, 2012, there were 314,537,162 Class A shares and 1,438,677,131 Class B subordinate shares of Bombardier issued and outstanding.

How do I vote?

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

If you are eligible to vote as a non-registered shareholder, please see the instructions below under the headings “As a non-registered shareholder, how do I vote?” and “As a non-registered shareholder, how do I vote in person at the meeting?” at page 5.

Voting by proxy

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

How will my proxyholder vote?

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 15 of this Management Proxy Circular) on Bombardier’s approach to executive compensation; and

AGAINST each of the three shareholder proposals set out in Schedule “A”.

Proxy Voting Options

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

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

Mail or Fax

Registered shareholders electing to submit a proxy by mail or fax must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc., or Computershare, either in the postage pre-paid return envelope provided or by fax at 1-866-249-7775 no later than 4:00 p.m. (Montréal time) on Wednesday, May 9, 2012.

Telephone

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

Internet

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

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

Non-registered shareholders will be provided with voting instructions by their nominees. Please see further instructions below under the heading “As a non-registered shareholder, how do I vote?” (page 5).

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

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

As of the date of this Management Proxy Circular, the management of Bombardier is not aware that any other matter is to be presented at the meeting. If, however, other matters properly come before the meeting, the persons named in the enclosed form of proxy will vote on

them in accordance with their judgment, pursuant to the discretionary authority conferred upon them by the form of proxy with respect to such matters.

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

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

Who counts the proxies?

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

Is my vote confidential?

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

How are proxies solicited?

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

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

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

FOR the adoption of a non-binding advisory resolution (the full text of which is reproduced on page 15 of this Management Proxy Circular) on Bombardier's approach to executive compensation; and

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

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

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

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

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

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

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

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

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

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

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

Electronic voting at the meeting

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

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

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

Computershare Investor Services Inc.

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

or by telephone at: 1 800 564-6253.

Section 2 : Business of the Meeting

Election of the Directors of Bombardier

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

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


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

Mrs. Janine Bombardier will retire at the close of the Meeting, after serving on the Board of Directors since 1984, and will not seek re-election as a director. Information relating to Mrs. Bombardier therefore does not appear below along with the information regarding the fifteen (15) proposed nominees for election as directors of the Corporation. Nevertheless, because Mrs. Bombardier will act as director up to the Meeting, information concerning her appears in the other sections of this Circular that pertain to the members of the Board. The

current Board of Directors proposes that Mrs. Joanne Bissonnette and Ms. Sheila Fraser be elected as new directors of the Corporation for the ensuing year.


Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your nominee, if you are a non-registered shareholder, will vote for the election of the 15 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier, except Mrs. Joanne Bissonnette and Ms. Sheila Fraser.

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

LAURENT BEAUDOIN, C.C., F.C.A. (A) (D)		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Chairman of the Board of Directors of Bombardier Westmount, Québec, Canada Age: 73 Director since 1975 Not independent</p>	December 31, 2011	13,052,944	812,500	1,553,859 (C)
	January 31, 2011	13,052,944	812,500	1,531,816 (C)
	Change	—	—	22,043 (C)


Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He launched his career in 1961 by founding a chartered accountants firm in Quebec City. He joined Bombardier in 1963 as Comptroller, became General Manager in 1964 and President and Chief Executive Officer in 1966. In June 2008, he handed over his responsibilities as Chief Executive Officer to Mr. Pierre Beaudoin, and remained Chairman of the

Board of Directors. He holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since December 2003, he is the Chairman of the Board of BRP and since October 2010, he is President of First Robotics Quebec.

PIERRE BEAUDOIN		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>President and Chief Executive Officer of Bombardier Westmount, Québec, Canada Age: 49 Director since 2004 Not independent</p>	December 31, 2011	512,859	75,341	1,344,000
	January 31, 2011	512,859	68,897	880,000
	Change	—	6,444	464,000


Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in 1985. In October 1990, he was appointed Vice President, Product Development of the Sea-Doo/Ski-Doo division. From June 1992 to January 1994, he was Executive Vice President of the Sea-Doo/ Ski-Doo division of Bombardier and he acted as its President from January 1994 until April 1996. From April 1996 to January 2001, he was President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he

became President and Chief Operating Officer of Bombardier Aerospace in October 2001. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier and he also then became a member of the Board of Directors of Bombardier. Since June 4, 2008, he assumes the responsibilities of President and Chief Executive Officer of Bombardier. He is a member of the Boards of Directors of Power Corporation of Canada and BRP.


ANDRÉ BÉRARD		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Montréal, Québec, Canada Age: 71 Director since 2004 Lead Director Chairman of the Finance and Risk Management Committee Member of the Audit Committee and the Human Resources and Compensation Committee Independent</p>	December 31, 2011	—	5,000	297,596
	January 31, 2011	—	5,000	257,116
	Change	—	—	40,480

Mr. André Bérard was Chairman of the Board of National Bank of Canada from 2002 to 2004, after having assumed the duties of Chairman of the Board and Chief Executive Officer from 1990 to 2002, President and Chief Executive Officer in 1989 and President and Chief Operating Officer from

1986 to 1989. Between 1958 and 1986, he held various positions of increasing responsibilities at National Bank of Canada. He is a member of the Boards of Directors of BCE Inc., BMTG Group Inc., Saputo Inc. and Trans-Force Inc.


JOANNE BISSONNETTE (E)		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Outremont, Quebec, Canada Age: 50 Not independent</p>	December 31, 2011	—	5,824	—
	January 31, 2011	—	5,824	—
	Change	—	—	—

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

J.R. ANDRÉ BOMBARDIER		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Vice Chairman of Bombardier Montréal, Québec, Canada Age: 69 Director since 1975 Not independent</p>	December 31, 2011	(F)	265,774	142,339
	January 31, 2011	(F)	265,774	110,922
	Change	—	—	31,417


Mr. J. R. André Bombardier joined Bombardier in 1969 as Vice President, Industrial Division. He successively held the positions of Vice President, Research and Development, Ski-Doo Division (1970), Assistant to the President and in charge of new products (1973), Vice President of

Marketing, Marine Products Division (1975) and President of Roski Ltd., a subsidiary of Bombardier (1976). He became Vice Chairman in 1978. He is a member of the Board of Directors of BRP.

MARTHA FINN BROOKS		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Atlanta, Georgia, United States Age: 52 Director since 2009 Member of the Audit Committee and the Human Resources and Compensation Committee Independent</p>	December 31, 2011	—	30,000	85,738
	January 31, 2011	—	10,000	50,606
	Change	—	20,000	35,132

Mrs. Martha Finn Brooks was, until her retirement in May 2009, President and Chief Operating Officer of Novelis, Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off by Alcan Inc. in 2005. From 2002 to 2005, she served

as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Prior to joining Alcan, she was a Vice President at engine manufacturer Cummins Inc. She is a member of the Boards of Directors of Harley-Davidson, Inc. and Jabil Circuit Inc.

L. DENIS DESAUTELS, O.C., F.C.A.		Class A shares	Class B subordinate shares	Deferred Stock Units (B)
 <p>Corporate Director Ottawa, Ontario, Canada Age: 68 Director since 2003 Chairman of the Audit Committee Member of the Finance and Risk Management Committee Independent</p>	December 31, 2011	—	10,000	142,315
	January 31, 2011	—	10,000	125,599
	Change	—	—	16,716

Mr. L. Denis Desautels was Auditor General of Canada from April 1, 1991 until March 31, 2001. As Auditor General of Canada, he was responsible for conducting examinations of the operations of the Government of Canada and of its numerous Crown corporations and agencies, as well as those of Canada's three territorial governments. At the time of his appointment, he was a senior partner in the Montreal Office of Ernst & Young. In his 27 years with Ernst & Young, he served the firm in various capacities and in a

number of offices, namely Montréal, Ottawa and Québec. He is currently Chairman of the Accounting Standards Oversight Council of the Canadian Institute of Chartered Accountants and was a member of the Expert Panel on Securities Regulation in Canada. He is Chairman of Laurentian Bank of Canada and a director of Groupe Jean Coutu (PJC) Inc. He also sits on the Boards of Governors of the International Development Research Centre (IDRC) and the University of Ottawa.

THIERRY DESMAREST

Honorary Chairman of the Board of Directors of Total S.A., a multinational energy (oil, gas and chemicals) corporation
Paris, France

Age: 66

Director since 2009

Member of the Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	—	—	68,568
January 31, 2011	—	—	38,198
Change	—	—	30,370

Mr. Thierry Desmarest has been Honorary Chairman and a member of the Board of Directors of Total since May 2010. He was Chairman of the Board of Directors of Total from February 2007 to May 2010. He joined Total in 1981 as Managing Director of Total Algeria. He held various positions within Total Exploration Production ultimately becoming its President and a member of Total's Executive Committee in 1989. He became President of the

Upstream segment in January 1995, and Chairman and Chief Executive Officer of Total a few months later. Following the merger with PetroFina in 1999, he became Chairman and Chief Executive Officer of TotalFina. In 2000, he was appointed Chairman and Chief Executive Officer of TotalFinaElf, and in 2003, he became Chairman and Chief Executive Officer of Total. He is also a member of the Boards of Directors of Sanofi-Aventis, Air Liquide and Renault.

JEAN-LOUIS FONTAINE (D) (G)

Vice Chairman of Bombardier Westmount, Québec, Canada
Age: 72

Director since 1975

Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	4,097,472	6,465	140,781
January 31, 2011	4,097,472	6,465	109,387
Change	—	—	31,394

Mr. Jean-Louis Fontaine began his career with Bombardier in 1964 as Vice President, Production, of its Ski-Doo division and rose through the ranks to become Vice President, Transportation Products in 1974. He was named

Vice President, Corporate Planning in 1977, a position he held until he became Vice Chairman in 1988. He currently serves on the Board of Directors of Héroux-Devtek Inc.

SHEILA FRASER (H)

Corporate Director
Ottawa, Ontario, Canada
Age: 61
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	—	—	—
January 31, 2011	—	—	—
Change	—	—	—

Ms. Sheila Fraser served as Auditor General of Canada from 2001 to 2011. Prior to joining the Office of the Auditor General as Deputy Auditor General in 1999, Ms. Fraser was a partner in the Quebec Office of Ernst & Young for 18 years. She chaired various committees of the International Organization of Supreme Audit Institutions (INTOSAI) as well as the Public Sector

Accounting Board of the Canadian Institute of Chartered Accountants. She currently serves as a public member of the International Federation of Accountants – International Public Sector Accounting Standards Board (IFAC-IPSASB). She also sits on the Boards of Directors of Manulife Financial Corporation and The Manufacturers Life Insurance Company.

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors
Montréal, Québec, Canada
Age: 67

Director since 1999

Member of the Audit Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	—	1,200	122,771
January 31, 2011	—	1,200	106,332
Change	—	—	16,439

A former Premier of the Province of Québec, Mr. Daniel Johnson was a member of the National Assembly of Québec for more than 17 years and held numerous offices in the Government of Québec from 1985 to 1994. He

is a director of the Bank of Canada, Global Exp. Inc., IGM Financial Inc., The Investors Group Inc. and Mackenzie Inc. and the Chairman of the Board of Victrom Human Bionics Inc. He is also Honorary Consul of Sweden in Montréal.

JEAN C. MONTY

Corporate Director
Montréal, Québec, Canada
Age: 64
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	25,000	175,000	313,886
January 31, 2011	25,000	175,000	277,096
Change	—	—	36,790

On April 24, 2002, Mr. Jean C. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.), following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President

and Chief Executive Officer in March 1993. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997. He is a member of the Boards of Directors of Fiera Sceptre Inc., DJM Capital Inc. and Alcatel-Lucent SA.

CARLOS E. REPRESAS

Corporate Director
Mexico City, Mexico
Age: 66
Director since 2004
Member of the Human Resources and Compensation Committee, the Finance and Risk Management Committee and the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	—	—	170,222
January 31, 2011	—	—	153,110
Change	—	—	17,112

Mr. Carlos E. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc. and Swiss Re Group. He is a member of the Latin American Business Council (CEAL). He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the

Latin American Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

JEAN-PIERRE ROSSO

Chairman, World Economic Forum USA Inc., an independent non-profit organization affiliated to the World Economic Forum, a non-profit foundation based in Geneva, Switzerland
New York, New York, United States
Age: 71
Director since 2006
Chairman of the Corporate Governance and Nominating Committee
Member of the Audit Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	—	—	202,392
January 31, 2011	—	—	164,625
Change	—	—	37,767

Mr. Jean-Pierre Rosso has chaired World Economic Forum USA Inc., based in New York City, United States, since April 2006. He served as Chairman of CNH Global N.V., an agricultural and construction equipment manufacturer, from November 1999 until his retirement in May 2004. He was Chief Executive Officer of CNH Global N.V. from November 1999 to November 2000. He acted as Chairman and Chief Executive Officer of Case Corporation, an

agricultural and construction equipment manufacturer, from March 1996 to November 1999, after having been President and Chief Executive Officer of Case Corporation from April 1994 to March 1996. He was President of the Home & Building Control Business of Honeywell, Inc. from 1992 to 1994 and before that, President of European operations of Honeywell, Inc. from 1987 until 1991. He is a member of the Board of Directors of Medtronic Inc.

HEINRICH WEISS

Chairman and Chief Executive Officer, SMS Holding GmbH, holding of an international group of corporations active in plant construction and mechanical engineering related to the processing of steel and non-ferrous metals Dusseldorf, Germany
Age: 69
Director since 2005
Member of the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
December 31, 2011	—	—	239,910
January 31, 2011	—	—	204,793
Change	—	—	35,117

Dr. Heinrich Weiss is a member of the Supervisory Boards of Deutsche Bahn AG, DB Mobility Logistics AG and Voith AG. He is Chairman of the Foreign Trade Advisory Council to the Secretary of Economics and Technology of Germany, Chairman of the Board of the German-Russian Chamber of

Commerce, a member of the Board of the Asia Pacific Committee of German Business as well as a member of the Board of the East-West Trade Committee.

NOTES

- (*) The information appearing on pages 8 to 12 of this Management Proxy Circular is determined as at December 31, 2011 and January 31, 2011, respectively.
- (*) No Series 2, Series 3 or Series 4 Preferred Shares are beneficially owned by a nominee or are subject to his or her control or direction.
- (A) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls, control or direction over 61,123,490 Class A shares and 812,500 Class B subordinate shares.
- (B) "Deferred Stock Units" are: (i) in the case of Mrs. Martha Finn Brooks and Messrs. André Bérard, J.R. André Bombardier, L. Denis Desautels, Thierry Desmarest, Jean-Louis Fontaine, Daniel Johnson, Jean C. Monty, Carlos E. Represas, Jean-Pierre Rosso and Heinrich Weiss, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 19 of this Management Proxy Circular; (ii) in the case of the Chairman of the Board of Directors of Bombardier, Mr. Laurent Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Stock Unit Plan for Senior Officers which is more fully explained on page 34 of this Management Proxy Circular; and (iii) in the case of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Share Unit Plan and the 2010 Deferred Share Unit Plan which are more fully explained on pages 29 to 31 of this Management Proxy Circular. The number of Deferred Stock Units for each director and for Messrs. Laurent Beaudoin and Pierre Beaudoin has been determined as at December 31, 2011 and January 31, 2011, respectively.
- (C) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of the Corporation, received an annual incentive of CAN \$1,400,000, CAN \$2,285,000 and CAN \$3,675,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units (CAN \$3.50 per Unit), 487,205 Deferred Stock Units (CAN \$4.69 per Unit) and 555,975 Deferred Stock Units (CAN \$6.61 per Unit), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, with the reinstatement of the payment of dividends on the Class A shares and the Class B subordinate shares of Bombardier since June 3, 2008, Mr. Beaudoin is credited with additional Deferred Stock Units if and when dividends are declared by the Board of Directors.
- (D) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board of Directors of the Corporation (please refer to page 59 of this Management Proxy Circular). Although Messrs. Laurent Beaudoin and Jean-Louis Fontaine have both attained the prescribed retirement age, the Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Messrs. Laurent Beaudoin and Jean-Louis Fontaine as directors of the Corporation during their annual meeting to be held on Thursday, May 10, 2012.
- (E) Mrs. Joanne Bissonnette is a new candidate proposed for election as a director of Bombardier. Mrs. Janine Bombardier, mother of Mrs. Joanne Bissonnette, exercises, through holding corporations which she controls, control or direction over 61,973,491 Class A shares and 40,001 Class B subordinate shares.
- (F) Mr. J.R. André Bombardier exercises, through holding corporations which he controls, control or direction over 65,401,042 Class A shares.
- (G) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls, control or direction over 60,701,887 Class A shares.
- (H) Ms. Sheila Fraser is a new candidate proposed for election as a director of Bombardier.

The following table sets forth the number of meetings of the Board of Directors of Bombardier and its Committees held between February 1, 2011 and December 31, 2011 and the record of attendance

at these meetings of the 14 current directors of the Corporation, all of whom, except for Mrs. Janine Bombardier, are nominees for election to the Board of Directors for the ensuing year.

Nominees	Board of Directors ⁽¹⁾	Audit Committee Chairman: L. Denis Desautels	Corporate Governance and Nominating Committee Chairman: Jean-Pierre Rosso	Human Resources and Compensation Committee Chairman: Jean C. Monty	Finance and Risk Management Committee Chairman: André Bérard	Individual Attendance Rate
Laurent Beaudoin	9/9	(2)	(2)	(2)	(2)	100%
Pierre Beaudoin	9/9	(2)	(2)	(2)	(2)	100%
André Bérard	9/9	6/6	—	5/5	6/6	100%
J.R. André Bombardier	9/9	—	—	—	—	100%
Janine Bombardier	9/9	—	—	—	—	100%
Martha Finn Brooks	9/9	6/6	—	5/5	—	100%
L. Denis Desautels	9/9	6/6	—	—	6/6	100%
Thierry Desmarest	9/9	—	5/5	5/5	—	100%
Jean-Louis Fontaine	9/9	—	—	—	—	100%
Daniel Johnson	9/9	5/6	—	—	6/6	95%
Jean C. Monty	9/9	—	5/5	5/5	—	100%
Carlos E. Represas	9/9	—	4/5	4/5	5/6	88%
Jean-Pierre Rosso	8/9	6/6	5/5	—	—	95%
Heinrich Weiss	8/9	—	4/5	—	—	86%
Overall Attendance Rate:	98%	97%	92%	96%	96%	—%

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

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

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

- (a) is, as at the date of this Management Proxy Circular, or has been, within ten years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that:
 - (i) was the subject, while such person was acting in that capacity, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (ii) was subject to an event that occurred while that person was acting in such capacity and which resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became

bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

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

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

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

Appointment of the External Auditors of Bombardier

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

For each of the financial years ended December 31, 2011 and January 31, 2011, Ernst & Young, LLP, billed Bombardier the following fees for their services:

Fees	Financial Year Ended December 31, 2011 (\$)	Financial Year Ended January 31, 2011 (\$)
Audit Fees	13,919,000	14,355,000
Audit-related Fees	976,000	613,000
Tax Fees	2,574,000	5,147,000
All Other Fees	231,000	202,000
Total Fees	17,700,000	20,317,000

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

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

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

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

Audit Committee Information

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

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

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

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

Martha Finn Brooks - Mrs. Brooks is a member of the Audit Committee since 2009. She holds a B.A. in economics and political science and an M.B.A. in international business from Yale University. She was, until her retirement in 2009, President and Chief Operating Officer of Novelis Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off as a TSX and NYSE listed company by Alcan Inc. in 2005. From 2002 to 2005, she served as President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia and Corporate Senior Vice President of Alcan. Prior to joining Alcan Inc., she was a Vice President at engine manufacturer Cummins, Inc. where she worked over 15 years in various general management, marketing

and business development roles. She was a member of the audit committee of International Paper Company between 2004 and 2007. She is currently a member of the audit committee of Jabil Circuit Inc.

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

Leader of the Official Opposition until May 1998. He is currently a member of the audit committees of the Bank of Canada, Victhom Human Bionics Inc. and Exp Global Inc.

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

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

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

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

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 52 of this Management Proxy Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

The Board of Directors of Bombardier has decided, during its meeting on March 30, 2011, to implement advisory, but non-binding, votes on executive compensation (otherwise known as "Say on Pay"). Thus, the shareholders of the Corporation, during their annual meeting on May 10, 2012, will be called to vote "**FOR**" or "**AGAINST**" the adoption of the following resolution with respect to Bombardier's approach to executive compensation:

"RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Bombardier Inc., that the shareholders of Bombardier Inc. accept the approach to executive compensation disclosed in the Management Proxy Circular delivered in advance of the annual meeting of the shareholders of Bombardier Inc. held on May 10, 2012".

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

The results of the vote will also be included in the report on voting results to be posted on the SEDAR website, at www.sedar.com, following the annual meeting of shareholders of Bombardier on May 10, 2012.

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

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

Section 3: Remuneration of the Directors of Bombardier

Summary Compensation Table

The Summary Compensation Table below shows all of the annual compensation information for each of the members of the Board of Directors of Bombardier for the financial year ended December 31, 2011, with the exception of the President and Chief Executive Officer, Mr. Pierre Beaudoin, who did not receive any compensation for acting as a director of the Corporation.

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

Name of Board Members	Total Fees Earned ⁽¹⁾ (\$)	Pension Value ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
Laurent Beaudoin	600,000	1,079,800	63,160	1,742,960
André Bérard	185,000	—	—	185,000
J.R. André Bombardier	150,000	281,700	42,460	474,160
Janine Bombardier	150,000	—	—	150,000
Martha Finn Brooks	175,000	—	—	175,000
L. Denis Desautels	175,000	—	—	175,000
Thierry Desmarest	175,000	—	—	175,000
Jean-Louis Fontaine	150,000	410,700	14,300	575,000
Daniel Johnson	160,000	—	—	160,000
Jean C. Monty	165,000	—	—	165,000
Carlos E. Represas	180,000	—	75,900 ⁽⁴⁾	255,900
Jean-Pierre Rosso	180,000	—	—	180,000
Heinrich Weiss	165,000	—	—	165,000

(1) Please refer to the table "Fees Earned during the Financial Year ended December 31, 2011" on page 18 of this Management Proxy Circular.

(2) Only Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are entitled to pension payments earned during their active service as senior executives of Bombardier. Please refer to the table "All Other Compensation" on page 18 of this Management Proxy Circular.

(3) Only Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as executive officers of Bombardier. Please refer to the table "All Other Compensation" on page 18 of this Management Proxy Circular.

(4) Mr. Carlos E. Represas received total fees amounting to CAN \$75,000 (US \$75,900, based on an average exchange rate of \$1.0124 for the financial year ended December 31, 2011) for his services as Chairman of the Mexico Advisory Board of Bombardier and as Chairman Non Executive of Bombardier Latin America.

The following table provides the various fees to which the members of the Board of Directors of Bombardier were entitled during the

financial year ended December 31, 2011 with the exception, however, of Mr. Pierre Beaudoin who was not entitled to any fees.

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

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

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

Fees Earned during the Financial Year ended December 31, 2011

The following table shows the fees earned during the financial year ended December 31, 2011 by the directors of the Corporation entitled to receive them:

Director	Annual Fees				Travel Fees ⁽²⁾ (\$)	Total Fees Earned (\$)	Total Fees Paid in Cash (\$)	Total Fees Credited in DDSUs (\$)	Number of DDSUs credited ⁽³⁾
	All Inclusive Annual Retainer ⁽¹⁾ (\$)	Lead Director (\$)	Committee (\$)	Total (\$)					
Laurent Beaudoin	600,000	—	—	600,000	—	600,000	600,000	—	—
André Bérard	150,000	15,000	20,000	185,000	—	185,000	—	185,000	40,481
J.R. André Bombardier	150,000	—	—	150,000	—	150,000	—	150,000	31,417
Janine Bombardier	150,000	—	—	150,000	—	150,000	—	150,000	32,661
Martha Finn Brooks ⁽²⁾	150,000	—	10,000	160,000	15,000	175,000	—	175,000	35,132
L. Denis Desautels ⁽⁴⁾	150,000	—	25,000	175,000	—	175,000	100,000	75,000	16,717
Thierry Desmarest ⁽²⁾	150,000	—	10,000	160,000	15,000	175,000	25,000	150,000	30,371
Jean-Louis Fontaine	150,000	—	—	150,000	—	150,000	—	150,000	31,395
Daniel Johnson ⁽⁴⁾	150,000	—	10,000	160,000	—	160,000	85,000	75,000	16,440
Jean C. Monty	150,000	—	15,000	165,000	—	165,000	—	165,000	36,791
Carlos E. Represas ⁽²⁾⁽⁴⁾	150,000	—	15,000	165,000	15,000	180,000	105,000	75,000	17,113
Jean-Pierre Rosso ⁽²⁾	150,000	—	15,000	165,000	15,000	180,000	—	180,000	37,767
Heinrich Weiss ⁽²⁾	150,000	—	5,000	155,000	10,000	165,000	—	165,000	35,118

- (1) The full amount of the all inclusive annual Board retainer fees was credited in DDSUs to every director, except for (i) Mr. Laurent Beaudoin who does not participate in the “Director Deferred Stock Unit Plan” which is more fully explained on page 19 of this Management Proxy Circular; (ii) Mr. Daniel Johnson; (iii) Mr. L. Denis Desautels; and (iv) Mr. Carlos E. Represas (in the case of Messrs. Johnson, Desautels and Represas, see note 4 below).
- (2) This director was entitled to travel fees of \$2,500 for each meeting which he or she attended, where applicable.
- (3) Included in these numbers are additional DDSUs credited to a director if and when dividends on the Class B subordinate shares of Bombardier are declared payable by the Board of Directors.
- (4) This director elected to receive only 50% of his all inclusive annual Board retainer of \$150,000 in the form of DDSUs.

All Other Compensation

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine during the financial year ended December 31, 2011. They were entitled to these compensation

elements as former senior executives of Bombardier. Details about pension benefits and perquisites are provided in Section 4: “Remuneration of the Named Executive Officers of Bombardier” on pages 22 to 52 of this Management Proxy Circular.

Director ⁽¹⁾	Pension Benefits ⁽²⁾ (\$)	Total of Other Compensation Excluding Pension Benefits ⁽³⁾ (\$)
Laurent Beaudoin	1,079,800	63,160
J.R. André Bombardier	281,700	42,460
Jean-Louis Fontaine	410,700	14,300

- (1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of \$1.0124 during the year ended December 31, 2011.
- (2) Details of the pension plans for executives of Bombardier are provided on page 45 of this Management Proxy Circular.
- (3) Represents the estimated costs to Bombardier to provide car leasing and maintenance and premium paid for group insurance. The actual car leasing costs were added to an estimated maintenance cost taking into consideration the personal use of their respective car by Messrs. Laurent Beaudoin and J.R. André Bombardier. In addition, Bombardier pays the cost for administration of the office of the Chairman of the Board of Directors and of Mr. J.R. André Bombardier.

Director Deferred Stock Unit Plan

To encourage the directors of Bombardier (other than Messrs. Laurent Beaudoin, Chairman of the Board of Directors, and Pierre Beaudoin, President and Chief Executive Officer) to better align their interests with those of the shareholders by having an investment in the Corporation, a Director Deferred Stock Unit Plan (the "DDSU Plan") was implemented on April 1, 2000; it was amended in 2003, 2006, 2007, 2008 and 2011. The DDSU Plan provides that the eligible directors of Bombardier are required to receive the entirety of their all inclusive annual Board retainer fees in the form of Director Deferred Stock Units ("DDSU") until the minimum shares and/or DDSUs holding requirement (as further explained on page 20 of this Management Proxy Circular) is met. Thereafter, they have the option to be paid not more than 50% of their all inclusive annual Board retainer fees in cash and to keep receiving the remaining portion of such fees in the form of DDSUs. In addition, they may elect to receive any portion of any other fees (i.e., fees received by Committee chairs and members and travel fees) in the form of DDSUs.

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

Stock Option Plan for the Benefit of the Directors of Bombardier

Effective October 1, 2003, the stock option plan for the benefit of the non-executive directors of Bombardier (the "Directors' Plan") was abolished. It provided for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 of the Class B subordinate shares of Bombardier, subject to the limits prescribed by applicable regulatory authorities in respect of shares which may be offered for subscription and purchase under the various incentive plans of the Corporation. The Directors' Plan also provided that the maximum number of options held by any one person

thereunder cannot exceed 5% of the outstanding Class B subordinate shares. Despite the fact that the Directors' Plan was abolished, it continues to apply to outstanding, unexercised options. As at December 31, 2011, options for a total of 15,000 Class B subordinate shares, which had been previously granted, were still outstanding, representing 0.0009% of all issued and outstanding Class A shares and Class B subordinate shares combined. The purchase price for the Class B subordinate shares, in respect of any outstanding option granted under the Directors' Plan, is the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the date on which such option was granted. The purchase price is payable in full at the time the option is exercised. As of December 31, 2011, all remaining stock options were 100% vested.

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

Options Exercised in the Most Recently Completed Financial Year

During the financial year ended December 31, 2011, no options were exercised by the directors of Bombardier to acquire Class B subordinate shares under the Directors' Plan and no option was cancelled or expired, as the case may be.

Outstanding Option-Based Awards for the Financial Year Ended December 31, 2011

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

(1) Represents the value that would have been realized if the options under the option-based awards had been exercised on December 31, 2011 or the value of unexercised in-the-money options at financial year-end, on the basis of the December 31, 2011 closing price of the Class B subordinate shares on the Toronto Stock Exchange of CAN \$4.06 converted from Canadian dollars to US dollars based on an exchange rate of \$0.9791.

(2) Mr. Jean-Louis Fontaine was granted the stock options shown above as former senior executive of Bombardier during his years of active service with the Corporation. These options were granted under the Stock Option Plan for Executives as described on pages 31 and 32 of this Management Proxy Circular.

Minimum Shares and/or DDSUs Holding Requirement

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

On February 1, 2008, the Board of Directors implemented a minimum shares and/or DDSUs holding requirement, as amended in 2011, pursuant to which each director has to hold shares and/or DDSUs having a minimum value of CAN \$400,000 (which is equal to US \$391,600 based on an exchange rate of \$0.9791 as of December 31, 2011 and to US \$399,000 based on an exchange rate of \$0.9978 as of January 31, 2011) throughout his/her tenure as a director.

The rules of the DDSU Plan provide that until a director meets this minimum shares and/or DDSUs holding requirement, his/her all inclusive Board annual retainer fees will be entirely credited to him/her in the form of DDSUs. Once the prescribed threshold is met, the director will have the option to receive not more than 50% of his/her all inclusive annual Board retainer in cash, with the remainder in DDSUs.

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

Director Shares and/or DDSUs/DSUSOs Holding Table

The following table provides information on the number and value of the Class A shares and/or Class B subordinate shares of Bombardier and/or DDSUs/DSUSOs (as hereafter defined) held by the current

directors of Bombardier, excluding Mr. Pierre Beaudoin who is a Named Executive Officer (in his case, please refer to page 39 of this Management Proxy Circular).

Director	Financial Year Ended ⁽¹⁾	Number of Class A Shares	Number of Class B Subordinate Shares	Total Value of Shares ⁽²⁾ (\$)	Number of DDSUs/DSUSOs	Total Value of DDSUs/DSUSOs ⁽²⁾ (\$)	Total Number of Shares and DDSUs/DSUSOs	Total Value of Shares and DDSUs/DSUSOs ⁽²⁾ (\$)	Share Ownership Threshold Met
Laurent Beaudoin ⁽³⁾	December 31, 2011 January 31, 2011	13,052,944 13,052,944	812,500 812,500	55,117,700 79,119,600	1,553,859 1,531,816	6,176,900 8,712,100	15,419,303 15,397,260	61,294,600 87,831,700	yes yes
André Bérard	December 31, 2011 January 31, 2011	— —	5,000 5,000	19,900 28,400	297,596 257,116	1,183,000 1,462,300	302,596 262,116	1,202,900 1,490,700	yes yes
J.R. André Bombardier	December 31, 2011 January 31, 2011	65,401,042 65,401,042	265,774 265,774	261,037,800 374,782,500	142,339 ⁽⁴⁾ 110,922 ⁽⁴⁾	565,800 630,900	65,809,155 65,777,738	261,603,600 375,413,400	yes yes
Janine Bombardier	December 31, 2011 January 31, 2011	61,973,491 61,973,491	40,001 40,001	246,515,200 353,936,000	229,987 197,326	914,200 1,122,300	62,243,479 62,210,818	247,429,400 355,058,300	yes yes
Martha Finn Brooks	December 31, 2011 January 31, 2011	— —	30,000 10,000	119,300 56,900	85,738 50,606	340,800 287,800	115,738 60,606	460,100 344,700	yes no
L. Denis Desautels	December 31, 2011 January 31, 2011	— —	10,000 10,000	39,800 56,900	142,315 125,599	565,700 714,300	152,315 135,599	605,500 771,200	yes yes
Thierry Desmarest	December 31, 2011 January 31, 2011	— —	— —	— —	68,568 38,198	272,600 217,200	68,568 38,198	272,600 217,200	no ⁽⁵⁾ no ⁽⁵⁾
Jean-Louis Fontaine	December 31, 2011 January 31, 2011	4,097,472 4,097,472	6,465 6,465	16,313,900 23,422,700	140,781 ⁽⁶⁾ 109,387 ⁽⁶⁾	559,600 622,100	4,244,718 4,213,324	16,873,500 24,044,800	yes yes
Daniel Johnson	December 31, 2011 January 31, 2011	— —	1,200 1,200	4,800 6,800	122,771 106,332	488,000 604,800	123,971 107,532	492,800 611,600	yes yes
Jean C. Monty	December 31, 2011 January 31, 2011	25,000 25,000	175,000 175,000	795,000 1,138,000	313,886 277,096	1,247,800 1,576,000	513,886 477,096	2,042,800 2,714,000	yes yes
Carlos E. Represas	December 31, 2011 January 31, 2011	— —	— —	— —	170,222 153,110	676,700 870,800	170,222 153,110	676,700 870,800	yes yes
Jean-Pierre Rosso	December 31, 2011 January 31, 2011	— —	— —	— —	202,392 164,625	804,500 936,300	202,392 164,625	804,500 936,300	yes yes
Heinrich Weiss	December 31, 2011 January 31, 2011	— —	— —	— —	239,910 204,793	953,700 1,164,800	239,910 204,793	953,700 1,164,800	yes yes

(1) The number of the Class A shares, Class B subordinate shares, DDSUs or DSUSOs (see note 3 below) held by each director for the financial years ended December 31, 2011 and January 31, 2011 is determined at December 31, 2011 and as at January 31, 2011 respectively.

(2) The total value for the financial year ended December 31, 2011 is calculated on the basis of the December 31, 2011 closing prices of the Class A share and the Class B subordinate share on the Toronto Stock Exchange of CAN \$4.06 each, converted from Canadian dollars to US dollars based on an exchange rate of \$0.9791. The total value for the financial year ended January 31, 2011 is calculated on the basis of the January 31, 2011 closing prices of the Class A share and the Class B subordinate share on the Toronto Stock Exchange of CAN \$5.72 and CAN \$5.70, respectively, converted from Canadian dollars to US dollars based on an exchange rate of \$0.9978. This value also corresponds to the market or payout value of DDSUs/DSUSOs not paid out or distributed.

(3) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of Bombardier, received an annual incentive of CAN \$1,400,000, CAN \$2,285,000 and CAN \$3,675,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units for Senior Officers (DSUSOs) (CAN \$3.50 per DSUSO), 487,205 DSUSOs (CAN \$4.69 per DSUSOs) and 555,975 DSUSOs (CAN \$6.61 per DSUSO), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, with the reinstatement of the payment of dividends on the Class A shares and the Class B subordinate shares of Bombardier since June 3, 2008, Mr. Laurent Beaudoin is credited with additional DSUSOs if and when dividends are declared by the Board of Directors. As of December 31, 2011, Mr. Laurent Beaudoin held 1,553,859 DSUSOs. Please refer to the description of the Deferred Stock Unit Plan for Senior Officers on page 34 of this Management Proxy Circular for more details.

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

(5) Since Mr. Thierry Desmarest has become a director on January 31, 2009, only, he has not reached the threshold yet.

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

Section 4: Remuneration of the Executive Officers of Bombardier

A. Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee of the Board of Directors of Bombardier (the "HRCC") is comprised of the following **five independent directors**:

- Mr. Jean C. Monty (Chairman)
- Mr. André Bérard
- Mrs. Martha Finn Brooks
- Mr. Thierry Desmarest
- Mr. Carlos E. Represas

None of the HRCC members during the financial year ended December 31, 2011 was an active chief executive officer with a publicly-traded entity. The current members each have experience in executive compensation as either (1) a former chief executive officer of a publicly-traded corporation, (2) a senior executive officer who had executive responsibility for very sizeable businesses or (3) a member of a compensation committee of a publicly-traded corporation.

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

Jean C. Monty – (Chairman) – Mr. Monty is the Chairman of the HRCC since 2003. Mr. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.) on April 24, 2002, following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President and Chief Executive Officer in March 1993. His executive responsibilities at BCE Inc. and Nortel included, among other functions, actively supervising the human resources department and assessing performance with respect to human resources and executive compensation policies and practices. He also acquired experience in numerous fields related to human resources and compensation matters through these responsibilities. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997. He is a member of the Boards of Directors of Fiera Sceptre Inc., DJM Capital Inc. and Alcatel-Lucent SA.

André Bérard – Mr. Bérard has a Fellow's Diploma of the Institute of Canadian Bankers. He attended the Special Management Program at Harvard Business School. He served as Chairman of the Board of National Bank of Canada from 2002 to 2004, after having assumed the duties of Chairman of the Board and Chief Executive Officer from 1990 to 2002, President and Chief Executive Officer in 1989 and President and Chief Operating Officer from 1986 to 1989, where, among other functions, he actively supervised the human resources department and oversaw performance with respect to human resources and

executive compensation policies and practices. He also acquired experience in numerous fields related to human resources and compensation matters through his executive responsibilities at National Bank of Canada. Between 1958 and 1986, he held various positions of increasing responsibilities at National Bank of Canada. He is a member of the human resources committees of BCE Inc., BMTG Group Inc. and Saputo Inc.

Martha Finn Brooks – Mrs. Brooks was, until her retirement in 2009, President and Chief Operating Officer of Novelis Inc., a global aluminium rolling company owned by Mumbai-based Hindalco Industries Ltd., which had earlier been spun off as a TSX and NYSE listed company by Alcan Inc. in 2005. From 2002 to 2005, she served as President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia and Corporate Senior Vice President of Alcan. Her executive responsibilities at Novelis, Inc. and Alcan included, among other functions, actively supervising the human resources department, assessing senior executive performance and developing executive compensation policies and practices and a talent management system. Prior to joining Alcan, she was a Vice President at engine manufacturer Cummins Inc. where she worked over 15 years in various general management, marketing and business development roles. She is a member of the Board of Directors and Chair of the human resources and compensation committee of Harley-Davidson, Inc. She served as a director on the compensation committee of the Board of Directors of International Paper Inc. for four years.

Thierry Desmarest – Mr. Desmarest has been Honorary Chairman and a member of the Board of Directors of Total since May 2010. He was Chairman of the Board of Directors of Total from February 2007 to May 2010. He joined Total in 1981 as Managing Director of Total Algeria. He held various positions within Total Exploration Production ultimately becoming its President and a member of Total's Executive Committee in 1989. He became President of the Upstream segment in January 1995, and Chairman and Chief Executive Officer of Total a few months later. Following the merger with PetroFina in 1999, he became Chairman and Chief Executive Officer of TotalFina. In 2000, he was appointed Chairman and Chief Executive Officer of TotalFinaElf, and in 2003, he became Chairman and Chief Executive Officer of Total. Mr. Desmarest actively supervised the human resources department, among other functions, and acquired experience in leadership, succession planning and talent development through the various positions of increasing responsibilities which he held at Total over the years. He is also a member of the nominating and governance committees or compensation committees of Total, Sanofi-Aventis, Renault and Air Liquide.

Carlos E. Represas – Mr. Represas was Chairman of Nestlé Group Mexico from 1983 to 2010. He is a member of the Boards of Directors of Merck & Co., Inc. and Swiss Re Group. He is

a member of the Latin American Business Council (CEAL). He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latin American Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries and where, among other functions, his responsibilities included actively supervising the human resources department and assessing performance with respect to human resources and executive compensation policies and practices. He also acquired experience in numerous fields related to human resources and compensation matters through his executive responsibilities at

Nestlé. In addition, he is a member of the compensation committee of Swiss Re Group. Finally, he attended the Harvard University Program for Compensation Committee members in 2005.

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

The HRCC held five meetings during the financial year ended December 31, 2011. The table below outlines the main activities of the HRCC during the last financial year.

Meeting	Main activities of the HRCC
February, 2011	<p>Approval of:</p> <ul style="list-style-type: none"> • the 2011 annual incentive plans and the 2011 mid- and long-term incentive programs and • amendments to Stock Ownership Guidelines. <p>Review of:</p> <ul style="list-style-type: none"> • the annual compensation cycle for the years 2011 and 2012 and • the draft executive compensation disclosure section of the 2011 management proxy circular.
March, 2011	<p>Approval of:</p> <ul style="list-style-type: none"> • the 2011 salary increases for the President and Chief Executive Officer and for those senior executive officers reporting to the President and Chief Executive Officer and the stock option and performance share unit or deferred share unit grants pursuant to the 2011 mid- and long-term incentive programs for the senior executives reporting to the President and Chief Executive Officer, • the annual incentive payments for the 2011 financial year and • the executive compensation disclosure section of the 2011 management proxy circular. <p>Review of:</p> <ul style="list-style-type: none"> • the salary increases for the Presidents and Vice Presidents reporting to either Group/Flexjet Presidents or Corporate Senior Vice Presidents and the stock option and/or performance share unit or deferred share unit grants for 2011, • the executive compensation comparator groups and • the senior executives stock ownership guidelines report.
May, 2011	<p>Approval of:</p> <ul style="list-style-type: none"> • the stock option and performance share unit grants pursuant to the 2011 mid- and long-term incentive programs. <p>Review of:</p> <ul style="list-style-type: none"> • the normal course issuer bid related to the 2010 Deferred Share Unit Plan (including a recommendation to the Board of Directors for their approval) and • the report on health and safety matters.
September, 2011	<p>Review of:</p> <ul style="list-style-type: none"> • recent trends with respect to pension plans for Vice Presidents.
November, 2011	<p>Review of:</p> <ul style="list-style-type: none"> • the annual benchmarking with respect to the total compensation for selected senior executive positions, • the salary scales and budget increases for the 2012 financial year (including a recommendation to the Board of Directors for their approval), • new regulatory disclosure rules applicable to the 2012 management proxy circular, • management's recommendation for new guidelines and values for the 2012 mid- and long-term incentive programs and • the report on health and safety matters.
On-going	<ul style="list-style-type: none"> • Appointments (total compensation and other terms and conditions) and terminations (settlements) involving senior executives. • Amendments to current pension plans. • Ethics and compliance activity report (with respect to human resources related matters only). • Private meetings of the HRCC members when circumstances so warrant. • Review of the stock option, performance share unit and deferred share unit grants pursuant to the 2011 mid- and long-term incentive programs.

B. Mandate of the HRCC

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

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

B.1 Independent Consultant

The HRCC has the authority to retain any independent consultants of its choice to advise its members on total executive compensation policy and related matters, and to determine the fees and the terms and conditions of the engagement of these consultants. Towers Watson has been the independent compensation advisor of the HRCC from 2007 to January 31, 2011, at which date its mandate ended. Starting February 1, 2011, the HRCC retained the services of Meridian Compensation Partners, as independent compensation advisor of the HRCC, for a three-year mandate. Towers Watson also provided services to the management of Bombardier on various matters for each of the financial years ended December 31, 2011 and January 31, 2011, mainly on actuarial valuation for funding and accounting purposes related to pension and benefit plans.

During the financial year ended December 31, 2011, Meridian Compensation Partners conducted a comprehensive benchmarking review of senior executive compensation relative to the markets.

Meridian Compensation Partners also provided its assessment with respect to the trends and practices on executive compensation to the HRCC and reported directly to the HRCC on these matters. The HRCC did not direct Meridian Compensation Partners to perform its services in any particular manner. Ultimately, the decisions are taken by the HRCC and may reflect factors and considerations other than information and recommendations provided by Meridian Compensation Partners.

During the financial year ended December 31, 2011, Meridian Compensation Partners did not provide any other services to Bombardier or to any of its directors or members of management.

Meridian Compensation Partners and Towers Watson billed the following fees to Bombardier during each of the financial years ended December 31, 2011 and January 31, 2011:

Mandates and Fees ⁽¹⁾	Financial year ended December 31, 2011	Financial year ended January 31, 2011	Financial year ended December 31, 2011	Financial year ended January 31, 2011
	(\$)	(\$)	(\$)	(\$)
	Meridian Compensation Partners		Towers Watson	
Executive Compensation Related Fees	219,900	13,500	7,800	167,600
All Other Fees (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	0	0	3,330,900	3,468,400
Total Fees	219,900	13,500	3,338,700	3,636,000

(1) Fees were converted from Canadian dollars to US dollars based on exchange rates CAN \$0.9791 as of December 31, 2011 and CAN \$0.9978 as of January 31, 2011.

B.2 Leadership Development and Management Succession Planning

In recognition of the importance that Bombardier places on talent management, leadership development and succession planning, "Raise our game in global talent management" has been included as one of the five top priorities of its Way Forward strategic initiative.

Bombardier is therefore fully committed to the continued attraction, retention and development of qualified and committed leaders at all levels of its organization to drive its long term business success. Its efforts are anchored by its performance management process (PMP) which directly links the achievement of business objectives with the personal development of leaders across the organization. The feedback and performance evaluation that leaders receive as part of the PMP become key discussion points for subsequent leadership development

review and management succession sessions to identify and review (1) overall leadership quality and depth, (2) succession candidates for key positions and high potential employees and (3) progress on development plans.

The management succession plan process originates in each operating group, that is Bombardier Aerospace and Bombardier Transportation, as well as in the Corporate Office and the Flexjet division (Flexjet) and, after a series of escalating reviews, culminates in a detailed and integrated assessment of the leadership status by Bombardier senior management. This program is further reinforced by quarterly talent reviews of the development plans of the organization's top leaders by the President and Chief Executive Officer, the respective Group Presidents and Chief Operating Officers and the Group Vice Presidents, Human Resources. Talent review sessions were held for each operating group, the Corporate Office and Flexjet during the financial year ended December 31, 2011, in conjunction with regularly scheduled operational reviews.

C.1.1 Compensation Objectives and Target Weightings

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

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

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

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

The following table sets forth the percentage of each component of the total compensation package for (1) the President and Chief Executive Officer, Mr. Pierre Beaudoin, (2) the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, and (3) the three other most highly compensated senior management executive officers of Bombardier, namely the President and Chief Operating Officer of Bombardier Aerospace, Mr. Guy C. Hachey, the President and Chief Operating Officer of Bombardier Transportation, Mr. André Navarri, and the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management, Mr. Richard Bradeen, (all of whom are collectively referred to as the "Named Executive Officers" or "NEOs" of Bombardier (or individually "NEO") in this Management Proxy Circular) in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended December 31, 2011. The target weightings of each element intend to emphasize the at-risk compensation of each senior executive to ensure his/her alignment with shareholders' interests. The relative weighting of each element of direct compensation is aligned with each senior executive's ability to influence the short-, mid- and long-term performance of Bombardier.

C. Compensation Discussion and Analysis

This section describes the approach to compensation for the Named Executive Officers at Bombardier. It focuses on Bombardier's compensation policies, the tools used to set compensation, the means by which Bombardier delivers compensation under the various programs and other features that assist in aligning executives with shareholders' interests. The HRCC has ensured that Bombardier's executive compensation disclosure and analysis presented hereunder complies with the rules of the Canadian Securities Administrators as provided for in Form 51-102 - F6 "Statement of Executive Compensation".

C.1 Compensation Policy

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

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. Each of these elements is discussed below. Overall, the HRCC is satisfied that the compensation provided supports the objective of the policy.

As of the date of this Management Proxy Circular, Bombardier has not committed to make significant changes to its compensation policies and practices in the next financial year.

Target Weighting of Compensation Elements Based on Compensation Policy

Named Executive Officers	Base salary	Short-term incentive	Mid-term incentive	Long-term incentive	Total direct compensation ⁽¹⁾	Total at-risk compensation ⁽²⁾
Pierre Beaudoin	20%	27%	35%	18%	100%	80%
Pierre Alary	33%	30%	25%	12%	100%	67%
Guy C. Hachey	29%	27%	29%	15%	100%	71%
André Navarri	29%	27%	29%	15%	100%	71%
Richard Bradeen	36%	32%	21%	11%	100%	64%

(1) Excluding value of pension, benefits and perquisites.

(2) Corresponds to the percentage of total direct compensation minus the percentage of base salary.

C.1.2 Benchmarking of Senior Executive Positions

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

Towers Watson performed, during the financial year ended January 31, 2011, the benchmark used to determine the Named Executives Officers' compensation effective in the financial year ended December 31, 2011. The benchmarking review of senior executive compensation performed by Meridian Compensation Partners in the financial year ended December 31, 2011 will support changes, if any, to be made during the 2012 financial year. Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, a comparator group including large North America based companies is used for North American positions. European positions are benchmarked using a combination of relevant European companies. The design of mid-term and long-term incentives programs are anchored on Canadian market practices for all executives. The 2011 comparator group used in Towers Watson's latest study for the Named Executive Officers of Bombardier is provided in the following table. The compensation

data for these companies come from information contained in the private database of Towers Watson and also from available public disclosure documents.

	Comparator group for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen	Comparator group for Mr. André Navarri
Names of comparator companies	3M Alliant Techsystems Inc. Boeing Caterpillar Eaton Emerson Electric Ford Motor General Dynamics General Electric Goodrich Honeywell International ITT Johnson Controls L-3 Communications Holdings Lockheed Martin McDermott International Northrop Grunman Parker Hannifin Raytheon Rockwell Automation Rockwell Collins SPX Textron Timken United Technologies	Bilfinger Berger BMW Daimler Deutsch Bahn EADS (Airbus) GEA Heidelberger Druckmaschinen Henkel Klöckner & Co Linde MAN Salzgitter Siemens ThyssenKrupp

The companies selected have executive positions with responsibilities similar to those at Bombardier in terms of scope, global activities and manufacturing context. They also emphasize the fact that the recruiting pool of talents at the top executive levels is North American wide. In order to avoid any sharp annual fluctuations of results due to changes in exchange rates between USA and Canada, US compensation amounts are at par with the Canadian dollar.

The comparator group used for European positions has been reviewed by the HRCC during 2011 and a new comparator group will be used to determine the 2012 compensation of Mr. André Navarri.

The HRCC validates the introduction of new compensation programs or any significant modifications to existing ones through stress-testing processes. During the financial year ended December 31, 2011, no new plan was introduced nor were significant changes made to existing plans.

C.1.3 Base Salary

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

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

C.1.4 Short-term Incentive Plans

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

The HRCC has the authority to set performance objectives and targets in relation to incentive programs for management employees. It also has the general authority to amend such objectives and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC. While the HRCC does make some qualitative assessment of certain aspects of incentive programs (e.g. assessment of non-financial goals), the discretionary assessment of performance does not form part of the design of incentive programs. During the financial year ended December 31, 2011, the HRCC did not exercise, after the fact, its discretionary authority to adjust the objectives, targets or results of incentive programs.

At its meeting of February 15, 2011 the HRCC approved the operating groups' financial metrics (Earnings before Interest and Taxes ("EBIT"), Average Net Utilized Assets ("ANUA"), Free Cash Flow ("FCF") and Earnings per Share ("EPS") and their quantitative targets) for the short-term incentive plans for the financial year ended December 31, 2011. If the result for a specific objective is lower than the target, the related bonus is not payable.

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

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

For Bombardier Aerospace, the HRCC approved the use of three other measures of performance and customer satisfaction that is (1) On-time Delivery, (2) Fleet Dispatch Reliability and (3) New Program Execution and their respective quantitative targets. For Flexjet, the HRCC also approved the use of two other measures of performance and customer satisfaction that is (1) Net Cumulative Shares under Management and (2) Flawless Performance Measure of Flight Operations and their respective quantitative targets.

Finally, these plans also limit, for the financial year ended December 31, 2011, the total bonus amount to predetermined percentages, namely 6% of EBIT for Bombardier Aerospace, 6% of EBIT for Bombardier Transportation and 10% of EBIT for Flexjet. Bonus payments are proportionally reduced if the EBIT limit is reached. In addition, no bonus is paid if EBIT for the year is zero, even if the ANUA, FCF or EPS targets and/or the other measures are met.

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

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

Group	Target Objectives ⁽¹⁾	Target Bonus	Results	Aggregate Results
Bombardier Aerospace	Earnings before Interest and Taxes (EBIT)	30.00%	30.00%	96.00%
	Average Net Utilized Assets (ANUA) ⁽²⁾	30.00%	15.00%	
	On-time Delivery ⁽³⁾	10.00%	16.00%	
	Fleet Dispatch Reliability ⁽⁴⁾	10.00%	20.00%	
	New Program Execution (NPE) ⁽⁵⁾	20.00%	15.00%	
Flexjet	Earnings before Interest and Taxes (EBIT)	33.33%	0.00%	16.67%
	Average Net Utilized Assets ⁽²⁾ (ANUA)	33.33%	0.00%	
	Net Cumulative Shares under Management ⁽⁶⁾	16.67%	0.00%	
	Flawless Performance Measure of Flight Operations ⁽⁷⁾	16.67%	16.67%	
Bombardier Transportation	Earnings before Interest and Taxes (EBIT)	50.00%	37.00%	61.67%
	Free Cash Flow (FCF)	50.00%	24.67%	
Corporate Office	Aerospace objectives	33.33%	32.00%	105.12%
	Transportation objectives	33.33%	20.56%	
	Flexjet objectives	3.34%	0.56%	
	Earnings Per Share (EPS)	30.00%	52.00%	
President and Chief Executive Officer	Aerospace objectives	25.64%	25.85%	94.10%
	Transportation objectives	25.64%	15.82%	
	Flexjet objectives	2.56%	0.43%	
	Earnings Per Share (EPS)	23.08%	45.08%	
	Value added projects: The Board of Directors has defined specific strategic targets including: <ul style="list-style-type: none"> • C Series specific milestone • Transportation growth opportunities, and • Zefiro project in China and Italy 	23.08%	6.92%	

(1) EBIT, ANUA, FCF and EPS were selected as measures for the short term incentive plans to assure that they would reflect Bombardier success in achieving its targets for profitability and cash flows.

(2) Net Utilized Assets are based on the net segmented assets as set forth in Bombardier's financial statements.

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

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

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

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

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

The following table provides the minimum, target and maximum bonus payable to the Named Executive Officers according to the short-term incentive plans as well as the actual payout earned for the financial year ended December 31, 2011 expressed as a percentage of base salary.

Named Executive Officers	Minimum	Target	Maximum	Actual Payout
Pierre Beaudoin	0%	130%	260%	122%
Pierre Alary	0%	90%	180%	95%
Guy C. Hachey	0%	90%	180%	86%
André Navarri	0%	90%	180%	56%
Richard Bradeen	0%	90%	180%	95%

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

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

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

- Since June 2009, the HRCC has decided to provide 66²/₃% of the value of the grant in the form of PSUs or DSUs and 33¹/₃% in the form of stock options. This change in policy means that for those executives still eligible to receive stock options, fewer stock options are granted while more PSUs or DSUs are offered. The grant of stock options is also offered to fewer levels of management. The dilution effect is therefore reduced.

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

- they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
- they promote management retention since the grants vest over a certain number of years;
- the value of the grants depends on the future value of the Bombardier Class B subordinate shares;
- it limits the dilution effect on shareholders since the Class B subordinate shares paid upon vesting of PSUs are only purchased on the secondary market; and
- in the case of PSUs, the cost to Bombardier is managed through the purchase of shares on the secondary market by a trustee, as instructed by the Corporation.

The HRCC determines the size of grants to be awarded by the Board of Directors to executives. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data. The number of PSUs, DSUs and stock options granted to each participant is based, among other considerations, on a grant

guideline that is related to the employee's management level within Bombardier. Eligibility to participate in the mid-term and long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the grant made to a NEO in any subsequent financial year.

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

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

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

Only executives as approved either by the HRCC or by the senior management, as the case may be, depending, in each case, on their respective salary grade level, may elect to receive DSUs instead of PSUs. The election must be made on the date of the grant and the choice is irrevocable. For the senior executives subject to the Stock Ownership Guidelines, DSUs constitute the default alternative of selection for mid-term incentives in countries where DSUs are allowed.

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

- a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate shares of Bombardier if the pre-determined Return on Equity ("ROE") targets are attained;
- the settlement of PSUs in shares is made at the end of the vesting period;
- the settlement of vested DSUs in shares is made only upon the participant's termination of employment, death or retirement;
- the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
- the ROE targets are determined at the date of the grant by the HRCC;
- the number of Class B subordinate shares delivered on the vesting date (or, in the case of DSUs, upon the participant's termination of employment, death or retirement) may be eliminated, reduced or increased depending on the actual results of the average ROE:

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

(1) Interpolation between 70% and 150%.

- the PSU Plan confers the right to receive dividends to be paid either in the form of additional PSUs or in cash at the same rate as the dividend paid on Class B subordinate shares of Bombardier; the form of payment of these dividends is determined by the HRCC; these dividends are paid at the end of the three-year vesting period in accordance with the vesting rules;
- under the DSU Plan, dividends could only be settled as additional units of DSUs;
- DSUs granted prior to June 2010 under the DSU Plan are delivered upon settlement as Class B subordinate shares purchased on the secondary market or in cash;
- DSU granted on or after June 2010 under the 2010 DSUP are delivered upon settlement as Class B subordinate shares issued from treasury or purchased on the secondary market;
- the maximum number of Class B subordinate shares which may be issued from treasury under the 2010 DSUP is 24,000,000; and
- please refer to Section F. “Termination and Change of Control Provisions” on pages 49 to 52 of this Management Proxy Circular for the treatment of PSUs and DSUs in such cases.

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

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

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

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

- wind up, suspend or terminate the 2010 DSUP;
- terminate a DSU granted under the 2010 DSUP;

- modify the eligibility for, and limitations on, participation in the 2010 DSUP;
- modify the terms on which the DSUs may be granted, terminated, cancelled and adjusted;
- amend the provisions of the 2010 DSUP to comply with applicable laws, the requirements of regulatory authorities or applicable stock exchanges;
- amend the provisions of the 2010 DSUP to modify the maximum number of Class B subordinate shares which may be offered for subscription and purchase under the 2010 DSUP following the declaration of a stock dividend, a subdivision, consolidation, reclassification, or any other change with respect to the Class B subordinate shares;
- amend the 2010 DSUP or a DSU to correct or rectify an ambiguity, a deficient or inapplicable provision, an error or an omission; and
- amend a provision of the 2010 DSUP relating to the administration or technical aspects of the 2010 DSUP.

Under the terms of the 2010 DSUP:

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

As of March 1, 2012, no Class B subordinate shares had been issued and 19,131,000 Class B subordinate shares remained issuable for future DSU grants under the 2010 DSUP. These numbers represent respectively 0% and 1.09% of all issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 4,869,000 Class B subordinate shares are issuable under DSUs already granted, representing 0.28% of all issued and outstanding Class A shares and Class B subordinate shares combined.

At the end of each financial year, the HRCC approves the results of prior years mid-term incentive plans in order to authorize the payouts of plans reaching the settlement date during the period. The following table shows the impact of

the financial results of Bombardier on the PSU grants of senior executives which vested during the financial year ended December 31, 2011:

PSUs Granted in 2008-2009			
3-Year Average ROE ⁽¹⁾ Return	Vesting Percentage	Average ROE ⁽¹⁾ Results Achieved	Vesting Percentage Achieved
Below 18%	0%	24.2%	122%
18%	70%		
20%	85%		
22%	100%		
23%	110%		
24%	120%		
25%	130%		
26%	140%		
27%	150%		

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

C.1.5.2 PSUs/DSUs Settlement

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

When each DSU participant terminates employment for any reason, he or she receives Class B subordinate shares (or as cash equivalent for DSUs granted before June 2010 at the discretion of the HRCC). Actual settlements of DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

C.1.5.3 Stock Option Plan

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

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

- the granting of non-assignable options to purchase Class B subordinate shares may not exceed 133,782,688;

- the annual grant of stock options is made within a 1% dilution limit;
- the number of shares reserved for issuance shall not exceed 10% of all the issued and outstanding Class A shares and Class B subordinate shares combined;
- no single person may hold options to acquire more than 5% of all issued and outstanding Class A and Class B subordinate shares combined; and
- in any given one-year period, insiders and their associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class A and Class B subordinate shares combined.

As of March 1, 2012, 37,994,667 Class B subordinate shares had been issued and 68,922,175 Class B subordinate shares remained issuable under future option grants. These numbers represent respectively 2.17% and 3.93% of all issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 26,865,846 Class B subordinate shares are issuable under options already granted (i.e. unexercised options that have neither expired nor been cancelled), representing 1.53% of all issued and outstanding Class A shares and Class B subordinate shares combined.

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

- a grant of stock options represents the right to purchase an equal number of Class B subordinate shares of Bombardier at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the day on which an option is granted;
- stock options granted prior to June 2003 are conventional options with a term of ten years vesting at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant;
- all outstanding stock options granted prior to June 2003 are 100% vested;
- stock options granted since June 2003 and before June 2009 are performance options with a term of seven years; they vest at a rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant if the performance vesting criteria is met;
- the performance criteria for the stock options granted since June 2003 and before June 2009 are based on the price of the Bombardier Class B subordinate shares; the weighted average trading price of these shares has to reach the target price established at the time of the grant for at least 21 consecutive trading days in each year following the grant date. If the target price is not reached in a given year, the exercise of the

grant is carried forward to the following year at the target price of the following year;

- stock options granted since June 2009 are conventional time-vested options with a term of seven years vesting at a rate of 100% at the end of the third anniversary of the date of grant. The 3-year vesting period was selected to align the vesting rules of the long-term incentive plan to the vesting schedule of the mid-term incentive plan;
- if the expiration date of an option falls during, or within ten (10) business days following the expiration of a blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the blackout period; and
- please refer to Section F. “Termination and Change of Control Provisions” on pages 49 to 52 of this Management Proxy Circular for the treatment of stock options in such cases.

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

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

C.1.5.4 Restrictions Regarding Trading of Bombardier Securities

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

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

C.1.5.5 Right to Amend the Stock Option Plan

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

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

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

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

- an amendment allowing the issuance of Class B subordinate shares to an optionee without the payment of a cash consideration, unless provision has been made for a full deduction of the underlying Class B subordinate shares from the number of Class B subordinate shares reserved for issuance under the Stock Option Plan;

- a reduction in the purchase price for the Class B subordinate shares in respect of any option or an extension of the expiration date of any option beyond the exercise periods provided by the Stock Option Plan;
- the inclusion, on a discretionary basis, of non-employee directors of the Corporation as participants in the Stock Option Plan;
- an amendment allowing an optionee to transfer options other than by will or pursuant to the laws of succession;
- the cancellation of options for the purpose of issuing new options;
- the grant of financial assistance for the exercise of options;
- an increase in the number of Class B subordinate shares reserved for issuance under the Stock Option Plan; and
- any amendment to the method for determining the purchase price for the Class B subordinate shares, in respect of any option.

C.1.5.6 Stock Ownership Guidelines

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

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

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

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

The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on December 31st of each calendar year. The SOG measurement date was recently changed from January 31st to December 31st to be aligned with the Corporation's new financial year-end. For the purpose of assessing the level of ownership, Bombardier includes the value of shares owned plus vested DSUs.

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

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

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

The following table presents the target and ratio of actual values of shares owned by the NEOs as of December 31, 2011 over their base salary at that date:

Name of NEOs	Target multiple of base salary	Actual multiple of base salary as of December 31, 2011 ⁽¹⁾
Pierre Beaudoin	5 x	0.3 ⁽²⁾
Pierre Alary	3 x	0.3
Guy C. Hachey	4 x	0.1
André Navarri	4 x	1.8
Richard Bradeen	3 x	0.6

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

C.1.6 Deferred Stock Unit Plan for Senior Officers

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

Upon the senior officer ceasing to be a senior officer (as a result of retirement, death, permanent disability or termination), the DSUSOs are automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the last trading day preceding the date on which the senior officer ceases to be a senior officer. As of December 31, 2011, no executives, with the exception of the Chairman of the Board of Directors, Mr. Laurent Beaudoin, held DSUSOs and these are all vested.

C.1.7 Share Purchase Plan

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

C.1.8 Pension Plans, Benefits and Perquisites

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

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

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

The President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and the President and Chief Operating Officer of Bombardier Transportation are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of corporate aircraft incurred by senior executives for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed by the Named Executive Officer is included in the amounts required to be disclosed as perquisites, as applicable, under the column “All Other Compensation”, in the “Summary Compensation Table” on page 40 of this Management Proxy Circular.

More details about the executive pension plans are provided in Section E. “Pension Plans” on pages 45 to 48 of this Management Proxy Circular.

C.1.9 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no such loan outstanding for the financial year ended December 31, 2011.

C.1.10 Compensation Risks

- Bombardier has processes to approve projects or mandates based on different thresholds of investment and size of the new business and related risk. The approval is granted by either the operating group, the Corporate Office or the Board.
- The HRCC reviews and assesses compensation and incentive plan risks to ensure that the Corporation’s compensation programs encourage appropriate business risk and incentives without encouraging risk-taking behaviors which may have a material adverse effect on the Corporation.
- The HRCC is therefore fully aware of the risks that could affect the Corporation’s performance.
- The HRCC has not identified any risks associated with Bombardier’s executive compensation programs that are reasonably likely to have a material adverse effect on Bombardier.
- The structure of the Board of Director Committees facilitates assessment of risk associated with compensation policies and practices:
 - As per Bombardier’s governance practices, overall risk management matters are considered and discussed at Board meetings, thereby providing additional important information to the members of the HRCC;
 - Furthermore, the Chairman of the Finance and Risk Management Committee (the “FRMC”), Mr. André Bérard, is a member of the HRCC, Mr. Carlos E. Represas is a member of both the FRMC and the HRCC and Mrs. Martha Finn Brooks is a member of both the Audit Committee and the HRCC; and

- Membership overlaps provide additional insight into the Corporation's business risks and allows the HRCC access to the necessary information to consider the impact of business risks on compensation policies and practices.

The following table summarizes representative compensation components or policies and relevant risk mitigation factors.

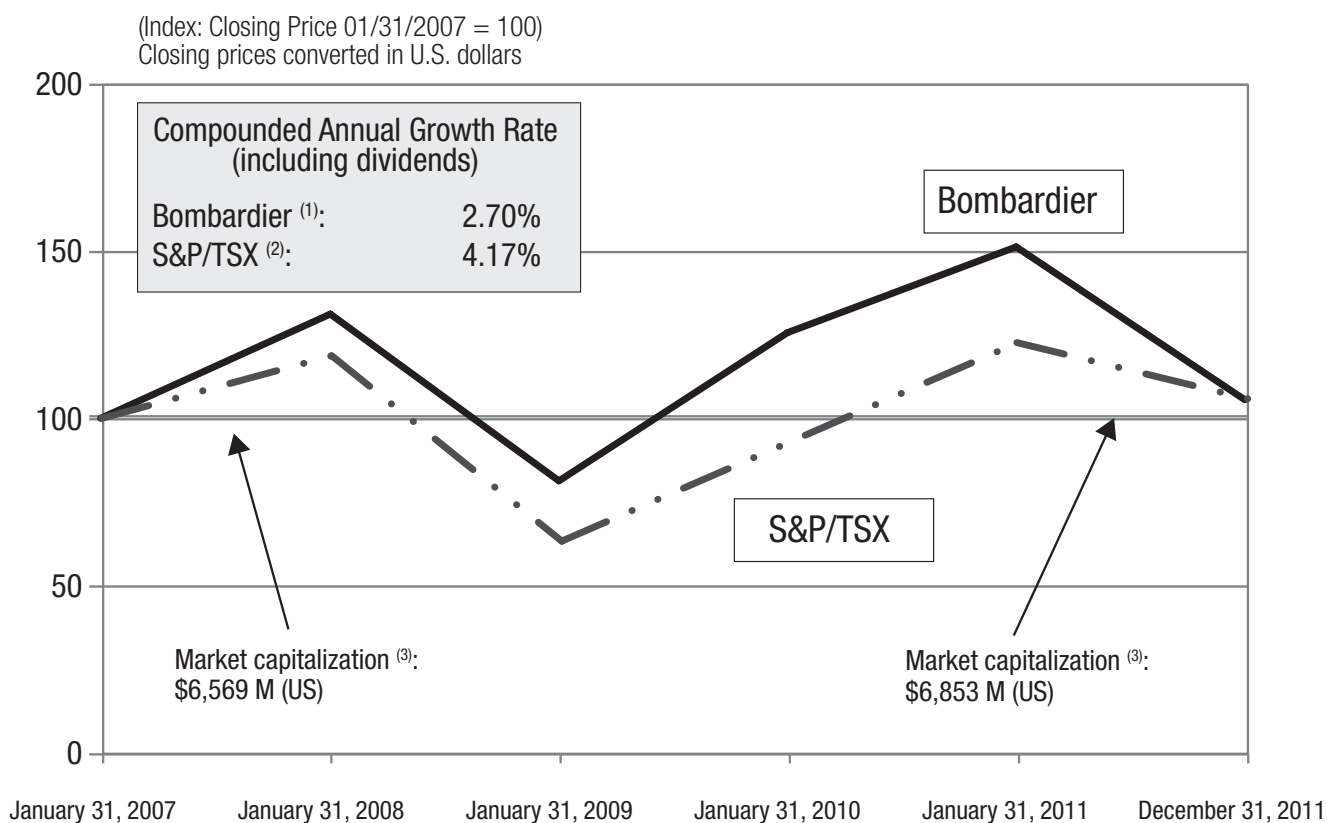
Compensation Component or Policy	Risk Mitigation Factor
Base Salary	<ul style="list-style-type: none"> • Base salaries are fixed in amount to provide steady income regardless of share price and therefore do not encourage risk-taking
Short-Term Incentive Plan	<ul style="list-style-type: none"> • The ability for short-term decisions to drive excessive compensation is limited because <ul style="list-style-type: none"> – the payout potential on each objective is capped at twice the target amount – the total bonus amount is limited to predetermined percentages of EBIT for Bombardier Aerospace, Bombardier Transportation and Flexjet to protect shareholders' interests – bonus payments are proportionally reduced if the EBIT limit is reached – the payout potential is based on a variety of objectives, thus diversifying the risk associated with any single objective to the detriment of others • Same objectives for all management employees at all levels within each operating group, Bombardier Aerospace and Bombardier Transportation, as well as for the Corporate Office and Flexjet in order to create alignment and encourage decision-making that is in the best interests of Bombardier as a whole <ul style="list-style-type: none"> – only a limited number of senior executives have individual objectives to minimize risk-taking behavior – 70% of Corporate Office objectives are based on operating groups and Flexjet objectives • Objectives are mainly based on financial metrics relating to operating plans with also some customers satisfaction objectives that the HRCC believes to be challenging but achievable without the need to take inappropriate or excessive risks • If the result for a specific objective is lower than the target, the related bonus is not paid
Mid-Term Incentive Plans Performance Share Unit Plan OR Deferred Share Unit Plan	<ul style="list-style-type: none"> • The three-year vesting period helps ensure performance aligns with shareholders' interests • Performance objectives, based on the Corporation target ROE as per strategic plans, are determined at the grant date by the HRCC <ul style="list-style-type: none"> – If the result is lower than the threshold, the vesting percentage shall be 0% – If the target is exceeded, the vesting percentage is capped to 150% • This incentive is also based on a three-year share price performance: the ultimate value of the award is tied to Bombardier's share price, which encourages behaviors focused on mid-term goals, while discouraging behaviors focused on short-term risks
Long-Term Incentive Plan Stock Option Plan	<ul style="list-style-type: none"> • Stock options represent an incentive to enhance shareholder value by providing the executives with a compensation which is only valuable if Bombardier's share price increases over time • Vesting schedules help ensure long-term performance aligns with shareholders' interests • Since June 2009, the emphasis on stock options has been reduced: <ul style="list-style-type: none"> – The grant of stock options is offered to fewer levels of management – Only 33 1/3% of the mid-term and long-term incentive value is allocated in the form of stock options – For the NEOs, the value of stock options represents on average only 14% of their total compensation • Grants are not linked to individual objectives
Pay Mix	<ul style="list-style-type: none"> • Bombardier offers short-, mid- and long-term incentive plans developed from different financial metrics, allowing risks to be spread over a broader time horizon • The HRCC believes that the variable compensation elements (short-term incentive plan and mid-term and long-term incentive plans) represent a percentage of overall compensation that is sufficient to motivate executive officers to produce superior short-term, mid-term and long-term corporate results, while the fixed compensation element (base salary) is also sufficient to discourage executive officers from taking inappropriate or excessive risks
Stock Ownership Guidelines	<ul style="list-style-type: none"> • Since June 2009, senior executives are required to accumulate a significant level of Bombardier share ownership • Stock ownership guidelines link more closely interests of senior executives with those of the shareholders
No Speculative Activities	<ul style="list-style-type: none"> • As per Bombardier's Code of Ethics and Business Conduct, employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls" and employees shall not sell securities that they do not own ("short-sale")
Share Purchase Plan	<ul style="list-style-type: none"> • The same plan applies to all Bombardier employees to the extent that it is offered in their country of employment
Perquisites	<ul style="list-style-type: none"> • A limited number of perquisites such as car lease, complete medical check-up and financial counselling is offered based on local market practices
Pension and Benefits	<ul style="list-style-type: none"> • No link with compensation risk since pension and benefits are based on local market practices
No Change of Control Agreements	<ul style="list-style-type: none"> • Bombardier has no change of control agreement with any of its Named Executive Officers that would result in guaranteed payouts in such an event. Please refer to Section F. "Termination and Change of Control Provisions" on pages 49 to 52 of this Management Proxy Circular
Discretion of the HRCC	<ul style="list-style-type: none"> • The HRCC has the authority to set performance objectives and targets in relation to incentive programs for management employees, and to amend such objectives and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC

C.2 Performance Graphs

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years assuming that an amount of \$100 was invested

on January 31, 2007 in the Class B subordinate shares of Bombardier and in the S&P/TSX Composite Index.

Performance of the Class B subordinate shares of Bombardier from January 31, 2007 to December 31, 2011



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

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

(3) Market capitalization is based on 317,044,051 Class A shares and 1,421,575,917 Class B subordinate shares as at January 31, 2007 and on 314,537,237 Class A shares and 1,409,355,577 Class B subordinate shares as at December 31, 2011. The Market capitalization is converted from Canadian dollars to U.S. dollars. As an indication, exchange rates used were \$0.8480 and \$0.9791 respectively as of January 31, 2007 and December 31, 2011.

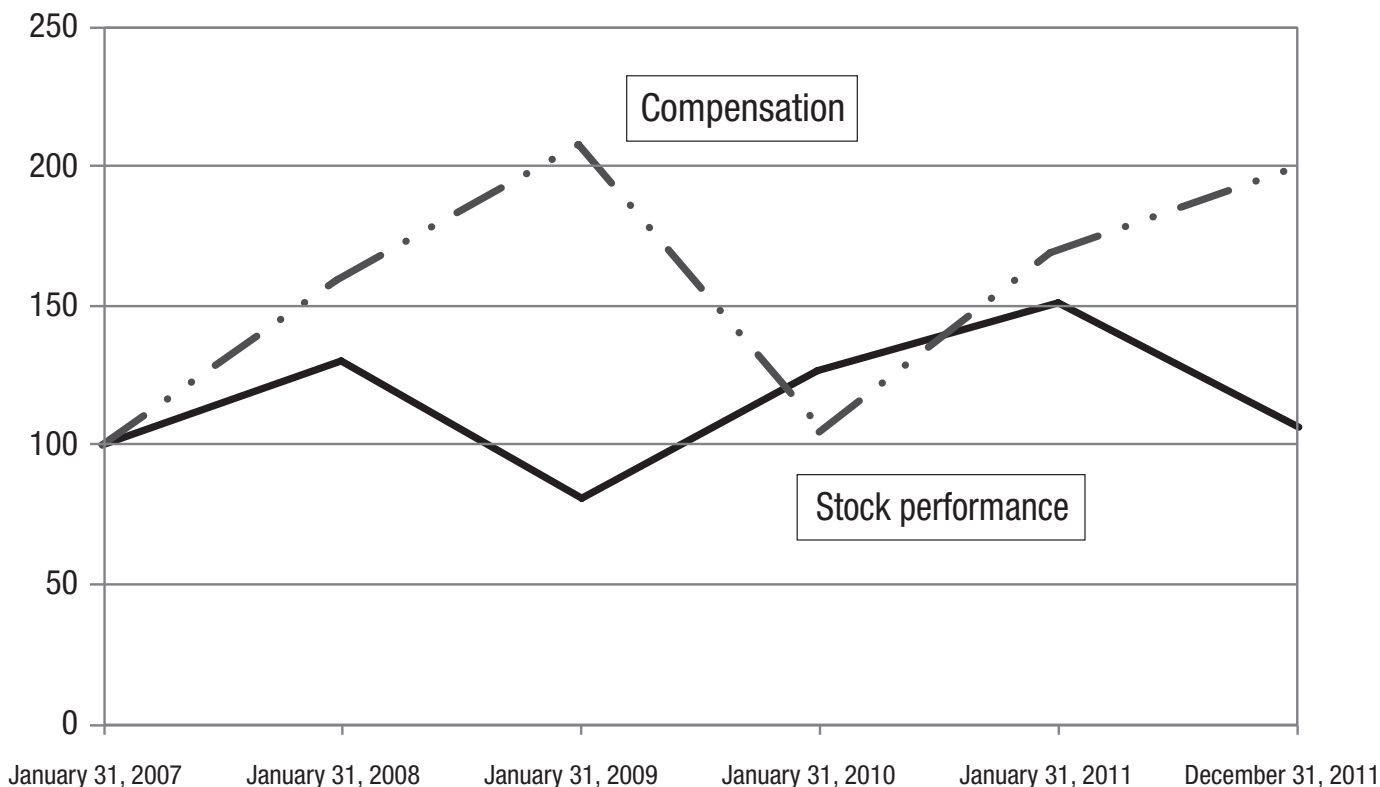
The following graph illustrates the total compensation earned by the Named Executive Officers in each financial year ended on January 31 from 2007 to 2011 and in the financial year ended on December 31, 2011.

The trends shown by the performance graph set forth below represent a growth in the cumulative total shareholder return in fiscal 2008, followed by a decline in fiscal 2009 due to the severe global economic conditions. From January 2009 to January 2011, cumulative total shareholder return has resumed growth. The financial year ended on December 31, 2011 shows a decrease in the total shareholder return due to the economic uncertainty in 2011. This graph shows that there is very little correlation between Bombardier's share price performance and the total compensation of its NEOs, as is required to be reported in the

Management Proxy Circular. The non-correlation is mainly explained by the following: the graph illustrates the shares' performance using the closing price of the shares on the last day of each fiscal year while the compensation line represents the total compensation (fixed compensation namely, base salary and the change in the pension value, and at-risk compensation elements, as shown in the "Target Weighting of Compensation Elements Based on Compensation Policy" on page 26 of this Management Proxy Circular") for the full financial year.

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

Performance of the Class B subordinate shares compared with NEOs total compensation from January 31, 2007 to December 31, 2011



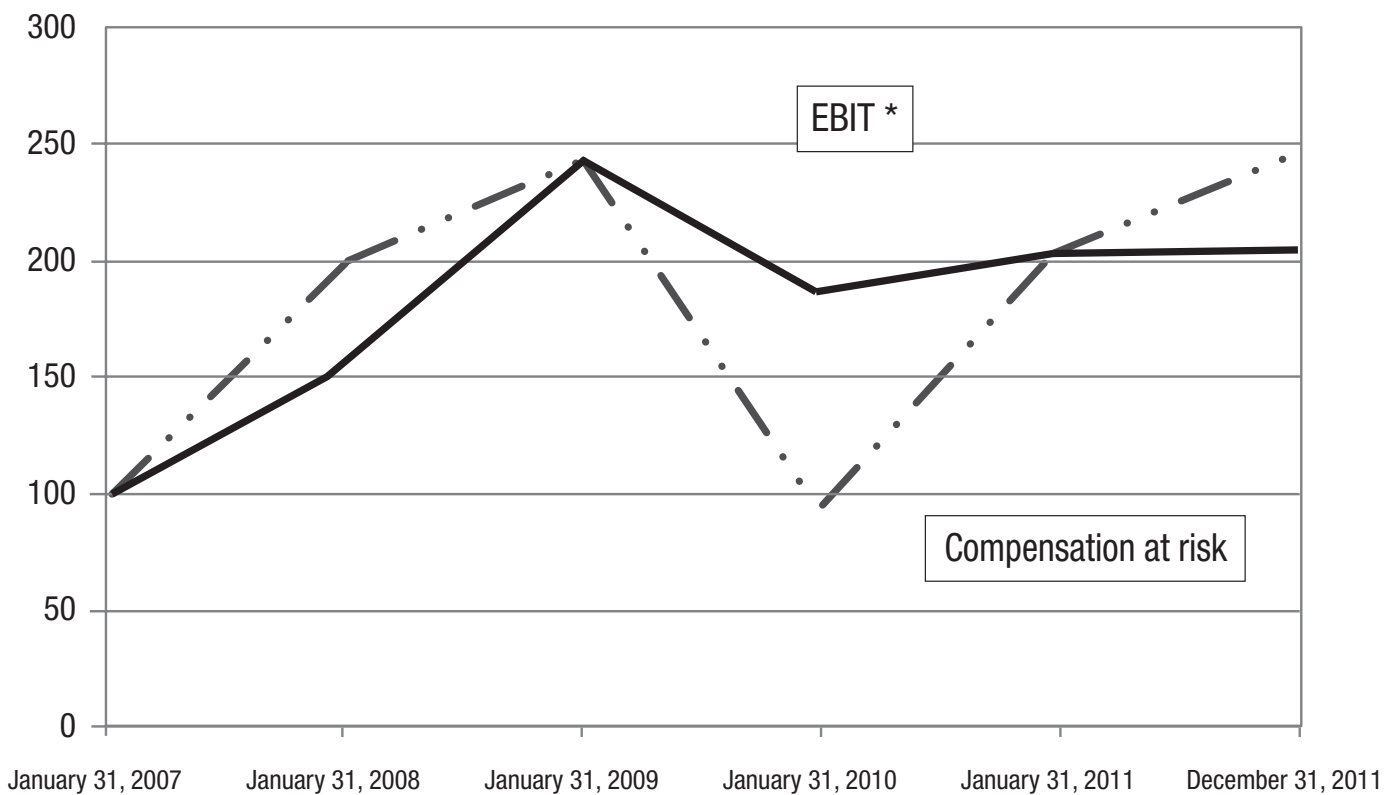
(Index : Closing Price January 31, 2007 = 100 and NEOs total compensation for the fiscal year ending January 31, 2007 = 100)
Closing prices converted in U.S. dollars.

Bombardier's incentive compensation (that is, the short-term incentive plans and the mid-term and long-term incentive plans referred to in pages 27 to 33 of this Management Proxy Circular) is linked to the achievement of targeted results. EBIT being a common key performance indicator for both groups, it is a better measurement on a consolidated basis to represent the total performance of Bombardier.

In the graph below, we have removed the fixed elements of the total compensation, that is the base salary and the change in the pension value.

This graph shows a link between the compensation at risk of the NEOs and Bombardier's performance, as measured by EBIT. Over the last five fiscal years, EBIT and compensation at risk moved in the same direction except for the last fiscal year. In fiscal 2011, the trend in compensation at risk was strongly influenced by the share price used in the calculations of the mid- and long-term incentive values. While it is important to align pay and performance, stock price performance can be affected by trends unrelated to the fundamentals of Bombardier and as such, cannot be the sole measure of the Corporation's performance.

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



* EBIT: EBIT before special items

(Index : EBIT and NEOs compensation at risk for fiscal year ending January 31, 2007 = 100)

D. Executive Compensation

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

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, as established by the HRCC for the financial years ended December 31, 2011, January 31, 2011

and January 31, 2010. It also provides a summary of the aggregate holding and value of shares, PSUs, DSUs and stock options held by him as at December 31, 2011, January 31, 2011 and January 31, 2010.

Compensation for the Year Ended	December 31, 2011(\$)	January 31, 2011(\$)	January 31, 2010 (\$)
Salary ⁽¹⁾	1,286,900	1,317,300	1,162,900
Performance Share Units (PSUs) ⁽²⁾	Nil	Nil	Nil
Deferred Share Units (DSUs) ⁽²⁾	3,268,900	2,289,300	1,027,800
Stock Options ⁽³⁾	1,484,400	1,059,600	528,600
Annual Incentive ⁽¹⁾	1,574,200	1,736,900	870,200
Pension Value ⁽⁴⁾	362,400	299,300	184,600
All Other Compensation ⁽⁵⁾	193,100	155,100	131,500
Total Compensation	8,169,900	6,857,500	3,905,600

Aggregate Holding and Value of Shares, PSUs, DSUs and Stock Options						
As at	December 31, 2011		January 31, 2011		January 31, 2010	
	Number	\$	Number	\$	Number	\$
Shares ⁽⁶⁾						
Class A	512,859	2,038,700	512,859	2,927,100	512,859	2,448,800
Class B Subordinate	75,341	299,500	68,897	391,800	1,312	6,300
PSUs ⁽⁷⁾	Nil	Nil	240,000	1,365,000	390,000	1,862,200
DSUs ⁽⁷⁾	1,344,000	5,342,600	880,000	5,005,000	350,000	1,671,200
Stock Options ⁽⁸⁾						
Exercisable	1,600,000	784,100	1,500,000	2,001,600	1,362,500	1,302,000
Unexercisable	2,435,000	268,700	2,333,000	2,235,100	2,057,500	1,320,100
Total	5,967,200	8,733,600	5,534,756	13,925,600	4,674,171	8,610,600

(1) Please refer to the table D.2 "Summary Compensation Table" on page 40 of this Management Proxy Circular. For the financial year ended December 31, 2011, the salary is for the period from February 1, 2011 to December 31, 2011, an 11-month period.

(2) Please refer to the table D.3 "Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010" on page 41 of this Management Proxy Circular.

(3) Please refer to the table D.4 "Granting of Stock Options to the Named Executive Officers of Bombardier during the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010" on page 42 of this Management Proxy Circular.

(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended December 31, 2011 on page 46 of this Management Proxy Circular, to the table E.2 "Supplemental Pension Disclosure for the financial year ended January 31, 2011" on page 47 of this Management Proxy Circular and to the table E.3 "Supplemental Pension Disclosure for the financial year ended January 31, 2010 on page 48 of this Management Proxy Circular.

(5) Please refer to note 6 of the table D.2 "Summary Compensation Table" on page 40 of this Management Proxy Circular.

(6) The market value of shares was determined with (i) a closing price for Class A shares of CAN \$4.06 and a closing price for Class B subordinate shares of CAN \$4.06, both converted from Canadian dollars to US dollars on an exchange rate of \$0.9791 as of December 31, 2011, (ii) a closing price for Class A shares of CAN \$5.72 and a closing price for Class B subordinate shares of CAN \$5.70, both converted from Canadian dollars to US dollars based on an exchange rate of \$0.9978 as of January 31, 2011 or (iii) a closing price for Class A shares of CAN \$5.04 and a closing price for Class B subordinate shares of CAN \$5.04, both converted from Canadian dollars to US dollars based on an exchange rate of \$0.9474 as of January 31, 2010, as applicable.

(7) Please refer to the table D.6 "Vested and Unvested PSUs and DSUs for the financial year ended December 31, 2011" on page 44 of this Management Proxy Circular.

(8) Please refer to the table D.5 "Outstanding Option-Based Awards for the Financial Year ended December 31, 2011" on page 43 of this Management Proxy Circular.

D.2 Summary Compensation Table *

The Summary Compensation Table shows the annual compensation information for each of the Named Executive Officers of

Bombardier for the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010.

Name and Principal Position	Financial Year Ended	Salary (\$)	Share-based Awards (PSUs or DSUs) ⁽¹⁾ (\$)	Option-based Awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation		Pension Value ⁽⁴⁾ (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plan ⁽³⁾ (\$)	Long-term Incentive Plan			
Pierre Beaudoin President and Chief Executive Officer	December 31, 2011	1,286,900 ⁽⁶⁾	3,268,900	1,484,400	1,574,200	0	362,400	193,100 ⁽⁶⁾	8,169,900
	January 31, 2011	1,317,300	2,289,300	1,059,600	1,736,900	0	299,300	155,100 ⁽⁶⁾	6,857,500
	January 31, 2010	1,162,900	1,027,800	528,600	870,200	0	184,600	131,500 ⁽⁶⁾	3,905,600
Pierre Alary Senior Vice President and Chief Financial Officer	December 31, 2011	643,000 ⁽⁶⁾	852,400	384,700	608,400	0	287,500	72,200 ⁽⁶⁾	2,848,200
	January 31, 2011	640,200	462,200	212,600	620,800	0	152,100	63,700 ⁽⁶⁾	2,151,600
	January 31, 2010	561,200	196,800	102,200	260,000	0	161,400	46,400 ⁽⁶⁾	1,328,000
Guy C. Hachey President and Chief Operating Officer of Bombardier Aerospace	December 31, 2011	890,900 ⁽⁶⁾	1,387,900	628,800	769,700	0	555,800	157,600 ⁽⁶⁾	4,390,700
	January 31, 2011	911,900	976,200	445,900	889,100	0	531,400	54,000 ⁽⁶⁾	3,808,500
	January 31, 2010	805,300	434,600	224,400	302,000	0	402,200	47,000 ⁽⁶⁾	2,215,500
André Navarri President and Chief Operating Officer of Bombardier Transportation	December 31, 2011	1,250,500 ⁽⁶⁾	1,387,900	628,800	755,900	0	597,500	72,700 ⁽⁶⁾	4,693,300
	January 31, 2011	1,253,600	976,200	445,900	1,260,300	0	493,800	69,700 ⁽⁶⁾	4,499,500
	January 31, 2010	1,299,500	434,600	224,400	714,700	0	344,800	38,400 ⁽⁶⁾	3,056,400
Richard Bradeen Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management	December 31, 2011	559,900 ⁽⁶⁾	472,000	214,500	529,800	0	161,000	48,200 ⁽⁶⁾	1,985,400
	January 31, 2011	573,500	267,800	119,900	556,000	0	139,400	53,600 ⁽⁶⁾	1,710,200
	January 31, 2010	503,500	146,800	76,400	233,200	0	147,100	41,900 ⁽⁶⁾	1,148,900

(1) Please refer to the table D.3 "Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010" on page 41 of this Management Proxy Circular.

(2) Please refer to the table D.4 "Granting of Stock Options to the Named Executive Officers of Bombardier during the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010" on page 42 of this Management Proxy Circular.

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

(4) Please refer to the table E.1 "Supplemental Pension Disclosure for the financial year ended December 31, 2011" on page 46 of this Management Proxy Circular, to the table E.2 "Supplemental Pension Disclosure for the financial year ended January 31, 2011" on page 47 of this Management Proxy Circular and to the table E.3 "Supplemental Pension Disclosure for the financial year ended January 31, 2010" on page 48 of this Management Proxy Circular.

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

(6) Included in this amount is the sum of \$38,778 for the financial year ended December 31, 2011, of \$32,746 for the financial year ended January 31, 2011 and \$76,267 for the financial year ended January 31, 2010 which represents the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Mr. Pierre Beaudoin and the costs that he reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.

Also included in this amount for the financial year ended December 31, 2011 is the sum of \$90,360, \$16,940, \$75,300, \$47,060 and \$15,060 respectively for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Richard Bradeen for the equivalent of dividends paid in cash on June 10, 2011 for PSUs that vested on that date.

Included in this amount for the financial year ended January 31, 2011 is the sum of \$44,580, \$17,830, \$44,580 and \$14,860 respectively for Messrs. Pierre Beaudoin, Pierre Alary, André Navarri and Richard Bradeen for the equivalent of dividends paid in cash on June 5, 2010 for PSUs that vested on that date.

Included in this amount for the financial year ended January 31, 2010 is the sum of \$13,590, \$6,800, \$13,590 and \$6,120 respectively for Messrs. Pierre Beaudoin, Pierre Alary, André Navarri and Richard Bradeen for the equivalent of dividends paid in cash on June 7, 2009 for PSUs, that vested on that date.

* All compensation amounts are paid in Canadian dollars to Messrs Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen and in Euros to Mr. André Navarri. The salary and annual incentive plan amounts are converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of CAN \$1.0124 and Euro 1.3978 respectively for the financial year ended December 31, 2011, CAN \$0.9750 and Euro 1.3202 respectively for the financial year ended January 31, 2011 and on the average exchange rates of CAN \$0.8918 and Euro 1.4018 respectively for the financial year ended January 31, 2010. The exchange rates used for the share-based awards and option-based awards are provided in the notes to the tables D.3 and D.4. The exchange rates used for the pension value are provided in the notes to the tables E.1, E.2 and E.3.

D.3 Granting of PSUs or DSUs to the Named Executive Officers of Bombardier during the Financial Years Ended December 31, 2011, January 31, 2011 and January 31, 2010

The following table provides information with respect to the PSUs or DSUs granted to each of the Named Executive Officers of

Bombardier during the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010.

Named Executive Officers	Financial Years Ended	Number of PSUs or DSUs Granted ⁽¹⁾ (#)	% of Total PSUs or DSUs Granted to Employees in the Financial Year	Performance Period ending on	Estimated Market Value of Grants under the PSU or DSU Plan ⁽⁵⁾		
					At Threshold Level of 70% of Target ⁽⁶⁾ (\$)	Target ⁽⁶⁾ (\$)	At Maximum Level of 150% of Target ⁽⁶⁾ (\$)
Pierre Beaudoin	December 31, 2011	464,000 ⁽²⁾	5.54%	June 6, 2014	2,288,200	3,268,900	4,903,300
	January 31, 2011	530,000 ⁽³⁾	5.29%	June 9, 2013	1,602,500	2,289,300	3,433,900
	January 31, 2010	350,000 ⁽⁴⁾	5.63%	June 10, 2012	719,500	1,027,800	1,541,700
Pierre Alary	December 31, 2011	121,000 ⁽²⁾	1.44%	June 6, 2014	596,700	852,400	1,278,700
	January 31, 2011	107,000 ⁽³⁾	1.07%	June 9, 2013	323,500	462,200	693,300
	January 31, 2010	67,000 ⁽⁴⁾	1.08%	June 10, 2012	137,700	196,800	295,100
Guy C. Hachey	December 31, 2011	197,000 ⁽²⁾	2.35%	June 6, 2014	971,500	1,387,900	2,081,800
	January 31, 2011	226,000 ⁽³⁾	2.25%	June 9, 2013	683,300	976,200	1,464,300
	January 31, 2010	148,000 ⁽⁴⁾	2.38%	June 10, 2012	304,200	434,600	651,900
André Navarri	December 31, 2011	197,000 ⁽²⁾	2.35%	June 6, 2014	971,500	1,387,900	2,081,800
	January 31, 2011	226,000 ⁽³⁾	2.25%	June 9, 2013	683,300	976,200	1,464,300
	January 31, 2010	148,000 ⁽⁴⁾	2.38%	June 10, 2012	304,200	434,600	651,900
Richard Bradeen	December 31, 2011	67,000 ⁽²⁾	0.80%	June 6, 2014	330,400	472,000	708,000
	January 31, 2011	62,000 ⁽³⁾	0.62%	June 9, 2013	187,500	267,800	401,700
	January 31, 2010	50,000 ⁽⁴⁾	0.80%	June 10, 2012	102,800	146,800	220,200

- (1) For the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010, DSUs were granted to Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen and PSUs were granted to Mr. André Navarri due to fiscal restrictions in France. The value of the PSU and DSU grants as of December 31, 2011 is shown in the table D.6 "Vested and Unvested PSUs and DSUs as of December 31, 2011" on page 44 of the Management Proxy Circular. The closing price of the Class B subordinate shares on the Toronto Stock Exchange on December 31, 2011 was CAN \$4.06.
- (2) The PSU or DSU grants to each of the NEOs in the above table were made on June 8, 2011 on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN \$6.89. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of \$1.0225 as of June 8, 2011.
- (3) The PSU or DSU grants to each of the NEOs in the above table were made on June 9, 2010 on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN \$4.49. The value of each grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of \$0.9620 as of June 9, 2010.
- (4) The PSU or DSU grants to each of the NEOs in the above table were made on June 10, 2009 on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN \$3.26. The value of the grant was determined based on the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of \$0.9008 as of June 10, 2009.
- (5) Following the June 10, 2009, the June 9, 2010 and the June 8, 2011 grants of PSUs, participants must receive payment of vested PSUs at the end of the vesting period in Class B subordinate shares. Following the June 10, 2009, the June 9, 2010 and the June 8, 2011 grants of DSUs, participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier.
- (6) The vesting of all PSU or DSU grants is conditional on the attainment of Bombardier's ROE targets. The estimated target, threshold and maximum values are illustrated. The PSUs/DSUs may also vest at 0% as indicated on page 30 of this Management Proxy Circular. The estimations do not take into consideration possible future dividend payments.

D.4 Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Years Ended December 31, 2011, January 31, 2011 and January 31, 2010

The following table provides information with respect to stock options granted to each of the Named Executive Officers of

Bombardier during the financial years ended December 31, 2011, January 31, 2011 and January 31, 2010.

Named Executive Officers	Financial Years Ended	Grant Date	Number of Options Granted	% of Total Options Granted to Employees in the Financial Year	Option Exercise Price ⁽¹⁾ (CAN \$)	Market Value of Securities Underlying Options on the Date of Grant (\$)	Expiration Date
Pierre Beaudoin	December 31, 2011	June 8, 2011	602,000	16.73%	7.01	1,484,400 ⁽²⁾	June 8, 2018
	January 31, 2011	June 9, 2010	663,000	17.13%	4.71	1,059,600 ⁽³⁾	June 9, 2017
	January 31, 2010	June 10, 2009	450,000	17.18%	3.45	528,600 ⁽⁴⁾	June 10, 2016
Pierre Alary	December 31, 2011	June 8, 2011	156,000	4.34%	7.01	384,700 ⁽²⁾	June 8, 2018
	January 31, 2011	June 9, 2010	133,000	3.44%	4.71	212,600 ⁽³⁾	June 9, 2017
	January 31, 2010	June 10, 2009	87,000	3.32%	3.45	102,200 ⁽⁴⁾	June 10, 2016
Guy C. Hachey	December 31, 2011	June 8, 2011	255,000	7.09%	7.01	628,800 ⁽²⁾	June 8, 2018
	January 31, 2011	June 9, 2010	279,000	7.21%	4.71	445,900 ⁽³⁾	June 9, 2017
	January 31, 2010	June 10, 2009	191,000	7.29%	3.45	224,400 ⁽⁴⁾	June 10, 2016
André Navarri	December 31, 2011	June 8, 2011	255,000	7.09%	7.01	628,800 ⁽²⁾	June 8, 2018
	January 31, 2011	June 9, 2010	279,000	7.21%	4.71	445,900 ⁽³⁾	June 9, 2017
	January 31, 2010	June 10, 2009	191,000	7.29%	3.45	224,400 ⁽⁴⁾	June 10, 2016
Richard Bradeen	December 31, 2011	June 8, 2011	87,000	2.42%	7.01	214,500 ⁽²⁾	June 8, 2018
	January 31, 2011	June 9, 2010	75,000	1.94%	4.71	119,900 ⁽³⁾	June 9, 2017
	January 31, 2010	June 10, 2009	65,000	2.48%	3.45	76,400 ⁽⁴⁾	June 10, 2016

- (1) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the Toronto Stock Exchange on the five trading days before the grant was made. The exercise price is shown in Canadian dollars. The actual market values as of December 31, 2011 of all stock options held by the NEOs are shown in table D.5 "Outstanding Option-Based Awards for the Financial Year Ended December 31, 2011" on page 43 of this Management Proxy Circular.
- (2) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 8, 2011 of CAN \$6.89, a Black-Scholes value of 0.35 and a conversion from Canadian dollars to US dollars based on an exchange rate of \$1.0225 as of June 8, 2011.
- (3) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 9, 2010 of CAN \$ 4.49, a Black-Scholes value of 0.37 and a conversion from Canadian dollars to US dollars based on an exchange rate of \$0.9620 as of June 9, 2010.
- (4) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 10, 2009 of CAN \$ 3.26, a Black-Scholes value of 0.40 and a conversion from Canadian dollars to US dollars based on an exchange rate of \$0.9008 as of June 10, 2009.

D.5 Outstanding Option-Based Awards for the Financial Year Ended December 31, 2011

Named Executive Officers	Number of Shares Acquired on Exercise	Aggregate Value Realized ⁽¹⁾ (\$)	Number of Securities Underlying Unexercised Options at Financial Year-End		Option Expiration Date ⁽³⁾	Option Exercise Price (CAN \$)	Value of Unexercised in-the-Money Options at Financial Year-End ⁽⁴⁾	
			Exercisable	Unexercisable ⁽²⁾			Exercisable (\$)	Unexercisable ⁽²⁾ (\$)
Pierre Beaudoin	—	—	500,000	—	March 27, 2012	14.58	—	—
	—	—	300,000	—	June 10, 2012	2.51	455,200	—
	—	—	400,000	—	June 7, 2013	3.22	328,900	—
	—	—	400,000	—	June 5, 2014	5.51	—	—
	—	—	—	720,000	June 10, 2015	8.53	—	—
	—	—	—	450,000	June 10, 2016	3.45	—	268,700
	—	—	—	663,000	June 9, 2017	4.71	—	—
	—	—	—	602,000	June 8, 2018	7.01	—	—
Pierre Alary	—	—	100,000	—	June 10, 2012	2.51	151,700	—
	—	—	125,000	—	June 7, 2013	3.22	102,800	—
	—	—	150,000	—	June 5, 2014	5.51	—	—
	—	—	—	135,000	June 10, 2015	8.53	—	—
	—	—	—	87,000	June 10, 2016	3.45	—	52,000
	—	—	—	133,000	June 9, 2017	4.71	—	—
	—	—	—	156,000	June 8, 2018	7.01	—	—
Guy C. Hachey	—	—	—	600,000	June 10, 2015	8.53	—	—
	—	—	—	191,000	June 10, 2016	3.45	—	114,100
	—	—	—	279,000	June 9, 2017	4.71	—	—
	—	—	—	255,000	June 8, 2018	7.01	—	—
André Navarri	—	—	200,000	—	June 7, 2013	3.22	164,400	—
	—	—	400,000	—	June 5, 2014	5.51	—	—
	—	—	—	325,000	June 10, 2015	8.53	—	—
	—	—	—	191,000	June 10, 2016	3.45	—	114,100
	—	—	—	279,000	June 9, 2017	4.71	—	—
	—	—	—	255,000	June 8, 2018	7.01	—	—
Richard Bradeen	—	—	20,000	—	March 27, 2012	14.58	—	—
	100,000	459,900	—	—	June 10, 2012	2.51	—	—
	—	—	110,000	—	June 7, 2013	3.22	90,400	—
	—	—	125,000	—	June 5, 2014	5.51	—	—
	—	—	—	100,000	June 10, 2015	8.53	—	—
	—	—	—	65,000	June 10, 2016	3.45	—	38,800
	—	—	—	75,000	June 9, 2017	4.71	—	—
	—	—	—	87,000	June 8, 2018	7.01	—	—

(1) The value represents the closing price of the Bombardier Class B subordinate shares on the Toronto Stock Exchange on the date of exercise, less the exercise price of the options converted from Canadian dollars to US dollars using an average exchange rate of \$1.0124.

(2) Stock options may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on page 32 of this Management Proxy Circular. Options granted before June 10, 2003 and options granted on or after June 10, 2009 vest only based on time. Please see pages 31 and 32 of this Management Proxy Circular.

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

(4) The value of unexercised in-the-money options as of December 31, 2011 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. The values of the options as of December 31, 2011 held by each NEO are based on the closing price of the Class B subordinate shares on December 31, 2011 of CAN \$4.06 converted from Canadian dollars to US dollars using an exchange rate of \$0.9791 as of December 31, 2011.

D.6 Vested and Unvested PSUs and DSUs for the Financial Year Ended December 31, 2011

Named Executive Officers	Number of PSUs Vested	Aggregate Value Realized ⁽¹⁾ (\$)	Number of PSUs/DSUs that Have Not Vested at the End of the Financial Year ⁽²⁾	Vesting Date	Market Value of PSUs that Have Not Vested at the End of the Financial Year			Market Value of Vested Share-based awards not paid or distributed
					At 70% of Target ⁽³⁾ (\$)	At 100% of Target ⁽³⁾ (\$)	At 150% of Target ⁽³⁾ (\$)	
Pierre Beaudoin	292,800	2,056,400	—	June 10, 2011	—	—	—	—
	—	—	350,000	June 10, 2012	973,900	1,391,300	2,087,000	—
	—	—	530,000	June 9, 2013	1,474,800	2,106,800	3,160,300	—
	—	—	464,000	June 6, 2014	1,291,100	1,844,500	2,766,700	—
Pierre Alary	54,900	385,600	—	June 10, 2011	—	—	—	—
	—	—	67,000	June 10, 2012	186,400	266,300	399,500	—
	—	—	107,000	June 9, 2013	297,700	425,300	638,000	—
	—	—	121,000	June 6, 2014	336,700	481,000	721,500	—
Guy C. Hachey	244,000	1,713,700	—	June 10, 2011	—	—	—	—
	—	—	148,000	June 10, 2012	411,800	588,300	882,500	—
	—	—	226,000	June 9, 2013	628,900	898,400	1,347,600	—
	—	—	197,000	June 6, 2014	548,200	783,100	1,174,700	—
André Navarri	152,500	1,082,000	—	June 10, 2011	—	—	—	—
	—	—	148,000	June 10, 2012	411,800	588,300	882,500	—
	—	—	226,000	June 9, 2013	628,900	898,400	1,347,600	—
	—	—	197,000	June 6, 2014	548,200	783,100	1,174,700	—
Richard Bradeen	48,800	342,700	—	June 10, 2011	—	—	—	—
	—	—	50,000	June 10, 2012	139,100	198,800	298,100	—
	—	—	62,000	June 9, 2013	172,500	246,500	369,700	—
	—	—	67,000	June 6, 2014	186,400	266,300	399,500	—

(1) Either the cash amount paid to the NEOs on June 10, 2011 calculated by multiplying the number of PSUs which vested during the financial year ended December 31, 2011 by the value of the Class B subordinate shares as determined pursuant to the fiscal laws applicable to each NEO or the market value of the Class B shares actually remitted to each NEO. Please refer to pages 29 to 31 of this Management Proxy Circular for more information on the settlement of PSUs on the vesting date. The aggregate value realized was converted from Canadian dollars to US dollars based on an exchange rate of \$1.0238 on June 10, 2011.

(2) Only Mr. André Navarri received a grant of PSUs as of June 10, 2009, as of June 9, 2010 and as of June 8, 2011. All other Named Executive Officers received DSUs.

(3) Based on the closing price of the Class B subordinate shares on December 31, 2011 of CAN \$4.06 assuming 70%, 100% or 150% of target of plan reached and converted from Canadian dollars to US dollars based on an exchange rate of \$ 0.9791 as of December 31, 2011. The PSUs/DSUs may also vest at 0% as indicated on page 30 of this Management Proxy Circular.

D.7 Incentive Plan Awards – Value Vested or Earned during the Financial Year Ended December 31, 2011

Named Executive Officers	Option-based Awards – Value Vested during the Year ⁽¹⁾ (\$)	Share-based Awards – Value Vested during the Year ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation – Value Earned during the Year ⁽³⁾ (\$)
Pierre Beaudoin	146,400	2,056,400	1,574,200
Pierre Alary	54,900	385,600	608,400
Guy C. Hachey	—	1,713,700	769,700
André Navarri	146,400	1,082,000	755,900
Richard Bradeen	45,700	342,700	529,800

(1) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. The value is equal to the difference between the closing market price of Class B subordinate shares on the vesting date and the exercise price. The closing market prices are CAN \$6.86 on June 10, 2011 and CAN \$6.94 on June 5, 2011. Values are converted from Canadian dollars to US dollars based on the exchange rate as of the vesting date namely, on June 10, 2011, \$1.0238 and on June 5, 2011, \$1.0235.

(2) The value is equal to the aggregate realized value of PSUs as disclosed in the table D.6 “Vested and Unvested PSUs and DSUs for the financial year ended December 31, 2011” above. No DSUs vested in the financial year ended December 31, 2011.

(3) The value is the amount of the annual incentive plan payout for financial year ended on December 31, 2011 disclosed in the table D.2 “Summary Compensation Table” on page 40 of this Management Proxy Circular.

D.8. Securities Authorized for Issuance under the Stock Option Plan and the 2010 DSUP

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (CAN \$)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	32,103,846	6.03	87,684,175
Equity compensation plans not approved by security holders	—	—	—
Total	32,103,846	6.03	87,684,175

E. Pension Plans

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

Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the executives are paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2011 is CAN \$127,611) multiplied by the number of years of credited service.

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

- 2% of average base salary up to CAN \$127,611 plus 1.75% of average base salary in excess of that amount, or
- 2.25% of average base salary, or
- 2.50% of average base salary,

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

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

Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Richard Bradeen are entitled to an accrual rate of pension of 2.50%. Upon employment, Mr. Guy C. Hachey

was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each year of service completed for his first seven years of employment. The HRCC has granted to Mr. André Navarri the right to accrue, starting on April 1, 2010, his pension at an additional rate of 1.25% of the annual accrual, representing 3.75% for the next six years of his employment.

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

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

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

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

E.1 Supplemental Pension Disclosure for the Financial Year Ended December 31, 2011 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named Executive

Officers of Bombardier between February 1, 2011 and December 31, 2011.

Name	Number of Years of Credited Service		Annual Benefits Payable ⁽²⁾		Accrued Obligation as of January 31, 2011 ⁽³⁾ (\$)	Change in Obligation During Year		Accrued Obligation as of December 31, 2011 ⁽⁶⁾ (\$)
	December 31, 2011	Age 65 ⁽¹⁾	December 31, 2011 (\$)	Age 65 (\$)		Compensatory Changes ⁽⁴⁾ (\$)	Non Compensatory Changes ⁽⁵⁾ (\$)	
Pierre Beaudoin	26.3	40.0	867,000	1,317,000	11,586,500	362,400	3,232,000	15,180,900
Pierre Alary	13.3	23.8	214,000	384,000	2,528,400	287,500	742,100	3,558,000
Guy C. Hachey	3.6	12.0	163,000	430,000	1,630,400	555,800	481,800	2,668,000
André Navarri	7.8	14.1	268,000	524,000	2,965,100	597,500	(111,800)	3,450,800
Richard Bradeen	14.5	23.9	208,000	342,000	2,563,300	161,000	648,700	3,373,000

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on December 31, 2011 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of CAN \$0.9791 and €1.2939 respectively as of December 31, 2011.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9978 and €1.3715 respectively as of January 31, 2011.

(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of CAN \$1.0124 and €1.3927 respectively.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9791 and €1.2939 respectively as of December 31, 2011.

★ Pension obligations shown above are based on the assumption for their valuation as of the plans measurement date used in Bombardier's financial statements and in accordance with the IFRS accounting standards.

E.2 Supplemental Pension Disclosure for the Financial Year Ended January 31, 2011 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named

Executive Officers of Bombardier between February 1, 2010 and January 31, 2011.

Name	Number of Years of Credited Service		Annual Benefits Payable ⁽²⁾		Accrued Obligation as of January 31, 2010 ⁽³⁾ (\$)	Change in Obligation During Year		Accrued Obligation as of January 31, 2011 ⁽⁶⁾ (\$)
	January 31, 2011	Age 65 ⁽¹⁾	January 31, 2011 (\$)	Age 65 (\$)		Compensatory Changes ⁽⁴⁾ (\$)	Non Compensatory Changes ⁽⁵⁾ (\$)	
Pierre Beaudoin	25.4	40.0	821,200	1,293,100	9,584,800	299,300	1,702,400	11,586,500
Pierre Alary	12.4	23.8	195,600	375,200	2,006,600	152,100	369,700	2,528,400
Guy C. Hachey	2.7	12.0	122,700	433,000	885,800	531,400	213,200	1,630,400
André Navarri	6.9	14.1	231,800	543,100	2,230,300	493,800	241,000	2,965,100
Richard Bradeen	13.6	23.9	192,600	338,300	2,062,500	139,400	361,400	2,563,300

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on January 31, 2011 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of CAN \$0.9978 and €1.3715 respectively as of January 31, 2011.

(3) The values are calculated under the IFRS accounting standards and thus, vary from the values of last column of Table E.3 which have been calculated under Canadian GAAP standards. The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9474 and €1.387 respectively as of January 31, 2010.

(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of CAN \$0.9750 and € 1.3202 respectively.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9978 and €1.3715 respectively as of January 31, 2011.

* Pension obligations shown above are based on the assumptions for their valuation as of the plans measurement date in accordance with the IFRS accounting standards. The values differ with the ones used in the Bombardier's financial statements as at January 31, 2011 since these were determined according to the Canadian GAAP standards.

E.3 Supplemental Pension Disclosure for the Financial Year Ended January 31, 2010 *

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with

respect to the pension benefits payable to each of the Named Executive Officers of Bombardier between February 1, 2009 and January 31, 2010.

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

(1) Credited service is limited to 40 years.

(2) Based on the average base salary over the last three years and credited service on January 31, 2010 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of CAN \$0.9474 and €1.387 respectively as of January 31, 2010.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.8088 and €1.2803 respectively as of January 31, 2009.

(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of \$0.8918 and € 1.4018 respectively.

(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses (other than compensation related gains or losses) and variations in exchange rates.

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of CAN \$0.9474 and €1.387 respectively as of January 31, 2010.

* Pension obligations shown above are based on the assumptions for their valuation as of the plans measurement date used in Bombardier's financial statements and in accordance with the Canadian GAAP standards.

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

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

F. Termination and Change of Control Provisions

Pursuant to the current employment practices of Bombardier, the compensation of each of the Named Executive Officers is revised and set on an annual basis by the HRCC as described in the Section C. "Compensation Discussion and Analysis" on pages 25 to 38 of this Management Proxy Circular.

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

However, Bombardier has an employment agreement with Mr. Navarri which is governed by French law. As a result, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of his base salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Navarri's employment been terminated on December 31, 2011, he would have been entitled to a cash lump sum payment of \$ 4,833,200⁽¹⁾.

In the case of Mr. Hachey, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his base salary and target bonus in

the event that his employment is terminated by the Corporation. Had Mr. Hachey been terminated on December 31, 2011, he would have been entitled to a cash lump sum payment of \$2,704,000⁽¹⁾. In order to compensate Mr. Hachey for part of the loss of his accumulated pension with his previous employer, the following additional amount would be paid if his employment is terminated by Bombardier for reasons other than cause:

Age at Termination	Additional Amount ⁽¹⁾
56	1,958,200
57	1,762,400
58	1,370,800

(1) Amounts are converted from Canadian dollars (for Mr. Guy C. Hachey) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of CAN \$0.9791 and €1.2939 respectively as of December 31, 2011.

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

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

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs

assuming the event took place on December 31, 2011. As a general rule, only the accrued and vested benefits are paid under each of the compensation programs.

Type of Termination from Active Employment	Severance Payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs) ⁽¹⁾	Pension Plan	Benefits and Perquisites
Retirement	None	Entitled to pro-rata of bonus for portion of financial year prior to retirement date.	<p>Upon normal retirement (in accordance with pension plan rules), stock options must be exercised in the following three years and regular vesting rules continue to apply during that period.</p> <p>Upon early retirement (in accordance with pension plan rules), only stock options already vested on retirement date could be exercised within the following year.⁽²⁾</p> <p>Exception: for stock options granted on or after June 10, 2009 upon early retirement (in accordance with pension plan rules), the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period.</p> <p>Exception for options granted before March 21, 2002: options already vested must be exercised within one year of normal or early retirement.</p>	<p>If retirement on or after age 55 with 5 or more years of service, PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period.</p> <p>If retirement on or after age 60 with 5 or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the performance objectives. ⁽³⁾</p>	Upon retirement, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of retirement.	Pension benefits start being paid according to plan rules.	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement.
Termination without cause	Will be based on common or civil law requirements ⁽⁴⁾ .	None ⁽⁴⁾	<p>Stock options terminate immediately unless otherwise determined by the Board.</p> <p>Exception: for stock options granted on or after June 10, 2009, the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period.</p>	The PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period, subject to meeting the performance objectives.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination.	Value of pension benefits payable in accordance with local legal requirements ⁽⁵⁾ .	All benefits and perquisites expire immediately or after a minimal period of a few months.

Type of Termination from Active Employment	Severance Payment	Bonus	Stock Options	Performance Share Units (PSUs)	Deferred Share Units (DSUs) ⁽¹⁾	Pension Plan	Benefits and Perquisites
Death	None	Entitled to pro-rata of bonus for portion of financial year prior to the date of death.	Already vested stock options could be exercised within the following 60 days.	The size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the performance objectives.	Upon death, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of death.	Value of pension benefits payable in accordance with local legal requirements ⁽⁶⁾ .	All benefits expire immediately or after a minimal period of a few months (24 months if executive is survived by a spouse in Canada) Perquisites expire upon death.
Voluntary resignation or termination with cause	None	None	All options expire immediately.	All PSUs expire immediately.	Upon termination, DSUs already vested are settled in Class B subordinate shares before the last day of the calendar year of termination. In addition, vested DSUs may be cancelled by the HRCC if the termination of employment is due to a breach of the Corporation's Code of Ethics and Business Conduct.	Value of pension benefits payable in accordance with local legal requirements.	All benefits and perquisite expire immediately.
Change of control	Bombardier has no change of control agreement with any of its NEOs.						

- (1) Under the 2010 DSUP, such portion of a DSU grant attributable to a financial year or years (or portion thereof) during a voluntary authorized leave of absence before the vesting date shall expire.
- (2) The same applies in the case of authorized leave of absence for sickness or other reasons.
- (3) The same applies if the individual becomes disabled.
- (4) Mr. André Navarri is entitled to 24 months of base salary and target bonus. Mr. Guy C. Hachey is entitled to 18 months of base salary and target bonus.
- (5) To compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Bombardier will pay him the additional amounts specified on page 49 of this Management Proxy Circular should his employment be terminated by Bombardier for reasons other than cause.
- (6) Should Mr. Guy C. Hachey die before age 59, the additional amounts payable in respect of his lost accumulated pension with his previous employer as described in note 5 above would be paid to his spouse.

The following table sets forth estimates of the amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on December 31, 2011. Bombardier's practices according to its various compensation plan rules are strictly to provide the NEOs the compensation amounts or awards already accrued and vested on the date of the event. Therefore, no incremental

payments are normally payable following voluntary resignation or termination with cause. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees and do not discriminate in favor of executive officers. No perquisites are payable upon any types of termination from active employment.

Supplementary Amounts Payable upon the Following Events Assumed to Occur on December 31, 2011			
Name	Retirement (\$)	Termination without Cause (\$)	Death (\$)
Pierre Beaudoin	—	— ⁽¹⁾	—
Pierre Alary	—	— ⁽¹⁾	—
Guy C. Hachey	1,958,200	4,662,200 ⁽³⁾⁽⁴⁾	1,958,200
André Navarri	—	4,833,200 ⁽⁵⁾	1,151,800 ⁽²⁾
Richard Bradeen	—	— ⁽¹⁾	—

(1) Will be based on civil law requirements.

(2) Payments of all PSUs granted prior to the date of death would occur only on the vesting date and would be computed with the actual performance results. Performance of 100% of eventual targets was assumed. Please refer to Table D.6 «Vested and Unvested PSUs and DSUs for the Financial Year Ended December 31, 2011» on page 44 of this Management Proxy Circular for the assumptions to determine the market value as of December 31, 2011.

(3) Including an amount of \$ 1,958,200 based on Mr. Hachey's age on December 31, 2011 and contract of employment. Please refer to page 49 of this Management Proxy Circular.

(4) Including a lump sum amount equal to 18 months of base salary and target bonus. Please refer to page 49 of this Management Proxy Circular.

(5) Lump sum amount equal to 24 months of base salary and target bonus. Please refer to page 49 of this Management Proxy Circular.

G. Summary

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

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

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

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the annual meeting of shareholders, on Thursday, May 10, 2012.

Submitted on February 28, 2012, by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman

André Bérard
Thierry Desmarest

Martha Finn Brooks
Carlos E. Represas

Section 5 : Additional Information

Statement of the Corporate Governance Practices of Bombardier

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

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

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

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

Board of Directors of Bombardier

Composition

- As of the date of this Management Proxy Circular, the Board of Directors of Bombardier is composed of 14 directors. Detailed information on each of the 13 nominees proposed to be re-elected as directors and on the two nominees proposed to be elected as new directors of the Corporation for the current year is found on pages 7 to 13 and 16 to 21 and their respective attendance records at Board and Committee meetings is found on page 13 of this Management Proxy Circular. Because Mrs. Janine Bombardier will act as director up to the Meeting, information concerning her appears in the sections of this Circular that pertain to the members of the Board even though she will retire at the close of the Meeting and will not seek re-election as a director.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin.

Director independence

- The Corporate Governance and Nominating Committee has determined that nine of the 14 current directors, and 10 of the 15 nominees proposed for election as directors of the Corporation are independent, thus representing a majority of the members of the Board of Directors, based on the following analysis:

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

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

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at Schedule “B” to this Management Proxy Circular on pages 65 and 66 and also on the website of Bombardier at www.Bombardier.com.
- **Stewardship of Bombardier** In accordance with the Canada Business Corporations Act (the “CBCA”) and as stated in its mandate, the role of the Board of Directors of Bombardier is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

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

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

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

- **Strategic planning** Every year, the President and Chief Executive Officer of Bombardier together with the President and Chief Operating Officer of Bombardier Aerospace, the President and Chief Operating Officer of Bombardier Transportation and

senior executives from the Corporate Office present, during two separate special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of its Board of Directors. As provided for under its mandate, the duties of the Board of Directors include adopting a strategic plan presented by corporate management and updating it, on at least an annual basis, by taking into account, among other things, the opportunities and risks of the business of Bombardier and the emerging trends. The Board of Directors' duties also include monitoring the implementation of the strategic plan by corporate management.

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

- **Risk Management** Pursuant to its charter, the Finance and Risk Management Committee, assists the Board of Directors in fulfilling its oversight responsibilities with respect to
 - risk management matters,
 - financing activities,
 - retirement plan fund management,
 - environmental matters, and
 - any other matters delegated to this Committee by the Board of Directors.

More information on this Committee is provided on pages 57 and 58 of this Management Proxy Circular.

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

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

The internal process to deal with the leadership development and the management succession planning is described on pages 24 and 25 of this Management Proxy Circular.

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

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

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

- **Communications policy** The objective of the corporate disclosure policy is to ensure that communications to the investing public about Bombardier are (1) timely, factual and accurate, and

(2) disseminated in a fair and impartial manner in accordance with all applicable legal and regulatory requirements.

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

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

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

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

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

Committees of the Board of Directors

- The Board of Directors of Bombardier has four Committees.

The charter of each Committee provides a position description for its respective chair. Essentially, the chair provides leadership to enhance the effectiveness of the Committee. The chair also sets the agenda, ensures that the conduct of meetings provides adequate time for discussion of relevant issues and ensures that the outcome of meetings is reported to the Board of Directors.
- **Audit Committee** It consists of five directors, all of whom are independent. They are also all financially literate as required by NI 52-110.

Mr. L. Denis Desautels is its Chairman and Mrs. Martha Finn Brooks and Messrs. André Bérard, Daniel Johnson, and Jean-Pierre Rosso are the other members. Please refer to page 13 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2011 and December 31, 2011 and the attendance records of its members.

The Charter of the Audit Committee is reproduced at Schedule “C” attached to this Management Proxy Circular on pages 67 to 70 and also on the website of Bombardier at www.Bombardier.com.

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

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

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

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

Mr. Jean C. Monty acts as its Chairman and Mrs. Martha Finn Brooks and Messrs. André Bérard, Thierry Desmarest and Carlos E. Represas are the other members. Please refer to page 13 of this Management Proxy Circular for the number of meetings held by the Committee between February 1, 2011 and December 31, 2011 and the attendance records of its members.

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

the management succession planning is discussed on pages 24 and 25 of this Management Proxy Circular.

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

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

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

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

Section 4: “Remuneration of the Executive Officers of Bombardier” on pages 22 to 52 of this Management Proxy Circular provides more information on Bombardier’s executive compensation policy and practices.

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

Mr. Jean-Pierre Rosso chairs this Committee and Messrs. Thierry Desmarest, Jean C. Monty, Carlos E. Represas and Heinrich Weiss are the other members. Please refer to page 13 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2011 and December 31, 2011 and the attendance records of its members.

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

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

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

Mr. André Bérard is its Chairman and Messrs. L. Denis Desautels, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 13 of this Management Proxy Circular

for the number of meetings held by this Committee between February 1, 2011 and December 31, 2011 and the attendance records of its members.

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

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

Lead Director

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

Meetings of the independent directors

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

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

Between February 1, 2011 and December 31, 2011, the independent directors held four (4) private meetings after the regular meetings of the Board of Directors as in each case, they then considered that it would be appropriate to do so.

Recruitment and election of directors

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

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

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

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

Majority voting policy with respect to the election of directors

Bombardier has a majority voting policy with respect to the election of the members of its Board of Directors. It stipulates that if the votes in favour of the election of a director nominee at a shareholders'

meeting represent less than a majority of the shares voted and withheld, the nominee would, as a result, submit his/her resignation promptly after the meeting, for the Corporate Governance and Nominating Committee's consideration. The Committee would then make a recommendation to the Board of Directors after reviewing the matter, and the Board's decision to accept or reject the resignation offer would be disclosed to the public through a press release. The nominee would not participate in any Committee or Board deliberations on the resignation offer. The policy would not, however, apply in circumstances involving contested director elections.

Compensation of directors

The Corporate Governance and Nominating Committee has the responsibility to review periodically the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. It reviews the types of compensation and the amounts paid to directors of comparable publicly traded companies in Canada and makes appropriate recommendations to the Board of Directors. Any such review covers the members of the Board, (excluding however those who are officers of the Corporation), as well as the Committee members and Chairs.

The Committee also reviews periodically director share ownership guidelines.

The compensation received by the directors between February 1, 2011 and December 31, 2011 is found in Section 3: "Remuneration of the Directors of Bombardier" on pages 16 to 21 of this Management Proxy Circular.

Assessment of the directors

Each year, the members of the Corporate Governance and Nominating Committee conduct an evaluation of the performance and effectiveness of the Board of Directors and its Committees. During 2010, they implemented a new three-year assessment process: (1) every first and second year, the Corporate Secretary interviews each member of the Board of Directors in order to obtain his/her comments or recommendations about the performance of (i) the Board of Directors or (ii) as the case may be, each Committee on which he/she sits and (2) every third year, each member of the Board of Directors is asked to complete a detailed questionnaire submitted by the Corporate Secretary to assess the performance of (i) the Board of Directors and (ii) as the case may be, each Committee on which he/she sits. A summary of the results of each evaluation is submitted to the review of the Corporate Governance and Nominating Committee and the Chairman of the Board of Directors, Mr. Laurent Beaudoin.

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

The Corporate Governance and Nominating Committee periodically assesses with the Chairman of the Board of Directors, Mr. Laurent Beaudoin, the operation and strategic direction of the

Board and its Committees, their respective size, composition and structure, the performance of the directors both as a group as well as individually, the adequacy of information given to the directors, the communication between the Board and the corporate management and the processes related to the Board and its Committees. The Corporate Governance and Nominating Committee presents its findings and conclusions to the Board of Directors. The members of the Board of Directors and those of each Committee also receive a summary of the results of their respective evaluations for their review.

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

Retirement age policy for directors

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

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

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

Mandate of the Chairman of the Board of Directors

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

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

Mandate of the President and Chief Executive Officer

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

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

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

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

Orientation and continuing programs

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

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

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

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

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

Visits to Bombardier's various facilities are also arranged, from time to time, for the Board of Directors, and individual visits on request. Between February 1, 2011 and December 31, 2011, the members of the Board of Directors had the opportunity to visit the facilities of Bombardier Transportation, in Hennigsdorf, Germany.

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct translated in 15 languages. In addition to being available on the SEDAR website at www.sedar.com, it may also be consulted on the website of Bombardier at www.Bombardier.com in each of the 15 languages.
- A Corporate Ethic and Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the members of the Board of Directors of Bombardier and to all of its employees and managers. Bombardier's suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code when dealing with or acting on behalf of Bombardier.
- The Code explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier's values and reputation.
- The Code outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code.
- Senior managers are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on

public disclosures and required corporate officer certifications; this process also (1) helps integrate the Code into Bombardier's governance system, (2) ensures that the Code is a top priority with leadership and (3) promotes integrity as a core value.

- Consistent with its commitment and strategic approach to corporate responsibility, Bombardier has deployed a Supplier Code of Conduct. This Code essentially promotes adherence by suppliers to the ten principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.

Conflict of interest

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

Hiring of outside advisors

With the prior authorization of the Corporate Governance and Nominating Committee, each director may, when needed, retain the services of outside advisors at the expense of Bombardier. The Audit Committee, the Finance and Risk Management Committee and the Human Resources and Compensation Committee, each have the authority to do so. Between February 1, 2011 and December 31, 2011, no outside advisor was retained by a director.

Ernst & Young, LLP, are currently the external auditors of Bombardier and work closely with the Audit Committee. Meridian Compensation Partners, LLC, originally retained on February 1, 2011, provided various services on executive compensation matters to the Human Resources and Compensation Committee during the 2011 financial year. Prior to February 1, 2011, Towers Watson, provided various services on executive compensation matters to the Human Resources and Compensation Committee. Towers Watson also provided services to the management of Bombardier on various matters for each of the financial years ended December 31, 2011 and January 31, 2011, mainly on actuarial valuation for funding and accounting purposes related to pension and benefit plans.

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is \$240,000,000 per occurrence and in the aggregate per year, at a cost of \$1,199,450 per annum. The deductible applicable to the Corporation is \$2,500,000 for any insured occurrence.

Available Documentation

Copies of the Annual Information Form for the financial year ended December 31, 2011, the 2012 Management Proxy Circular and the Annual Report of Bombardier that includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended December 31, 2011, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.Bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on December 31, 2011.

Shareholder Proposals

Schedule "A" attached to this Management Proxy Circular on pages 62 to 64 sets out the three shareholder proposals that have been submitted for consideration at the annual meeting of shareholders of Bombardier to be held on May 10, 2012.

Shareholders of Bombardier who will be entitled to vote at the 2013 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Corporate Secretary of Bombardier no later than January 14, 2013.

Approval of the Board of Directors of Bombardier

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

Montréal, March 12, 2012

ROGER CARLE
(signed)

Roger Carle
Corporate Secretary

SCHEDULE "A"

BOMBARDIER INC.

SHAREHOLDER PROPOSALS

1. Stock Options and Actual Performance of Executive Officers

Executive compensation in the form of stock options is a formula that has contributed to the explosive increase in executive officers' total compensation. These options, which may only be exercised after a waiting period, entitle their holders to purchase shares at a predetermined price. The compensation earned in this manner corresponds to the difference between the agreed exercise price and the share price at the time of exercise. This formula is intended to align the interests of the executive officers with those of the shareholders and assure their retention.

This compensation formula is based on an assumption that share price increases are driven by the decisions of executive officers. Studies have shown that the stock market performance of organizations is influenced by numerous factors that are beyond the control of executive officers, such as interest rates or inflation. In this regard, it is worth noting the study conducted by Professor Magnan which showed that, between 1998 and 2008, 90% of the change in the share prices of the five major Canadian banks was attributable to characteristics of the banking industry, such as low interest rates and a favourable economic environment. Thus, it is not at all appropriate to tie the exercise of stock options exclusively to stock price trends.

For this portion of variable compensation to actually achieve its objectives and take into consideration elements on which executive officers can have an impact, **we are proposing** that such options should only be exercisable, after a waiting period, insofar as measurable and quantifiable objectives are achieved. Such objectives would include growth in earnings per share, return on shareholders' equity or other non-financial indicators that are considered relevant by the compensation committee.

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

The Board of Directors is of the opinion that Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 52 of this Management Proxy Circular provides complete and meaningful information on the various elements of the executive compensation policy of Bombardier, including a review of Bombardier's mid-term and long-term incentive plans, including the stock option plan (please refer to Section C.1.5 on pages 29 to 33).

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

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites.

For mid-term and long-term incentives Bombardier uses a combination of PSUs, DSUs and stock options. In connection with its responsibilities for Bombardier's total executive compensation policy, the Human Resources and Compensation Committee periodically reviews the structure of equity-based compensation plans and grants of mid-term and long-term incentives. In so doing, it submits recommendations for approval to the Board of Directors, which seeks to ensure that the Corporation's objectives for long-term incentives are complied with.

The purpose of the stock option plan is to reward executives of Bombardier with an incentive to enhance shareholder value by providing them with a form of compensation that is tied to increases in the market value of Bombardier's shares. Under the Performance Share Unit Plan and 2010 Deferred Share Unit Plan, executives are rewarded based on quantifiable target objectives tied to Bombardier's financial goals. These incentive plans are designed to motivate executives to exceed Bombardier's financial targets through the application of thresholds for payments and increased payments when targets are exceeded.

Since June 2009, the emphasis on stock options has been reduced: the Human Resources and Compensation Committee has decided to allocate 66 ²/₃% of the mid-term and long-term incentive value in the form of PSUs or DSUs and only 33 ¹/₃% in the form of stock options. For the NEOs, the value of stock options represents on average only 14% of their total compensation. This change in policy means that for those executives still eligible to receive stock options, fewer stock options are granted while more PSUs or DSUs are offered, which are only settled in Class B subordinate shares if pre-determined Return on Equity targets are attained. The grant of stock options is also offered to fewer levels of management. The dilution effect is therefore reduced.

The Human Resources and Compensation Committee believes that Bombardier's mid-term and long-term incentive plans, including the stock option plan, fulfill the executive compensation policy objectives because, among other things:

- they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
- they promote management retention since the grants vest over a certain number of years;
- the value of the grants depends on the future value of the Bombardier Class B subordinate shares.

It is therefore in the interest of shareholders that the Human Resources and Compensation Committee continue to monitor Bombardier's mid-term and long-term incentive plans so that the Corporation has at its disposal effective and appropriate mechanisms which will act as an incentive for the Corporation's executives to increase the Corporation's performance and enhance shareholder value.

2. Performance-based Compensation

In May 2011 The Globe and Mail published a survey comparing a corporation's financial performance and top executive's compensation with those of a group of its peers. In other words, this tool shows how an organization ranks in terms of its most senior officer's compensation and its financial performance relative to a group of comparable institutions. Shareholders can thus form some idea as to whether the most senior officer's compensation is adequate in light of the organization's relative financial performance.

We are proposing that a comparison of this sort be presented for the most senior officer and the four other highest paid executive officers of the corporation. The indicators used to calculate the organization's performance should be elements which executives' decisions have an impact on.

Variable compensation constitutes the lion's share of executive officers' total compensation. Shareholders must be able to assess whether such variable compensation is justified in light of the corporation's relative financial and non-financial performance.

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

The Board of Directors is of the opinion that Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 22 to 52 of this Management Proxy Circular provides complete and meaningful information on the various elements of the executive compensation policy of Bombardier, including a review of the annual benchmarking process of senior executive positions as well as the lists of all the companies selected to be part of the two comparator groups for the Named Executive Officers of Bombardier (please refer to Section C.1.2 on page 26).

Section 4 is prepared by corporate management in accordance with the most recent regulatory requirements and consistent with current best practices. It is subsequently reviewed and approved by the members of the Human Resources and Compensation Committee.

The Board of Directors emphasizes that the shareholders of Bombardier, each year, elect its members with the mandate to oversee the management of the business and affairs of Bombardier.

One of the key responsibilities of the Board of Directors is to monitor the executive compensation policy of Bombardier which is designed to reward the creation of shareholder value and reflect an appropriate balance between the short-term, mid-term and the long-term performance of Bombardier.

This responsibility is delegated by the Board of Directors to its Human Resources and Compensation Committee, which is composed of five independent directors. It retains a firm of independent external consultants to provide advice on current trends and best practices with respect to executive compensation matters.

The review and approval of the executive compensation policy by the Committee takes into account, among others, (a) base salary, (b) short-term incentives, (c) mid-term and long-term incentives, and (d) pension benefits and perquisites. Each of these components is considered in the benchmarking of the senior executive positions in order to be in line with market practice. Senior executive positions are benchmarked with positions of similar responsibility in their respective markets taking into account the distinct businesses of the Corporation in the Aerospace and Transportation segments. The design of mid-term and long-term incentives programs are based on Canadian market practice for all executives. Bombardier's philosophy is to position the total executive compensation package at the median (50th percentile) compared with similar positions in companies that have international operations and are comparable in size and complexity to Bombardier in the relevant markets. Benchmarking is performed annually by independent external consultants retained by the Committee (in 2010, Towers Watson and since February 1, 2011, Meridian Compensation Partners), who are responsible for the gathering of comparator information relevant to Bombardier's senior executive positions. The composition of the comparator group is also reviewed every year to ensure its continued relevance. The Human Resources and Compensation Committee validates the introduction of new compensation programs or any significant modifications to existing ones through stress-testing processes.

Considering the foregoing, the Board of Directors of Bombardier concludes that this proposal significantly interferes with its mandate to oversee the management of the business and affairs of Bombardier and, in particular, its monitoring of the executive compensation policy.

3. Independence of Compensation Advisors

How much are the fees earned by compensation advisors from their work for the corporation? These advisors act in a strategic role vis-à-vis the members of the compensation committee, assisting them in the determination of executive compensation. It is conceivable that compensation advisors who derive most of their fees from one or a few clients might be tempted to yield to the influence of their largest client(s) in order to satisfy or justify the compensation expectations of executive officers.

We are proposing that this information be disclosed so that shareholders can have an assurance that the compensation advisor's work is objective and free of conflicts of interest.

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

Bombardier acknowledges that the independence of compensation advisors is highly important and strives to ensure that any compensation advisor it retains is fully independent.

The Board of Directors of Bombardier invites the shareholders to examine the contents of the information appearing in Section 4: "Remuneration of the Executive Officers of Bombardier", and more specifically the information on pages 22 to 52 of this Management Proxy Circular.

Bombardier's Board of Directors, which is elected by the shareholders at their Annual Meeting, is responsible for monitoring Bombardier's compensation policy and for assessing the performance of the Corporation's senior executives and determining their compensation. This responsibility is delegated by the Board of Directors to the Human Resources and Compensation Committee, which is composed of five independent directors who meet regularly throughout the year.

The Human Resources and Compensation Committee has the sole authority to hire any independent executive compensation consultants of its choice, to determine the fees and the terms and conditions of their engagement, to monitor their performance and to ensure their independence as advisor to the Committee. Starting February 1, 2011, the HRCC retained the services of Meridian Compensation Partners, as its independent compensation advisor, to provide advice on current trends and best practices

with respect to executive compensation. During the financial year ended December 31, 2011, Meridian Compensation Partners did not provide any other services to Bombardier or to any of its directors or members of management. In its report on page 24 of this Management Proxy Circular, the Committee fully discloses all fees paid to its independent executive compensation consultants and other information to comply with the evolving requirements and best practices applicable to such matters.

The Human Resources and Compensation Committee is confident that the advice it receives from its executive compensation consultants is objective and free of conflicts of interest. Any specific question relating to the reliance by a compensation consultant on any client is best directed to the consultant.

The Corporation continuously monitors the coming into effect of new regulatory requirements and the evolution of best practices so as to be able to quickly adjust its own policies and practices accordingly in light of its own specificity. The Corporation considers that its executive compensation disclosure and analysis complies with current regulatory requirements and best practices applicable to such matters.

SCHEDULE “B”

BOMBARDIER INC.

MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER INC.

Mandate of the Board

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

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

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

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

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

A. Approving Bombardier’s strategy

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

B. Monitoring financial matters and internal controls

- through the work and recommendations of the Audit Committee, monitoring the quality and integrity of Bombardier’s accounting and financial reporting systems, disclosure controls and procedures, internal controls and management information systems, including by overseeing:
 - (a) the integrity and quality of Bombardier’s financial statements and other financial information and the appropriateness of their disclosure;
 - (b) external auditors’ independence and qualifications;

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

C. Monitoring pension fund matters

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

D. Monitoring environmental matters

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

E. Monitoring occupational health and safety matters

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

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

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

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

- monitoring the size and composition of the Board to ensure effective decision-making;
- overseeing management in the competent and ethical operation of Bombardier;
- monitoring Bombardier's approach to governance issues and monitoring and reviewing, as appropriate, Bombardier's Corporate Governance Manual and policies;
- reviewing, from time to time, Bombardier's Code of Ethics and Business Conduct applicable to Bombardier's directors, officers, and employees;

- ensuring the annual performance assessment of the Board, Board Committees, board and committee chairs and individual directors and determining their remuneration;
- recommending to the Board (i) the Board nominees for election at the annual meeting of shareholders or (ii) up to two nominees to be appointed by the Board as additional directors to hold office for a term expiring not later than the close of the next annual meeting of shareholders or (iii) the nominees to fill Board vacancies.

H. The Lead Director

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

SCHEDULE “C”

BOMBARDIER INC.

CHARTER OF THE AUDIT COMMITTEE OF BOMBARDIER INC.

Audit Committee

1.1 Membership and Quorum

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

1.2 Frequency and Timing of Meetings

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

1.3 Chairman of the Audit Committee

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

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

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

B. MANAGING THE AUDIT COMMITTEE

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

- ensuring that the outcome of the meeting of the Audit Committee and any material matters reviewed at such meeting are reported to the Board at its next regular meeting.

1.4 Mandate of the Audit Committee

A. PURPOSE

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

B. OBJECTIVES

The objectives of the Audit Committee are:

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

C. MEETINGS

- Any member of the Audit Committee or the external auditor or the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management may request a meeting of the Committee.
- The Chairman of the Board, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer shall attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Audit Committee.
- The President and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management’s discussion and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.

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

D. DUTIES AND RESPONSIBILITIES

- As they relate to the Board and financial reporting
 - a) Assist the Board in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to Bombardier's financial statements and its financial reporting practices and the system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of Bombardier's financial statements and the compliance by Bombardier with laws and regulations and its own Code of Ethics and Business Conduct.
 - b) Maintain a free and open line of communication with the management of Bombardier, the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management and the external auditor.
 - c) Review, before their disclosure, Bombardier's quarterly consolidated financial statements, the related management's discussion and analysis and the press release on the quarterly financial results and, if appropriate, recommend to the Board their approval and disclosure.
 - d) Review, before their disclosure, Bombardier's annual audited consolidated financial statements, the related

management's discussion and analysis, and the press release on the annual consolidated financial results and, if appropriate, recommend to the Board their approval and disclosure.

- e) Review the presentation and impact of significant, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or reserves included in any financial statements.
- f) Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.
- g) Review any litigation, claim or other contingency, including tax assessments and environmental situations, that could have a material adverse effect upon the financial position or operating results of Bombardier, and the manner in which these matters are disclosed in the financial statements.
- h) Review the appropriateness of the accounting policies used in the preparation of Bombardier's financial statements, and consider recommendations for any material change to such policies.
- i) To the extent not previously reviewed by the Audit Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in the prospectus and other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.
- j) Review the statement of management's responsibility for the financial statements as signed by the management of Bombardier and included in any published document.
- k) Ensure that adequate procedures are in place for the review of Bombardier's public disclosure of financial information extracted or derived from Bombardier's financial statements, other than the public disclosure referred to in paragraph c) or d) above, and periodically assess the adequacy of those procedures.
- l) Ensure that procedures are in place for
 - (i) the receipt, retention and treatment of complaints received by Bombardier regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of Bombardier of concerns regarding questionable accounting or auditing matters.
- m) Where there is to be a change of external auditor, review all issues related to the change, including any differences between Bombardier and the external auditor that relate to the external auditor's opinion or a qualification thereof or an external auditor's comment.

- n) Monitor the application of, and, if need be, review and make appropriate recommendations to management in order to update the Corporate Disclosure Policy of Bombardier.
- As they relate to the external auditor
 - a) Explicitly affirm that the external auditor is independent and accountable to the Board and the Audit Committee, and in that context, work constructively with the external auditor to build an effective relationship that allow for full, frank and timely discussion of all material issues, with or without management as appropriate in the circumstances.
 - b) Recommend to the Board a firm of external auditors for submission to the shareholders of Bombardier.
 - c) Review and make recommendations to the Board with respect to the fees payable for the external audit.
 - d) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the terms of the external auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chairman of the Audit Committee.
 - e) For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the scope of the (i) annual audit and of other audit related services and (ii) the quarterly review services to be rendered by the external auditor; in that context, ensure that the external auditor has access to all books, records, facilities and personnel of Bombardier.
 - f) Review with the external auditor the contents of its report with respect to the annual consolidated financial statements of Bombardier and the results of the external audit, any significant problems encountered in performing the external audit, any significant recommendations further to the external audit and management's response and follow-up in that context and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.
 - g) Review any significant recommendations by the external auditor to strengthen the internal accounting and financial controls of Bombardier.
 - h) Review any unresolved significant issues between management and the external auditor that could affect the financial reporting or internal controls of Bombardier.
- i) To the extent practicable, assess the performance of the external auditor at least once a year.
- j) Ensure that the external auditor shall not provide the following services to Bombardier:
 - bookkeeping or other services related to the accounting records or financial statements of Bombardier;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - management functions;
 - human resources;
 - broker or dealer, investment adviser, or investment banking services;
 - legal services; and
 - expert services unrelated to the audit.
- k) All non-audit services shall require the prior approval of the Audit Committee in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee.
- l) Review and approve Bombardier's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Bombardier.
- As they relate to the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management
 - a) At least four times a year, in conjunction with Bombardier Board meetings, review the report of the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management on the results of the work that the Corporate Audit Services and Risk Assessment function has performed and with respect to its organization, staffing, and independence.
 - b) Review and, if appropriate, approve the annual Corporate Audit Services and Risk Assessment plan.
 - c) Assess the Corporate Audit Services and Risk Assessment reporting lines and make such recommendations as are necessary to preserve the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management independence.
 - d) Review significant Corporate Audit Services and Risk Assessment findings and recommendations and management's responses thereto.

- e) Once a year, assess the performance of the Senior Vice President, Strategy, Corporate Audit Services and Risk Assessment and Pension Asset Management and if the circumstances so warrant, review and recommend the removal of the then current incumbent and the appointment of his successor and report the findings and conclusions of the Audit Committee to the Human Resources and Compensation Committee and the President and Chief Executive Officer of the Corporation.
 - f) Once a year, review the terms of the charter of the Corporate Audit Services and Risk Assessment to ensure that they continue to be relevant and, if need be, make any appropriate modifications thereto.
- As they relate to the Audit Committee's terms of reference
- Each year, review the Charter of the Audit Committee in order to ensure that it continues to be relevant and make recommendations to the Corporate Governance and Nominating Committee regarding its responsibilities therein.

1.5 Miscellaneous

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

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

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