



SHARPENING OUR FOCUS

2014
ACTIVITY
REPORT



BOMBARDIER
the evolution of mobility

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ABOUT THIS REPORT

This publication continues our evolution toward integrated reporting, presenting how Bombardier integrates financial, societal, environmental and governance considerations to generate long-term sustainable value. As our world evolves, we believe it is critical that our stakeholders be aware of these considerations to fully understand our company and its outlook.

This year, and moving forward, we have decided to take the International Integrated Reporting Council (IIRC) framework as our primary reporting guideline. We have chosen to follow this framework to provide a more integrated view of our operations and business, as well as help us streamline our reporting and work toward publishing a single report that caters to all our stakeholders.

The content in this report is chiefly guided by our 2014 materiality assessment, which was conducted through a survey and one-on-one conversations with employees and a range of external stakeholders. The reporting process is led by our Sustainability and Integrated Communications Committee, whose mandate and composition are described on page 57 of the report.

We want this report to be a key element of our ongoing stakeholder engagement and welcome your feedback and questions. Please share your thoughts by contacting us at csr@bombardier.com.

Scope

This report addresses Bombardier's performance across all our facilities worldwide including our joint ventures. We have included financial data for Bombardier Inc. and its subsidiaries as well as updates on the societal, environmental, governance and economic issues that are most important to the company and our stakeholders as determined through our 2014 materiality assessment.

This report includes quantitative data reflecting our performance for the year ended December 31, 2014, as well as material forward-looking information. Most of the financial information in this report is extracted from our 2014 Financial Report. All financial figures are in U.S. dollars unless otherwise stated. For more detailed information regarding our financial disclosures for the year ended December 31, 2014, please see our 2014 Financial Report.

Our priorities and commitments

In our 2013 Activity Report, we articulated a list of long-term priorities to drive the greatest financial and non-financial value for our stakeholders and we were progressing against these priorities in 2014. Due to our organizational restructuring in 2014, the revision of our 2014 financial guidance and appointment of our new President and Chief Executive Officer (CEO) in 2015, we are reevaluating our priorities to more appropriately reflect these changes and future performance in order to better address our progress in our next Activity Report.

Data verification

The information provided for our environmental indicators is partially verified by an external party. Energy and greenhouse gas (GHG) emissions data from our Belfast, U.K. site is verified by external parties under the European Union Emission Trading Scheme (EU ETS), which includes BSi Assurance UK Ltd., located at Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8PP. The same applies to our fleet of business aircraft that operate in Europe. In addition, seven German sites, as well as our sites in Matranovak (Hungary), Ceska Lipa (Czech Republic), Vienna (Austria), Vado Ligure (Italy) and Wroclaw (Poland), receive annual external verification of all environmental data under the EU Eco-Management and Audit Scheme (EMAS).

In 2011 and 2013, our Corporate Audit Services and Risk Assessment (CASRA) function conducted an audit of our Corporate Social Responsibility (CSR) report's conformity to the Global Reporting Initiative (GRI) principles, the effectiveness of the processes and systems we use to report CSR data and the reliability and quality of our performance indicators. Totally independent from our business entities, CASRA can be regarded as a second-party verifier. It applied recognized standards such as AA 1000 and ISAE 3000 to conduct the audit. We have continued to define and implement action plans to improve the quality of data. For Health, Safety and Environment (HSE) data, this has included a standardized procedure to report data into our central data management system.

Cover photos

Top: *CSeries* commercial aircraft
Bottom: *INNOVIA* Monorail 300 system

2014 HIGHLIGHTS

Increased revenues by 10.8% over 2013 to \$20.1 billion

Achieved strong order intake worth \$12.6 billion in our rail transportation business segment

Announced the pause of the *Learjet 85* business aircraft program on January 15, 2015

Earned adjusted net income¹ of \$648 million (adjusted EPS¹ of \$0.35) and EBIT before special items¹ of \$923 million, representing a 4.6% margin

Opened 7 business aircraft and 4 commercial aircraft service locations globally

Secured 148 firm commercial aircraft orders, the largest total since January 31, 2008, including 61 for the *CSeries* aircraft family

Announced new organizational structure with four distinct business segments and continued implementation of OneBT

Completed 600,000 km of mandatory testing on the *ZEFIRO 380* very high speed train, representing almost 15 times the circumference of the earth, and started delivery in March 2015

Distributed \$19.4 billion in economic value² to communities and stakeholders

Invested \$2.0 billion in net additions to PP&E and intangibles including \$1.7 billion in aerospace program tooling

Made significant progress in *CSeries* aircraft program testing and completed the first flight of the *CS300* aircraft in February 2015

Listed in Corporate Knights' Global 100 Most Sustainable Corporations in the World

Achieved entry-into-service for the *Challenger 350* aircraft

Recognized as an Industry Leader within the Dow Jones Sustainability World Index

¹ Non-GAAP financial measures. Refer to Non-GAAP Financial Measures at the end of this report. ² Economic value distributed measures the financial value Bombardier creates for stakeholders and communities, in addition to products and services. This includes dividends, certain costs included in EBIT (earnings before interest and taxes) before special items and Bombardier Inc. donations and sponsorships (including donation to the J. Armand Bombardier Foundation). This method is guided by the GRI Reporting Guidelines, as outlined in G4-EC1.

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SHARPENING OUR FOCUS

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Dear Stakeholders,

I am deeply honoured to be joining the Bombardier team at this important moment in our history. Bombardier's heritage is rich with entrepreneurship and innovation. Our mission of creating better ways to move the world has shaped Bombardier into a company with an impressive product portfolio and talented people. With a sound financial plan in place combined with a strong order backlog, I am energized by this new beginning and look forward to bringing Bombardier to new heights.

We are a company with remarkable potential. To live up to this potential, we must identify our blind spots and work hard with an unwavering focus to reach our goals while operating as a sustainable company – practicing and progressing within the principles of the United Nations Global Compact. We must maintain our competitive advantage in manufacturing products with best-in-class performance and do so while embedding sustainability considerations every step of the way. This commitment makes business sense for Bombardier and is fundamental to our success.

Looking back on our long-standing history, we know the key to success has been our ability to innovate and to anticipate and respond to customer needs. Today, we remain focused on making the right decisions and the changes that will make us the indisputable choice for our customers for years to come.

For Bombardier, 2014 was a year of change. We made the decision to restructure with the express purpose of creating a more agile, accountable and customer-centric organization. We split our aerospace group into three business segments – Business Aircraft, Commercial Aircraft and Aerostructures and Engineering Services – all of which now directly report to me, allowing for greater transparency and swifter action. On the transportation side, we continued to implement the OneBT initiative, which is dedicated to increasing efficiency and profitability through product standardization and streamlined processes.

This reorganization directly addresses some of the execution challenges Bombardier is experiencing. My attention during my first few months is firmly set on improving performance across the company. This is non-negotiable in order to keep our customers' trust and drive margin improvement.

With demand for products well-diversified across geographies and product lines, 2014 was another good year for order intake. New aircraft represented 40% of our aerospace backlog at the end of 2014. This includes the 61 new orders we received in 2014 for the *CSeries* aircraft family, bringing us at year end to 81% of our target of 300 orders by entry-into-service. Flight testing for the *CSeries* airliners is in full swing and we expect the *CS100* aircraft to be certified by the end of the second half of 2015.

In 2014, the *Challenger 350* was certified and entered into service. We signed our third *CRJ* regional jet contract in three years with China Express Airlines. We also announced important new passenger rail contracts in South Africa, Australia and the United Kingdom and homologated the Regio 2N regional train in France.

As we entered 2015, we announced a financing plan to position Bombardier with a flexible and strong financial profile. We must now pivot to instill a culture of accountability in which we consistently deliver on our promises.

We are a company equipped to answer the world's mobility needs. We are a world-class business with a critical role to play in society – a role we will continue to play for many years to come.

With our focus, passion and discipline, Bombardier is poised for success.



ALAIN BELLEMARE
President and Chief Executive Officer
Bombardier Inc.



ABOUT BOMBARDIER

As the world's leading manufacturer of both planes and trains, we have built an extensive and diverse portfolio of industry-leading mobility solutions. We take pride in our role of improving the way people move.

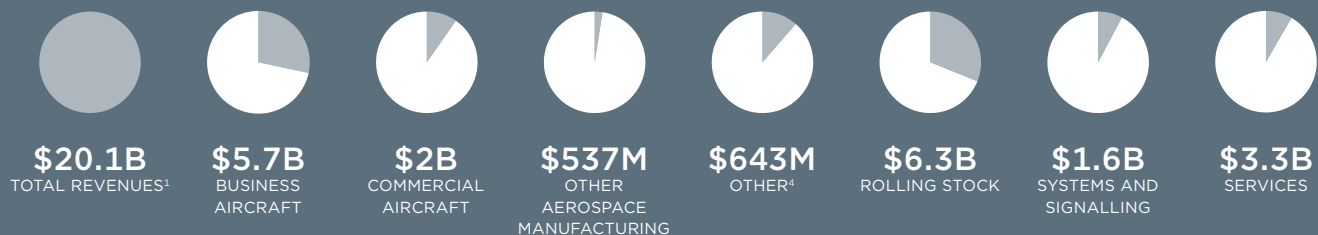
Our high-quality and innovative products set us apart from our competitors and make Bombardier an industry leader in rail and aerospace transportation.

We recognize these offerings can only come to fruition through the determined efforts of our 74,000 employees worldwide who truly drive our success and status as a global leader.

Bombardier is headquartered in Montréal, Canada, and has production and engineering sites in 28 countries. Bombardier is listed on the Toronto Stock Exchange (BBD) and has been listed on the Dow Jones Sustainability World and North America Indices for eight consecutive years. In the fiscal year ended December 31, 2014, we achieved revenues of \$20.1 billion.

2014 AT A GLANCE

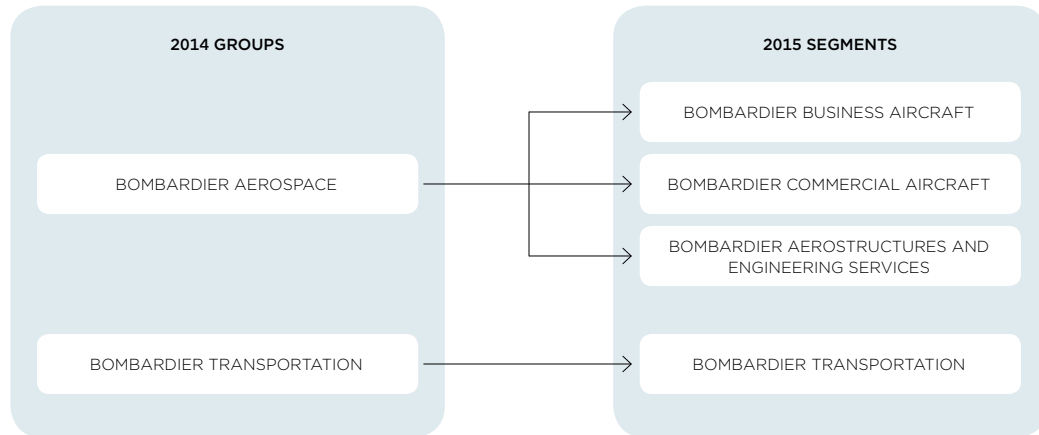
	REVENUES ¹	✈	🚆	WORKFORCE ²	✈	🚆	SITES ¹	✈	🚆
Europe	\$8.4B	23%	77%	32,900	20%	80%	37	1	36
North America	\$6.7B	77%	23%	36,300	75%	25%	21	12	9
Asia-Pacific	\$2.7B	61%	39%	3,650	6%	94%	16	1	15
Rest of World ³	\$2.3B	75%	25%	1,150	19%	81%	6	1	5



¹ For the fiscal year ended December 31, 2014. ² As at December 31, 2014. ³ The Rest of World region includes South America, Central America, Africa, the Middle East and the Commonwealth of Independent States (CIS). ⁴ Relates to Aerospace. Includes mainly sales of pre-owned aircraft.

NEW ORGANIZATIONAL STRUCTURE

In 2014, we reorganized our two business groups into four business segments. As of 2015, all four business segments' Presidents directly report to our President and CEO Alain Bellemare. This new structure allows us greater transparency and better agility in our operations, enabling us to focus on what counts: serving our customers, creating great products and meeting our commitments profitably.



AEROSPACE REORGANIZATION

In the reorganization, Bombardier Aerospace was split into three aerospace business segments, which include the Aerostructures and Engineering Services business segment. This segment specializes in the design and manufacture of major aircraft structural components and provides aftermarket component repair and overhaul, as well as other engineering services for both internal and external clients. Building on our existing expertise in this sector, the segment will continue to generate new sources of revenues for the company.

While we believe this reorganization positions us well for the future, it required the difficult decision of reducing our workforce by approximately 2,000 employees.

In early 2015, we also made the decision to pause the *Learjet 85* aircraft program due to continued weak demand for light business aircraft. As a result, we reduced our workforce by an additional 1,000 employees in the United States and Mexico and transferred some employees to work on the *CSeries*, *Global 7000* and *Global 8000* aircraft programs.

TRANSPORTATION REORGANIZATION

In 2014, we continued to implement OneBT, a mid- to long-term internal improvement initiative aimed at increasing efficiency and profitability. With OneBT, our rail transportation segment will act as one entity, in both its culture and its operations, to deliver its strategic plan and be a successful business and workplace. OneBT focuses on four powerful levers to enhance profitable growth:

- empowering project management and implementing leaner processes and organizations;
- moving toward standardization and up-front product development;
- investing in tools to improve yield of investment (e.g., information technology tools and systems integration); and
- improving our customer facing approach and upstream business model.

In the first half of 2014, we focused on implementing our new organizational structure. In the second half of 2014, we began our transformation. To reach the next level of success and invest in our future, we must deliver on our commitments, improve our processes and collaborate with our customers and suppliers while generating cost savings.

With this reorganization, we announced a reduction of our rail transportation workforce by approximately 900 employees in 2014, allowing us to move forward with a leaner, more efficient workforce.

OUR PRODUCTS AND SERVICES

A WORLD LEADER IN MOBILITY



BOMBARDIER BUSINESS AIRCRAFT

Designs, manufactures and provides aftermarket services for three families of business jets - *Learjet*, *Challenger* and *Global* - spanning from the light to large categories. These three families of business jets, when combined, represent the most comprehensive offering of all business aircraft manufacturers.

- LIGHT BUSINESS JETS
- MID-SIZE BUSINESS JETS
- LARGE BUSINESS JETS
- CUSTOMER SERVICES AND SOLUTIONS
- TRAINING

BOMBARDIER COMMERCIAL AIRCRAFT

Designs and manufactures a broad portfolio of commercial aircraft in the 60- to 149-seat categories, including the *Q400 NextGen* turboprop, the *CRJ700 NextGen*, *CRJ900 NextGen* and *CRJ1000 NextGen* regional jets as well as the clean-sheet *C-Series* mainline jets. Commercial Aircraft provides aftermarket services for these aircraft as well as for the 20- to 59-seat range category.

- JETS
- TURBOPROPS
- SPECIALIZED AIRCRAFT
- AMPHIBIOUS AIRCRAFT
- CUSTOMER SERVICES AND SOLUTIONS
- TRAINING

Our goal is to continuously find better ways to bridge distances and bring people together through our diverse portfolio of products and services.



**BOMBARDIER
AEROSTRUCTURES AND
ENGINEERING SERVICES**

Designs and manufactures complex metallic and advanced composite aircraft structural components in all classes of civil aircraft and all categories of structures, including fuselages, wings and engine nacelles. It also provides aftermarket component repair and overhaul, as well as other engineering services for both internal and external clients.

- AEROSTRUCTURES
- SYSTEM COMPONENTS
- ENGINEERING SERVICES
- AFTERMARKET SERVICES

**BOMBARDIER
TRANSPORTATION**

Provides the most comprehensive product range and services offering in the rail industry. Covers the full spectrum of rail solutions, ranging from complete trains to sub-systems, maintenance services, system integration, signalling and e-mobility solutions.

- RAIL VEHICLES
- TRANSPORTATION SYSTEMS
- LOCOMOTIVES AND EQUIPMENT
- RAIL CONTROL SOLUTIONS
- SERVICES

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5-YEAR PERFORMANCE SUMMARY

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The following tables provide an overview of key indicators we track to measure our performance every year. They contain data on the value we generate, distribute and retain, as well as data on health, safety and environment, and on our employees.

5-YEAR PERFORMANCE SUMMARY¹

	2014	2013	2012	2011 ²	2010 ³
ECONOMIC PERFORMANCE^(a)					
Economic Value Generated (in millions of dollars) ^(b)	20,111	18,151	16,414	17,904	17,497
Revenues (in millions of dollars)	20,111	18,151	16,414	17,904	17,497
Economic Value Distributed (in millions of dollars) ^{(b) (c)}	19,430	17,576	16,057	17,322	16,859
Dividends Paid (in millions of dollars)	182	196	249	156	197
Costs Included in EBIT Before Special Items (in millions of dollars) ^(d)	19,239	17,368	15,794	17,154	16,651
Wages, Salaries and Other Employee Benefit Costs, Retirement Benefits and Share-based Expense Included in EBIT (in millions of dollars) ^(e)	6,239	6,355	5,881	5,473	5,052
Donations and Sponsorships (in millions of dollars)	3.1	6.3	6.3	5.7	5.4
Donation to the J. Armand Bombardier Foundation (in millions of dollars)	5.7	5.5	7.2	6.7	5.3
Economic Value Retained (in millions of dollars) ^{(b)(d)}	681	575	357	582	638

	2014	2013	2012	2011	2010
HEALTH AND SAFETY					
Accident Frequency (without restricted duty) (injury rate) ^{(a)(b)}	0.4	0.4	0.4	0.5	0.5
Accident Severity (without restricted duty) (lost day rate) ^{(a)(c)}	12	12	13	15	14
Fatalities (employees and contractors) ^(d)	2	1	1	0	0
Incident Rate ^(e)	2.0	2.0	1.9	-	-
Workforce Represented in Formal Joint Management-Worker Health and Safety Committees (%)	85	84	85	-	-

	2014	2013	2012	2011	2010
ENVIRONMENT^{(a)(b)(c)}					
Total Energy Consumption (Gigajoules [GJ]) ^{(d)(e)(f)}	4,841,099	4,786,364	4,552,012	4,620,651	4,643,114
Fuel (renewable and non-renewable) Consumed (GJ)	2,620,368	2,562,708	2,431,909	2,525,091	2,607,940
Electricity, Steam and Hot Water (GJ)	2,220,731	2,223,656	2,120,102	2,095,560	2,035,174
Renewable Electricity (GJ) ^(g)	738,029	788,557	655,391	632,461	631,671
Energy Intensity (GJ per million dollars of revenue) ^(h)	241	264	277	258	265
Greenhouse Gas Emissions (GHG) (scope 1 and scope 2) (tonnes of CO ₂ e equivalent [tCO ₂ e]) ^{(d)(f)(i)(j)}	321,073	316,244	311,280	313,721	328,230
GHG Emissions - Scope 1 (tCO ₂ e)	159,712	155,483	147,769	153,643	156,533
GHG Emissions - Scope 2 (tCO ₂ e)	161,361	160,761	163,512	160,078	171,697
GHG Emissions Intensity (tCO ₂ e per million dollars of revenue) ^(k)	16	17	19	18	19
Ozone Depleting Substance Emissions (tCO ₂ e)	1,097	1,099	2,518	-	-
Water Withdrawal (cubic metres [m ³]) ^{(d)(f)}	1,872,891	1,894,513	2,006,063	2,160,606	2,127,979
Total Waste Generated (hazardous and non-hazardous [metric tonnes]) ^{(d)(f)(l)}	54,079	56,333	55,807	55,450	49,576
Hazardous Waste (metric tonnes)	9,447	10,425	10,004	10,505	9,802
Non-hazardous Waste (metric tonnes)	44,632	45,908	45,803	44,945	39,774
Valorized Waste (hazardous and non-hazardous) (% of total waste) ^(m)	77	76	76	-	-

1 Refer to the 5-Year Performance Summary Notes at the end of this report for all alphabetical notes in the above table. Refer to our website for our complete 5-Year Performance Summary. **2** Our fiscal year ended December 31, 2011 comprises 11 months of Bombardier Aerospace's results and 12 months of Bombardier Transportation's results. **3** Fiscal year ended January 31, 2011.

	2014	2013	2012	2011	2010
EMPLOYEES¹					
Total Workforce ^{(a)(b)(c)(d)(e)}	73,950	76,373	70,939	68,439	64,548
% of Female	17.0	17.3	-	-	-
% of Male	82.5	81.6	-	-	-
Workforce - Asia-Pacific ^{(b)(c)(d)}	3,625	3,306	3,019	2,685	-
% of Total Employees	4.9	4.3	-	-	-
Female	714	638	-	-	-
Male	2,911	2,668	-	-	-
Workforce - Europe ^{(b)(c)(d)(e)}	32,902	32,856	31,355	31,850	-
% of Total Employees	44.5	43.0	-	-	-
Female	4,851	4,851	-	-	-
Male	28,049	28,005	-	-	-
Workforce - North America ^{(b)(c)(d)(e)}	36,291	39,258	35,780	33,335	-
% of Total Employees	49.1	51.4	-	-	-
Female	6,785	7,497	-	-	-
Male	29,150	30,889	-	-	-
Workforce - Other Regions ^{(b)(c)(d)}	1,132	953	785	569	-
% of Total Employees	1.5	1.3	-	-	-
Female	231	189	-	-	-
Male	901	764	-	-	-
% of Full-time Employees ^(f)	99.8	98.9	-	-	-
% of Part-time Employees ^(f)	0.2	1.1	-	-	-
Total Permanent Full-time Employees ^(f)	61,380	62,509	-	-	-
Female	11,076	11,225	-	-	-
Male	50,304	51,284	-	-	-
Total Permanent Part-time Employees ^(f)	113	730	-	-	-
Female	88	373	-	-	-
Male	25	357	-	-	-
Temporary Full-time Employees ^(f)	3,670	3,513	-	-	-
Temporary Part-time Employees ^(f)	44	38	-	-	-
Employment Contract and Gender ^(f)	65,207	66,790	-	-	-
Permanent Contract ^(f)	61,493	63,239	-	-	-
% of Permanent Employees	94.3	94.7	-	-	-
% of Female	18.2	18.3	-	-	-
% of Male	81.8	81.7	-	-	-
Temporary Contract ^(f)	3,714	3,551	-	-	-
% of Temporary Employees	5.7	4.5	-	-	-
% of Female	15.9	15.4	-	-	-
% of Male	84.0	84.6	-	-	-
Contractuals ^(d)	8,743	9,583	7,739	7,641	6,078
Employees Covered by Collective Bargaining Agreements (%) ^(f)	54.7	53.8	57.7	55.2	-
Employee New Hires ^(g)	4,345	5,738	4,971	5,897	-
Employee New Hire Rate (% of total employed, excluding contractuals)	7	8.6	7.9	9.7	-
Female	928	1,269	1,125	1,369	-
Male	3,417	4,467	3,846	4,528	-
New Hires in Asia-Pacific	669	597	-	-	-
New Hires in Europe	1,617	1,460	-	-	-
New Hires in North America	1,806	3,428	-	-	-
New Hires in Other Regions	253	251	-	-	-

1 Refer to the 5-Year Performance Summary Notes at the end of this report for all alphabetical notes in the above table. Refer to our website for our complete 5-Year Performance Summary.

	2014	2013	2012	2011	2010
EMPLOYEES¹ (continued)					
Total Employee Turnover ^{(f)(h)(i)}	10,548	4,302	-	-	-
Total Voluntary Employee Turnover ⁽ⁱ⁾	2,445	1,847	1,641	1,513	1,248
Total High Potential Voluntary Turnover ⁽ⁱ⁾	119	63	48	46	8
Board of Directors	14	15	15	14	14
Female	3	3	3	2	2
Male	11	12	12	12	12
Senior Management (senior leadership positions) ⁽ⁱ⁾	59	38	36	34	34
Female	7	6	7	7	6
Male	52	32	29	27	28
% of Female	11.9	16	19	21	18
Management ⁽ⁱ⁾	4,710	4,868	4,672	4,528	3,769
Female	837	841	738	690	568
Male	3,873	4,027	3,934	3,837	3,201
% of Female	18	17.3	-	-	-
Non-management (all employees excluding contractuels not in management positions) ⁽ⁱ⁾	60,497	61,922	58,528	56,270	54,701
Female	10,919	11,303	10,773	10,289	9,666
Male	49,578	50,619	47,755	45,981	49,839
Number of Employee Citizenships ^(k)	121	112	105	99	-
Equal Remuneration, Senior Management (total for all significant locations) (ratio of women to men)	0.9	1.0	-	-	-
Equal Remuneration, Management (total for all significant locations) (ratio of women to men)	0.9	0.9	-	-	-
% of Employees Receiving Performance and Career Development Reviews ⁽ⁱ⁾	86.3	91.8	-	-	-
High Potential Talent Pool ^(m)	2,092	2,071	1,627	1,477	1,194
Women in the High Potential Talent Pool	572	576	441	377	271
Employee Engagement (%) ⁽ⁿ⁾	67	73	72	73	-
Employee Enablement (%) ^(o)	64	67	67	68	-
Employee Productivity (revenue generated by each employee) (in dollars) ^(p)	271,805	237,663	234,346	264,157	274,019

1 Refer to the 5-Year Performance Summary Notes at the end of this report for all alphabetical notes in the above table. Refer to our website for our complete 5-Year Performance Summary.

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The *Global 7000* business jet (photo), the first true four-zone cabin aircraft, has a high speed cruise capability of Mach .90 and range supporting non-stop city-pairings such as London and Singapore. Their next-generation high-efficiency engines contribute to low fuel burn and low emissions.



AN INTEGRATED APPROACH



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STAKEHOLDER ENGAGEMENT

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In conducting our business, we take into consideration the many factors that affect our ability to create value and the interdependencies between them. We know that everything we do impacts our financial position, our reputation and our stakeholders. The more we truly understand these impacts, the more we can maximize both our financial and non-financial value creation.

Stakeholder engagement helps us develop and continuously evolve our business strategy. By engaging a broad spectrum of stakeholders around their interests, motivations and perceptions, we can develop a more integrated view of the issues that impact our business. These insights ultimately inform the programs and initiatives we put in place to achieve our enterprise-wide vision as well as our external reporting priorities.

We engage our stakeholders in multiple ways, ranging from informal one-on-one conversations to formal biennial stakeholder consultations conducted across all sectors and stakeholder groups.

In the spring of 2014, 842 stakeholders responded to our consultation and provided qualitative and quantitative feedback as well as valuable insights that will help guide our strategic priorities going forward.

While our stakeholders' priorities vary, we take the most prevalent strategic issues identified into consideration and sharpen our focus to address them. The following table summarizes our stakeholder groups and the top strategic issues of importance to them according to our 2014 stakeholder consultation results.

STAKEHOLDER GROUPS' TOP STRATEGIC ISSUES OF INTEREST

<p>Customers</p> <p>Product reliability, safety and security Supply chain ability to address changes in demand Urbanization Shortage of a talented and skilled workforce</p>	<p>Employees</p> <p>Product reliability, safety and security Shortage of a talented and skilled workforce Financial security</p>	<p>Industry Partnerships and Associations</p> <p>Product reliability, safety and security Cleaner technologies</p>	<p>Job Applicants</p> <p>Cleaner technologies Product reliability, safety and security Shortage of a talented and skilled workforce</p>
<p>Suppliers</p> <p>Financial security Supply chain ability to address changes in demand Emerging economies</p>	<p>Communities and Non-Governmental Organizations</p> <p>Shortage of a talented and skilled workforce Product reliability, safety and security Cleaner technologies Emerging economies</p>	<p>Labour Unions</p> <p>Health and safety in the workplace Treatment of people and human rights Wellness at work Emerging economies</p>	<p>Sustainability Groups</p> <p>Resource scarcity Sustainable and ethically sourced materials Climate change</p>
<p>Shareholders, Investors and Analysts</p> <p>Financial security Economic stability Supply chain ability to address changes in demand</p>		<p>Academia</p> <p>Cleaner technologies Product reliability, safety and security Economic stability</p>	<p>Social Development Organizations</p> <p>Shortage of a talented and skilled workforce Cleaner technologies Employment stability and security Financial security</p>

MATERIALITY

Our 2014 stakeholder consultation considered a broad list of potential issues derived from the GRI's G4 Reporting Guidelines, accounting for issues both within and outside our direct control. From this list, we surveyed our stakeholders on the types of decisions they make about Bombardier and the most material topics that affect their decision-making. In parallel, we engaged our employees to understand their perspective on the same range of issues. As internal and external stakeholders make different types of decisions regarding Bombardier, we evolved our approach in 2014 to more clearly differentiate the feedback from each group.

These results help us prioritize topics – that we address in this report – and inform our strategic programs, while also helping us make decisions and respond to feedback through our focus on continuous improvement.

Compared to previous assessments, in 2014, we found employees' views on material issues to be more closely aligned with those of our external stakeholders, particularly in the following areas:

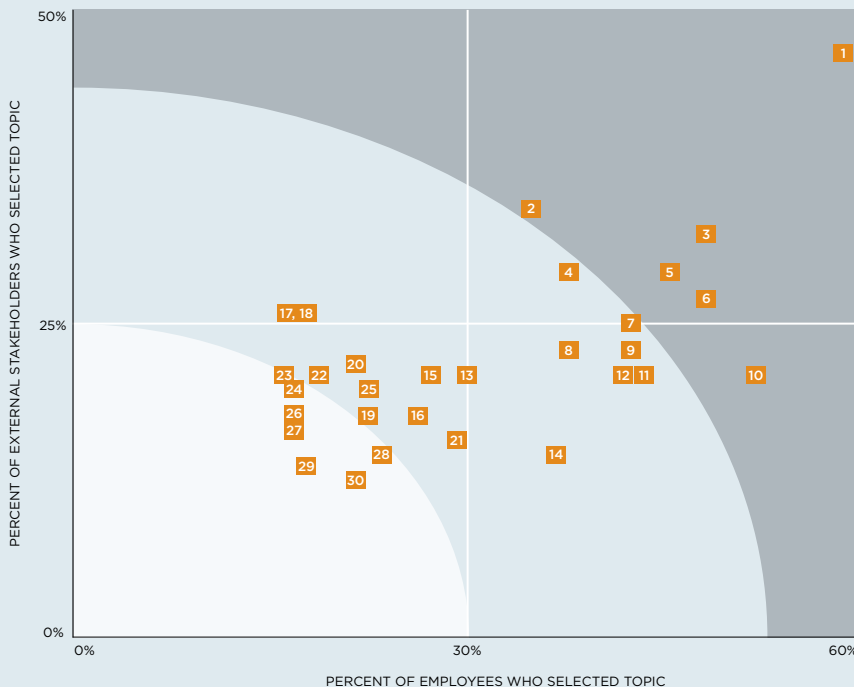
- Employee Engagement and Enablement
- Revenue Generation

Our stakeholders also rated the following areas significantly higher than in previous assessments – indicating the increasing materiality of these issues for our business:

- Compliance, Code of Ethics and Business Conduct
- Attracting and Retaining Talent
- Anti-Corruption and Anti-Bribery

The results from this assessment reaffirm our strategy for the coming years – simplifying our structure and getting the basics right. Our employees, products, ethics and financial strength are at the core of our enterprise strategy and refining our focus around these mission-critical topics will be imperative to our long-term ability to improve the way people move around the world.

MATERIALITY MATRIX



- 1 COMPLIANCE, CODE OF ETHICS AND BUSINESS CONDUCT
- 2 ENERGY EFFICIENCY OF MANUFACTURING AND SERVICING OPERATIONS
- 3 CUSTOMER ORDERS AND BACKLOG
- 4 ANTI-CORRUPTION AND ANTI-BRIBERY
- 5 SUPPLIER COMPLIANCE
- 6 ATTRACTING AND RETAINING TALENT
- 7 OCCUPATIONAL HEALTH AND SAFETY
- 8 REVENUE GENERATION
- 9 EXPENSES
- 10 PREVENTIVE CULTURE
- 11 CUSTOMER RELATIONS AND SATISFACTION
- 12 EMPLOYEE ENGAGEMENT
- 13 INDIRECT ECONOMIC IMPACTS
- 14 COMPETITIVE WAGES AND BENEFITS
- 15 SUPPLIER ASSESSMENT AND RISK EXPOSURE
- 16 ENVIRONMENTAL IMPACT OF TRANSPORTING MATERIALS
- 17 HUMAN RIGHTS SCREENING
- 18 COMPLIANCE, RELIABILITY AND SAFETY
- 19 EXECUTIVE COMPENSATION
- 20 SPENDING ON LOCAL SUPPLIERS
- 21 PRODUCT DELIVERY TIME
- 22 BOARD INDEPENDENCE
- 23 CLIMATE CHANGE
- 24 SUPPORTING COMMUNITIES
- 25 POLLUTION PREVENTION
- 26 ENVIRONMENTAL IMPACT OF TRANSPORTING PEOPLE
- 27 HEALTH AND SAFETY COMMITTEES
- 28 MATERIAL EFFICIENCY
- 29 SUPPLY CHAIN RESILIENCE
- 30 BOARD RESPONSIBILITY AND COMPETENCE ON SUSTAINABILITY ISSUES

.....

OUR INTEGRATED APPROACH

.....

Based on the results of our stakeholder consultation and materiality assessment, our Sustainability and Integrated Communications Committee performed an internal exercise to help us address our material issues in an integrated manner.

The grid below reflects the results of this assessment. The grid also offers a bird's-eye view of how a number of our key financial and non-financial factors intersect, depicting the level of impact that each factor (on the y-axis) has on our material factors (on the x-axis). Level of impact ranges from high to some.

While these relationships are fluid and ever-changing, the following provides a lens on the dynamics between four of the highest impact connections.

Business Ethics and Integrity

> **Revenue, Talent Recruitment and Engagement, Customer Relations and Satisfaction:** Ethical business practices and integrity have a direct impact on our reputation. Both current and prospective customers and employees make decisions about Bombardier taking into consideration these principles of business ethics and integrity, which directly impact both our license to operate and our ability to grow profitably. For example, our 2014 Employee Engagement Survey revealed that 80% of Bombardier employees feel proud to work for the organization, signifying a high level of trust in the ethics of our operations.

Talent Recruitment and Engagement
> **Operating Expenses, Product Innovation and Performance, Socio-Economic Factors:**

Our efforts to recruit and engage top talent allow us to employ talented people who can innovate and create industry-leading products that meet customers' performance expectations. By hiring locally we can impact socio-economic factors such as job creation and economic development.

Supply Chain Innovation and Resilience

> **Operating Expenses, Socio-Economic Factors:** Our supply chain is comprised of a global network of small, local and large, international suppliers - creating jobs worldwide. This diversification allows us to benefit from different types of thinking and adapt quickly to changing regional situations and customer demands. We select the best suppliers to deliver on our needs and meet our sustainability expectations. This global approach helps support job creation and reduces the complexity of our manufacturing logistics and delivery.

Product Innovation and Performance
> **Revenue, Operating Expenses, Talent Recruitment and Engagement, Customer Relations and Satisfaction:**

What ultimately drives our value proposition and reaffirms our place in the mobility industry are the innovative products we deliver. Customers of course want to purchase the best products, which drives revenue, and top talent wants to work for a company that makes groundbreaking solutions of the future. We know that our investments in innovation and performance are paying off. For example, many of our *CSeries* aircraft customers, such as Macquarie AirFinance, have named advanced technologies and environmental performance as top reasons for selecting our aircraft.

HOW FINANCIAL AND NON-FINANCIAL FACTORS INTERACT WITH EACH OTHER

1 SOME
2 MODERATE
3 HIGH

	REVENUE	OPERATING EXPENSES	BUSINESS ETHICS AND INTEGRITY	TALENT RECRUITMENT AND ENGAGEMENT	ECO-EFFICIENCY OF MANUFACTURING AND SERVICING OPERATIONS	OCCUPATIONAL HEALTH AND SAFETY	SUPPLY CHAIN INNOVATION AND RESILIENCE	CUSTOMER RELATIONS AND SATISFACTION	PRODUCT INNOVATION AND PERFORMANCE	SOCIO-ECONOMIC FACTORS
REVENUE										1
OPERATING EXPENSES		3								2
BUSINESS ETHICS AND INTEGRITY		3								2
TALENT RECRUITMENT AND ENGAGEMENT		2	2							1
ECO-EFFICIENCY OF MANUFACTURING AND SERVICING OPERATIONS				2						3
OCCUPATIONAL HEALTH AND SAFETY				1						3
SUPPLY CHAIN INNOVATION AND RESILIENCE				2	3					1
CUSTOMER RELATIONS AND SATISFACTION				3	2					1
PRODUCT INNOVATION AND PERFORMANCE				3	3					3
SOCIO-ECONOMIC FACTORS				2	2					2

2

As one of the world's fastest very high speed trains (VHS) - up to 380 km/h - and through a unique aerodynamic as well as Bombardier's energy-saving *ECO4* technologies, the *ZEFIRO 380* is one of the most eco-friendly VHS trains in the world. (Photo: *ZEFIRO 380/CRH380* for China)



STRATEGY AND PERFORMANCE



.....

ENTERPRISE STRATEGY

.....

The Evolution of Mobility is about creating better ways to move the world.
Transforming how millions of people get around every day, by train and by plane.

We take the lead, and we deliver.

We're mobilizing the future in more than 60 different countries.

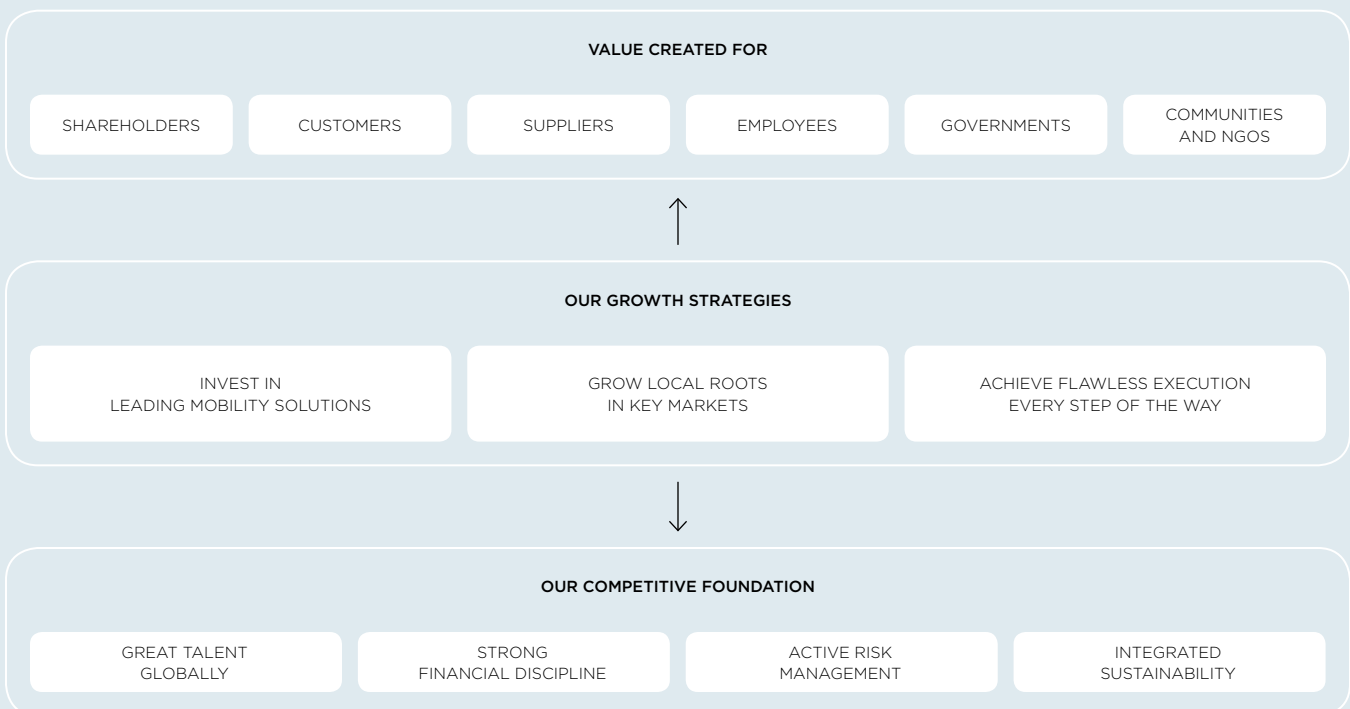
Investing in communities around the globe to break new ground.

After all, The Evolution of Mobility is all about what's next.

This is our promise. A promise to create better ways to move the world - intelligently, efficiently, safely and sustainably. Our promise is fulfilled through our enterprise strategy - a roadmap that drives our commitment to solve the world's ever-growing need for mobility through innovation.

The strategy is designed to create both financial and non-financial value, including mobility solutions provided for customers, jobs created for local economies, profits generated for shareholders and taxes paid to governments. It is an ambitious strategy and not without challenges - operational, technological

and cultural. But it is the right roadmap to be the company that answers some of society's most pressing mobility challenges - urban congestion, unpredictable fuel prices and climate change to name a few.



OUR GROWTH STRATEGIES

We approach our business with a focus on three interrelated growth strategies which help us innovate, partner and operate as a sustainable, industry-leading company.

Invest in Leading Mobility Solutions:

Over our 70 year history, we have built an extensive and diverse portfolio of category-defining mobility solutions that sets us apart from our competitors. In the face of evolving customer requirements, and notwithstanding a challenging economic climate, we continue to invest in our business to further improve our position in the marketplace and ensure our continued competitive distinction.

In 2014, product development remained a core focus, with \$2.0 billion invested for property, plant and equipment (PP&E) and intangible assets across the company. We saw positive traction with a number of in-development mobility solutions. The *CSeries* aircraft is making good progress toward certification in the second half of 2015 and meeting performance targets. The first flight test vehicle of the *Global 7000* large business jet went into final assembly. With 600,000 km of mandatory testing completed, the *ZEFIRO* 380 very high speed train received homologation in January 2015. We have since delivered the first *ZEFIRO* train to Shanghai Railway Bureau in March 2015.

Grow Local Roots in Key Markets:

While we continue to deepen our roots in traditional markets, we expect a significant portion of new aircraft and rail transportation demand to come from non-traditional markets over the next 20 years. By strengthening and expanding our global presence we have the opportunity to capture new business, optimize our cost structure and strengthen Bombardier's global leadership and competitiveness.

In 2014, five of our seven new business aircraft service locations and three of our four new commercial aircraft service locations were opened in non-traditional markets. On the transportation side, we established our sixth joint venture in China at the beginning of 2015.

Our efforts are beginning to pay off, as revenues from Asia-Pacific increased by 37% in 2014 compared to the previous year.

Achieve Flawless Execution Every Step of the Way:

Flawless execution becomes all the more challenging with the growing complexity of our products and increasingly diverse customer demands. We must have the right systems in place to rise to this challenge, delivering products on time without compromising quality or safety and doing so in a way that maximizes performance, respects our employees and preserves the environment.

The year 2014 was not without challenges. We faced difficulties in aircraft program management and issues on passenger train projects. However, we also reached important milestones, such as the entry-into-service of our *Challenger 350* aircraft, and continued to achieve accolades in customer satisfaction, including the 2014 "SNCF Trophy for Best Manufacturer and Site" for excellence in our Francilien commuter project in Paris, France.

OUR COMPETITIVE FOUNDATION

Our three growth strategies are supported by our competitive foundation.

Great Talent Globally: We need exceptional talent to build the future of mobility. This is imperative to our long-term viability and profitability. We constantly review the initiatives needed to better position us to attract and retain the engaged and skilled workforce we need to compete globally. We did, however, have to put some of our initiatives on hold in 2014 due to cost constraints. We nevertheless completed action plans to address the results from our 2013 Employee Engagement Survey. The levels of engagement in the 2014 edition of the survey exceeded the Manufacturing Norm in nearly all areas.¹ Major recruitment and development programs also continued, including our Global Employee Referral Program, Global Graduate Program, Making Great Leaders and Talent Acceleration Pool.

Strong Financial Discipline: We operate in a competitive and capital-intensive environment. In recent years, extensive investments in industry-leading, cost-optimized products and solutions have been made to improve our marketplace positioning and competitive advantage. However, we must preserve a strong financial discipline to deliver on our growth strategies. Increasing consistency in profitability and cash flows as well as optimizing our capital structure to reduce costs and improve our ability to seize strategic opportunities remain among our key financial priorities.

While we missed some financial targets, we increased our revenues by 10.8% in 2014 compared to 2013 and had a strong order intake, which helps maintain a solid order backlog. Additionally, the reorganization of the company has instilled greater accountability and will enable us to ensure a strong financial discipline throughout the organization.

Active Risk Management: As a global company, we are exposed to a wide variety of both internal and external risks. Proactive risk management is elevated to our Board of Directors who reviews and monitors potential risks as they relate to our ongoing activities and work with senior management to ensure proper policies, procedures and controls are in place to mitigate potential negative impacts.

We carefully managed our financial risk profile throughout 2014 and announced in the beginning of 2015 a financing plan to position Bombardier with a flexible and strong financial profile for the long term. Two components of this plan were successfully executed as we closed a public offering of equity of \$868 million (including over-allotment option) and closed a \$2.25 billion aggregate amount of new Senior Notes.

But we know that risk management must extend to the relationships we have outside our sites and beyond our financial performance. In 2014, we performed a risk analysis for suppliers in high-risk areas, including China and Central Asia, and increased supplier spot-checks.²

Integrated Sustainability: Integrating sustainability into our everyday activities makes business sense. It helps us identify and capitalize on growth opportunities and run a more efficient company that is prepared for what the future brings.

Aligned with our commitment to our EcoDesign strategy, we published an Environmental Product Declaration (EPD) in 2014 for the Bombardier *OMNEO* product platform and completed a life-cycle assessment on the *Global 7000* aircraft. We also continued to contribute as a founding member of the International Aerospace Environmental Group (IAEG) to develop an industry standard on chemicals reporting and launched guidelines on GHG emissions. Working together with other members of the rail transportation industry, we helped launch Railsponsible in March 2015, an initiative focused on sustainable procurement.

We are also highly focused on the health and safety of our employees, always striving for zero occupational illness and injury. Unfortunately, we had two fatalities in 2014. Following these events, our Health, Safety and Environment (HSE) Council prepared a new protocol to be deployed in the case of a severe incident in the future.

- ¹ Our expert provider Hay Group's Manufacturing Norm is based on data collected from 130 companies around the world in the Manufacturing industry who have been surveyed with the same question(s) within the previous five years.
- ² Spot-checks are informal, unannounced checks completed by trained Bombardier procurement managers.

OUR FINANCIAL PERFORMANCE¹

2014 HIGHLIGHTS

For the fiscal year ended December 31, 2014, we reported a solid 10.8% increase in consolidated revenues, with increases in both our aerospace and our rail transportation activities. On an adjusted basis, net income¹ increased by 6.6% and our EBIT margin before special items¹ decreased slightly. We continued to invest significantly in product development, with \$2.0 billion of net additions

to PP&E and intangible assets, of which \$1.7 billion related to aerospace program tooling. This resulted in a free cash flow usage of \$1.1 billion.

Strong order intake in most of our business segments helped to maintain a solid order backlog of \$69.1 billion³, including a manufacturing backlog of

\$56.6 billion which represents more than three years of manufacturing revenues, based on revenues for fiscal year 2014.

Our focus on profitable execution led to a restructuring in both our aerospace and our rail transportation businesses. There is one overriding objective today, which is to execute better in order to improve margins.

\$20.1B

REVENUES

\$648M

ADJUSTED NET INCOME²

\$0.35

ADJUSTED EPS²

\$(1.1)B

FREE CASH FLOW²

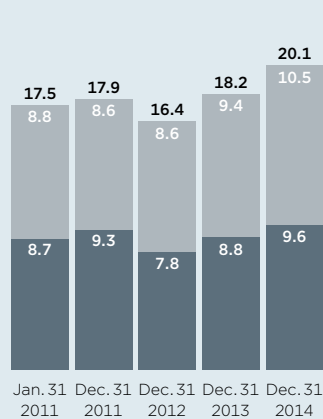
\$69.1B

ORDER BACKLOG³

REVENUES⁴

(for the fiscal years ended; in billions of dollars)

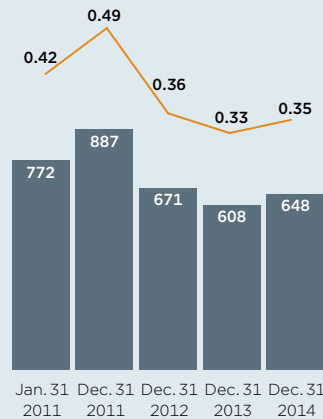
■ Aerospace
■ Transportation



ADJUSTED NET INCOME AND ADJUSTED EPS^{2,4,5,6}

(for the fiscal years ended; in millions of dollars, except per share amounts)

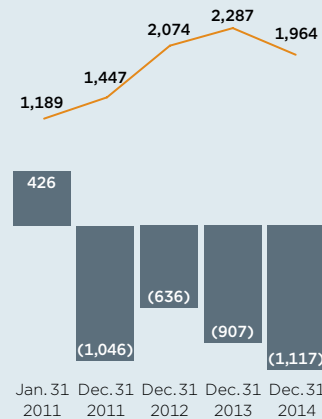
■ Adjusted net income
— Adjusted EPS



FREE CASH FLOW^{2,4}

(for the fiscal years ended; in millions of dollars)

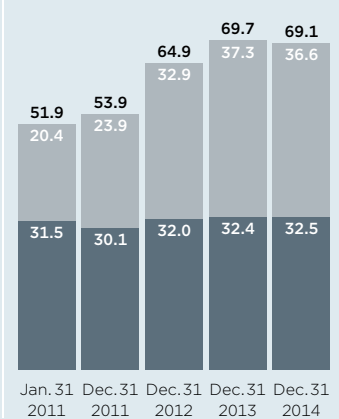
■ Free cash flow (usage)
— Net additions to PP&E and intangibles



ORDER BACKLOG⁷

(as at; in billions of dollars)

■ Aerospace
■ Transportation



1 Financial results reflect the 2014 organizational structure comprised of Bombardier Aerospace and Bombardier Transportation. **2** Non-GAAP financial measures. Refer to Non-GAAP Financial Measures at the end of this report. **3** As at December 31, 2014. **4** The fiscal year ended December 31, 2011 comprises 11 months of Bombardier Aerospace's results and 12 months of Bombardier Transportation's results. **5** Net income (loss) is \$671 million, \$737 million, \$470 million, \$572 million and \$(1,246) million for the years ended January 31, 2011, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014, respectively. **6** Diluted EPS of \$0.36, \$0.41, \$0.25, \$0.31, \$(0.74) for the fiscal years ended January 31, 2011, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014, respectively. **7** Some totals do not agree due to rounding.

BOMBARDIER'S AEROSPACE ACTIVITIES

Good revenue growth and significant investment in product development

Our aerospace activities have generated strong revenue growth in 2014. Revenues reached \$10.5 billion compared to \$9.4 billion in 2013, an increase of \$1.1 billion or 11.9%. This increase is mainly attributable to higher deliveries in regional jets as well as in all business aircraft categories.

For the year 2014, EBIT before special items¹ totalled \$437 million, or 4.2% of revenues, compared to \$388 million or 4.1% in 2013. EBIT margin before special items improved slightly compared to 2013 due to higher absorption of selling, general and administrative (SG&A) expenses and higher margins from commercial aircraft. This improvement was partially offset by a higher write-down of inventory to net realizable value for the *CSeries* aircraft program² and the mix of commercial aircraft versus business aircraft deliveries. Special items primarily comprise a pre-tax charge of \$1.4 billion, mainly related to the impairment of the *Learjet 85* aircraft development costs and restructuring charges totalling \$85 million.

Free cash flow usage¹ amounted to \$1.1 billion compared to \$1.2 billion in 2013, while cash from operating

activities totalled \$798 million compared to \$974 million in 2013. The cash flows from operating activities were lower than the previous year mainly due to lower earnings before financing expense, financing income, income taxes, amortization and impairment charges on PP&E and intangible assets (EBITDA). For 2014, our net additions to PP&E and intangibles totalled \$1.9 billion, compared to \$2.2 billion in the prior year.

Finally, the slight decrease in order backlog as at December 31, 2014 reflects lower order intake than deliveries for business aircraft, partly offset by the order intake for the *CSeries* family of aircraft. The order backlog and the production horizon for programs are monitored to align production rates to reflect market demand.

\$10.5B

REVENUES

4.2%

EBIT MARGIN BEFORE SPECIAL ITEMS¹

\$(1.1)B

FREE CASH FLOW¹

\$1.9B

NET ADDITIONS TO PP&E AND INTANGIBLE ASSETS

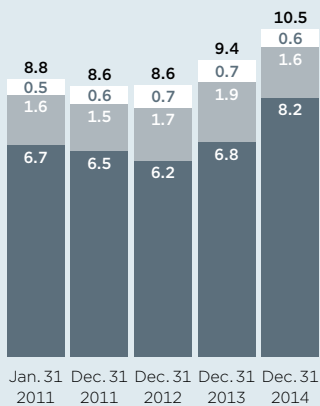
\$36.6B

ORDER BACKLOG³

REVENUES^{4,5}

(for the fiscal years ended; in billions of dollars)

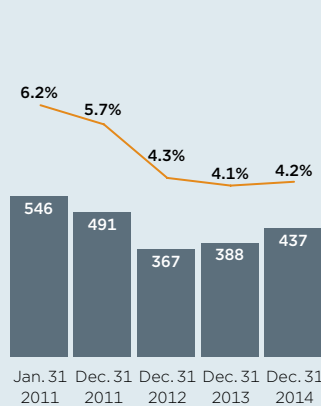
■ Other
■ Services
■ Manufacturing



EBIT BEFORE SPECIAL ITEMS^{1,4,6}

(for the fiscal years ended; in millions of dollars)

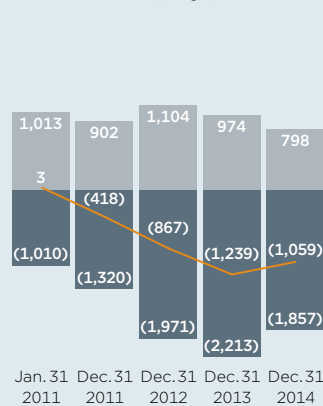
■ EBIT before special items
— EBIT margin before special items



FREE CASH FLOW (USAGE)^{1,4}

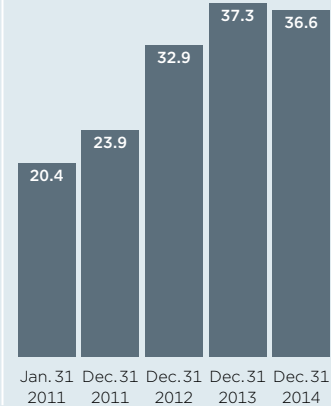
(for the fiscal years ended; in millions of dollars)

■ Cash flows from operating activities
■ Net additions to PP&E and intangible assets
— Free cash flow (usage)



ORDER BACKLOG

(as at; in billions of dollars)



¹ Non-GAAP financial measures. Refer to Non-GAAP Financial Measures at the end of this report. ² Early production units in a new aircraft program incur higher costs than units produced later in the program and the selling prices of early units are generally lower. ³ As at December 31, 2014. ⁴ The fiscal year ended December 31, 2011 comprises 11 months of results. ⁵ Some totals do not agree due to rounding. ⁶ EBIT and EBIT margin of \$546 million and 6.2%, \$491 million and 5.7%, \$390 million and 4.5%, \$418 million and 4.5% and \$(995) million and (9.5%) for fiscal years ended January 31, 2011, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014, respectively.

BOMBARDIER'S TRANSPORTATION ACTIVITIES

Increased revenues and strong order intake

In 2014, revenues increased by 9.7% in our transportation business segment compared to the last fiscal year. This increase was mostly driven by a ramp-up in production related to contracts in Europe and Asia-Pacific.

In 2014, we signed significant orders in all regions, totalling \$12.6 billion. Order intake in 2014 included contracts worth \$2.7 billion with the State of Queensland, Australia, for Electric Multiple Units (EMUs) and construction of a depot and fleet maintenance services; \$2.1 billion with Transport for London for *AVENTRA* trains and for the construction of a depot and fleet maintenance services; and \$1.2 billion with Transnet Freight Rail for *TRAXX* locomotives in South Africa.

For the year 2014, EBIT before special items¹ amounted to \$486 million, or 5.1% of revenues, compared to \$505 million or 5.8% in 2013. A restructuring charge of \$57 million related to headcount reductions was recorded as a special item in the third quarter. EBIT margin before special items¹ declined due to:

- a lower gross margin in system and signalling due to finalization of a major systems project, which had a favourable impact on the contract mix in the comparative period;
- a negative impact on gross margin resulting from revised escalation assumptions for some contracts, mainly in rolling stock, which impacted estimated future revenues and resulted in a catch-up adjustment to reflect lower contract margins on revenues already recognized; and
- a lower share of income of joint ventures and associates.

Partially offset by:

- a higher gross margin in rolling stock due to favourable contract mix in the current year; and
- higher absorption of lower SG&A expenses.

Finally, free cash flow² totalled \$122 million compared to \$668 million in 2013, a \$546 million deterioration, mainly due to a different cash flow profile in some contracts and a lower level of advances on options in relation to framework contract agreements.

\$9.6B

REVENUES

5.1%

EBIT MARGIN BEFORE SPECIAL ITEMS¹

\$122M

FREE CASH FLOW¹

\$12.6B

ORDER INTAKE

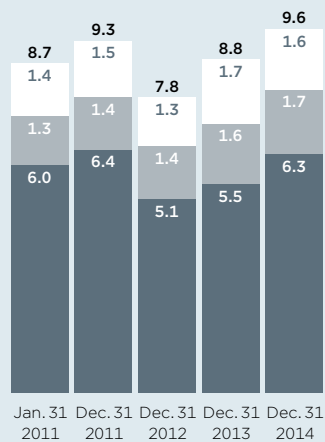
\$32.5B

ORDER BACKLOG²

REVENUES

(for the fiscal years ended; in billions of dollars)

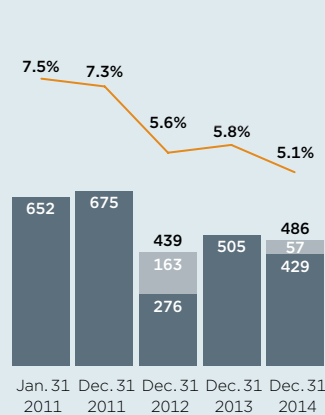
- System and signalling
- Services
- Rolling stock



EBIT BEFORE SPECIAL ITEMS¹

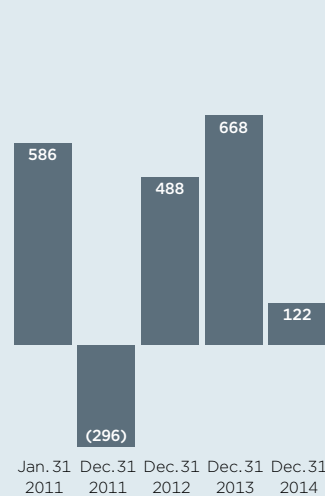
(for the fiscal years ended; in millions of dollars)

- Special items
- EBIT
- EBIT margin before special items



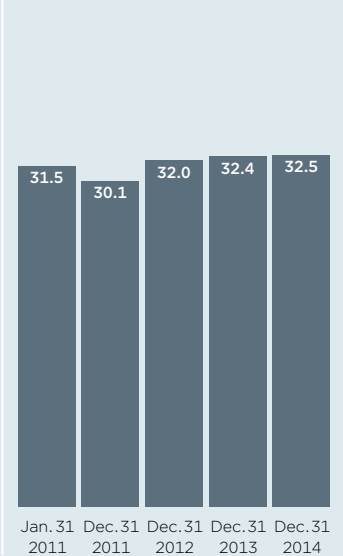
FREE CASH FLOW (USAGE)¹

(for the fiscal years ended; in millions of dollars)



ORDER BACKLOG

(as at; in billions of dollars)



DEBT PROFILE AND FINANCING PLAN

Bombardier requires capital to develop industry-leading products and seize strategic opportunities in order to increase competitiveness and execute growth strategies. We take advantage of favourable capital market conditions when they materialize to extend debt maturity, reduce cost of funds and increase diversity of capital resources.

In February 2015, the Board of Directors concluded that our free cash flow¹ would be more appropriately applied to bolstering our financial structure and investing in our core programs and businesses. Therefore, we suspended the declaration of dividends on our Class A and Class B shares.

Also, in February 2015, Bombardier announced a plan to position itself with a flexible and strong financial profile. Pursuant to this plan, Bombardier closed a public offering of equity of \$868 million (including over-allotment option) in February 2015.

On March 13, 2015, we issued a \$2.25 billion aggregate amount of unsecured Senior Notes, comprised of \$750 million of notes bearing interest at 5.5% due on September 15, 2018 and \$1.5 billion bearing interest at 7.5%

due on March 15, 2025. The net proceeds were used on April 29, 2015 to finance the redemption of \$750 million of existing debt which was due in 2016 and for general corporate purposes. We now have a clear path ahead with no maturities before 2018.

Moreover, we have been proactively reviewing our strategic options for our rail business, given the ongoing industry consolidation. We announced on May 7, 2015 that we are preparing for an initial public offering (IPO) of a minority stake in Bombardier Transportation. When completed, the IPO is expected to crystallize the full value of Bombardier Transportation and further strengthen Bombardier's financial position, while preserving flexibility should it wish to participate in future rail equipment industry consolidation.

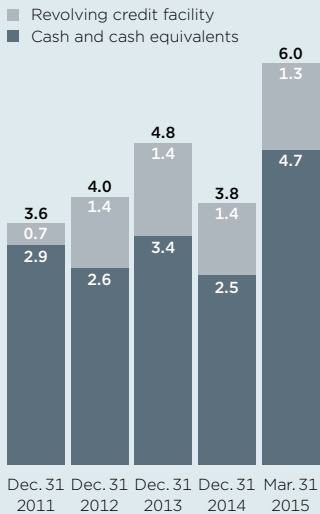
AVAILABLE SHORT-TERM CAPITAL RESOURCES²

(in millions of dollars)

	MAR. 31, 2015	DEC.31, 2014
CASH AND CASH EQUIVALENTS	\$ 4,733	\$ 2,489
AVAILABLE REVOLVING CREDIT FACILITY	1,292	1,357
AVAILABLE SHORT-TERM CAPITAL RESOURCES	\$ 6,025	\$ 3,846

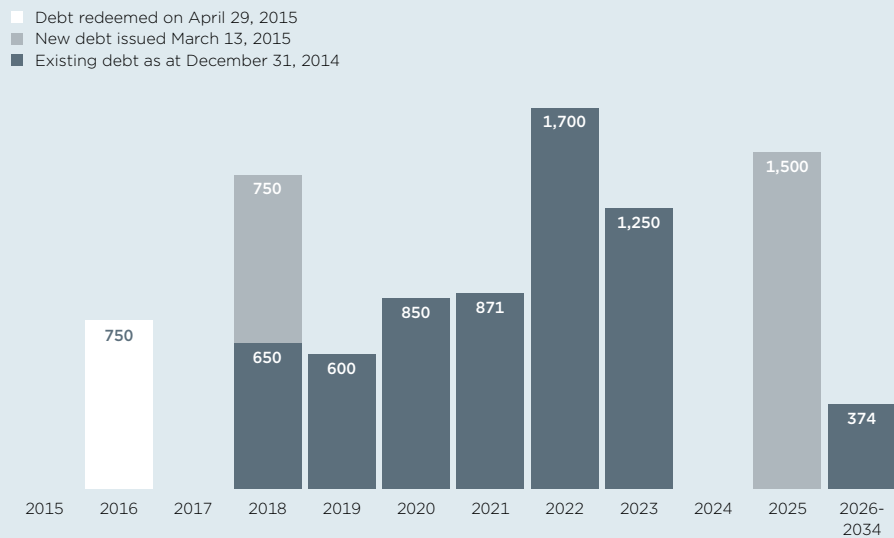
AVAILABLE SHORT-TERM CAPITAL RESOURCES^{2,3}

(as at; in billions of dollars)



DEBT MATURITY PROFILE

(for calendar years; in millions of dollars; as at April 30, 2015)²



¹ Non-GAAP financial measures. Refer to Non-GAAP Financial Measures at the end of this report. ² Based on results for the quarter ended March 31, 2015.

³ Some totals do not agree due to rounding.

RETIREMENT BENEFITS

Bombardier sponsors several Canadian and foreign retirement benefit plans consisting of funded and unfunded pension plans as well as other unfunded defined benefit plans.

Significant decrease in retirement benefit contributions

Retirement benefit contributions to defined benefit pension plans decreased by \$97 million to reach \$370 million for the fiscal year ended December 31, 2014, compared to \$467 million the previous year. This reduction in contributions is partly due to a sharp decrease in the funded plans net retirement benefit liability, since its peak of \$2.3 billion in 2011.

Discount rates have an important impact on net retirement benefit liability

The net retirement benefit liability increased by \$483 million (from \$2.0 billion to \$2.5 billion) mainly due to the sharp fall of discount rates to near historical lows at the end of 2014. The impact of lower discount rates was

largely offset by strong gains on fund assets. The discount rates represent the market rate for high-quality corporate fixed-income investments at the end of the reporting period consistent with the currency and estimated term of the benefit obligations. They have an important impact on the net retirement benefit liability.

Assuming all other actuarial assumptions remained unchanged, it is estimated that a 0.25 percentage point increase in discount rates would have resulted in a decrease of \$483 million in net retirement benefit liability as at December 31, 2014.

Prudent investment strategies and risk management initiatives

Our investment policies are established to achieve a long-term investment return so that, in conjunction with contributions, the plans have sufficient assets to pay for the promised benefits while maintaining a level of risk that is acceptable given the tolerance of plan stakeholders.

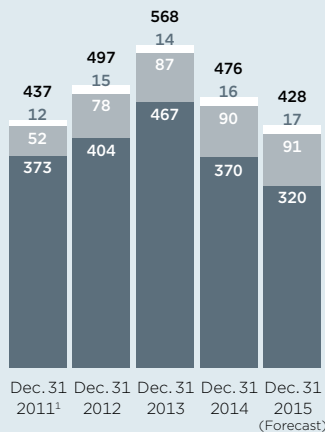
We have established dynamic de-risking strategies. As a result, the asset allocation has become much more defensive over the years. As at December 31, 2014, the average target asset allocation was approximately 50% real return asset securities, 37% equity securities and 13% fixed income securities. We also implemented interest rate hedging overlay portfolios to further reduce risk. These portfolios were liquidated in 2014 to crystallize the gains realized from declining bond yields.

The asset allocation will likely become more conservative in the future and interest rate hedging overlay portfolios are likely to be re-implemented as plan funding status and market conditions continue to improve. Bombardier Inc. Pension Asset Management Services monitors the de-risking triggers on a daily basis to ensure timely and efficient implementation of these strategies. We periodically undertake asset and liability studies to determine the appropriateness of the investment policies and de-risking strategies.

RETIREMENT BENEFIT CONTRIBUTIONS

(for the fiscal years ended; in millions of dollars)

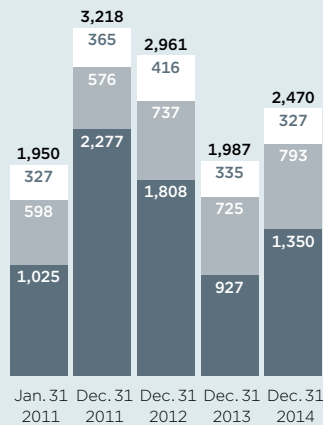
- Other DB contributions
- DC contributions
- DB pension contributions



NET RETIREMENT BENEFIT LIABILITY

(as at; in millions of dollars)

- Other plans (unfunded)
- Pension plans (unfunded)
- Pension plans (funded)²



EVOLUTION OF WEIGHTED-AVERAGE DISCOUNT RATE

(as at; used to determine the defined benefit pension obligation)

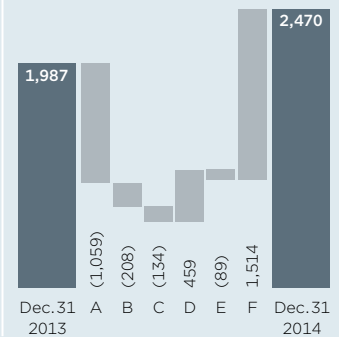
- U.K.
- U.S.
- Canada



INCREASE IN NET RETIREMENT BENEFIT LIABILITY

(in millions of dollars)

- A Actual gains on plan assets
- B Foreign currency
- C Excess contributions over service cost
- D Accretion expense on retirement benefit obligations
- E Other³
- F Changes in financial assumptions⁴



1 For the fiscal year ended December 31, 2011, contributions comprise 11 months for Bombardier Aerospace plans and 12 months for Bombardier Transportation plans.
 2 Includes liability arising from minimum funding requirement and impact of asset ceiling test. 3 Other is mainly comprised of changes in other actuarial assumptions.
 4 Mainly comprised of changes in discount rates.



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INVEST IN LEADING MOBILITY SOLUTIONS

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As our world evolves, so must our products. We are committed to developing air and rail products that continue to meet the ever changing needs of our customers.

With increases in urbanization and globalization – projections suggest that 66% of the world's population will be living in cities by 2050¹ – we see a great opportunity for us to lead with the mobility solutions needed for such an environment. By incorporating the latest technology – such as our *WAKO* tilting bogie with active radial steering, which promises to increase rail transportation capacity by up to 60%² due to faster travelling capabilities around curves – into our products, we can provide quieter, safer and faster ways to move people around the world.

At the same time, increasing concerns about the impact of climate change present opportunities for Bombardier to innovate in the eco-efficiency and sustainability of our products, services, manufacturing and production sites as well as our supply chain.

In 2014, we invested \$2.0 billion in mobility innovations (PP&E and intangibles), mostly for our aerospace activities, and conducted extensive product development for our rail transportation projects. These investments, which allow us to develop planes and trains that address evolving market demands and differentiate us from our competitors, continue to be validated by our high order backlog, which totalled \$69.1 billion as of December 31, 2014.

We also expanded our service offerings – opening new service and maintenance sites across the globe – to be closer to our customers and provide local support for our mobility solutions.

Our reorganization will further allow us to sustain these investments in new and existing product and service offerings while remaining competitive and profitable. OneBT will ensure that we maintain a strong focus on R&D and standardization. Another component of our reorganization was the repositioning of our Product Development Engineering group for our aerospace activities. This group oversees all aircraft development programs and will leverage and apply best practices synergistically to our *CSeries*, *Global 7000* and *Global 8000* aircraft programs. The group now reports directly to our President and CEO to give him more visibility.

¹ United Nations (2014): *World Urbanization Prospects*.

² Transport capacity refers to the number of passengers that can be transported through a section of track over a certain period of time.

PRODUCT INNOVATION LIFECYCLE

Every new Bombardier product goes through our product innovation lifecycle, a process that ensures we are innovating at every stage to meet and exceed customer expectations and produce the most sustainable and high-performing solutions in the market, while mitigating the risks of new technology introductions.

1

DESIGN

What it means

We design mobility solutions to meet and exceed customer needs while taking into account global industry trends to ensure a differentiated product line. Customer engagement begins at the earliest design stages so we can understand their priorities and build products that address them. Our EcoDesign (formerly Design for Environment) and Design for Safety approaches are also applied at the design phase, ensuring high environmental and safety performance throughout the product lifecycle.

How it is applied

As an example of our EcoDesign approach, all rail products are designed to incorporate our suite of *ECO4* technologies – optimizing energy use, decreasing energy waste, minimizing CO₂ emissions, increasing economic value and improving overall efficiency and performance.

2

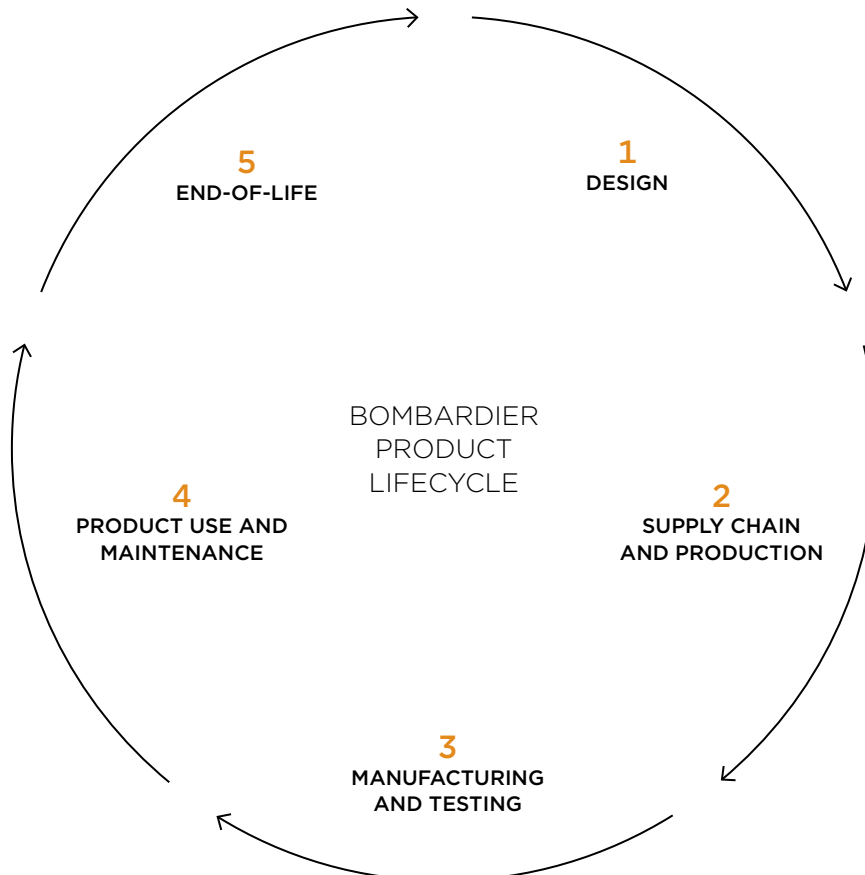
SUPPLY CHAIN AND PRODUCTION

What it means

We see the most innovative results when we collaborate with our suppliers in the early development stages. When considering suppliers, we apply a rigorous selection process to identify and source the best materials and technologies for each product.

How it is applied

Our suppliers are critical to bringing each innovation to life. For example, we have collaborated with suppliers to commission major system level test rigs for the *Global 7000* and *Global 8000* aircraft, with various systems development and certification tests ongoing. We have also collaborated with suppliers to reuse crating and packaging. Finally, we are leading the development of industry-wide standards for responsible sourcing and reporting.



3

MANUFACTURING AND TESTING**What it means**

A number of factors are considered before starting the manufacturing cycle including where it should take place, the resources needed to execute and the health and safety of our employees. But it does not stop there - we apply a thorough product testing approach prior to entry-into-service to make sure our products perform as designed and adhere to all compliance regulations.

How it is applied

Manufacturing locations vary based on cost and the need for local resources. By placing an aerospace manufacturing facility in Morocco, we are able to produce planes at internationally competitive manufacturing costs, while building Morocco's aerospace industry. In contrast, based on our agreement with South Africa's Transnet Freight Rail, 60% of the work on 240 *TRAXX* locomotives will be done in-country to ensure investments in local manufacturing capacity, training and skills development.

4

PRODUCT USE AND MAINTENANCE**What it means**

We want our customers to get the most out of our products - including reliability, a safe and pleasant passenger experience and best-in-class environmental performance.

How it is applied

We comply with regulations and voluntary codes concerning the health and safety impacts of our products and work with customers to ensure safe usability of our products. Our Safety Standdown program offers knowledge-based training for aviation professionals to instill a culture of proactive accountability. In 2014, 923 professionals participated in these in-person and online seminars.

We are also broadening our after-market services globally to provide more hands-on support to customers and help them get the most out of Bombardier products. For example, for our *C-Series* aircraft, we are establishing a leading, value-adding maintenance program to reduce maintenance tasks and provide operators with an optimal program tailored to their needs.

5

END-OF-LIFE**What it means**

Today more than 95% of the materials in our rail vehicles and approximately 85% of the materials in our aircraft are recoverable. Our aim is for all of our new products to be 100% recoverable by 2025. We are working with industry organizations and our suppliers to increasingly use recoverable resources as well as materials that are easier to separate and disassemble for a second life as specified in our EcoDesign approach.

How it is applied

To better understand end-of-life requirements to achieve 100% recoverability, we donated a *CRJ100* regional jet in 2012 for a project to research new, commercially viable recovery technologies for aircraft through the Consortium for Research and Innovation in Aerospace in Québec (CRIAQ). The project will be completed in October 2015.

WHAT'S NEXT

Our product innovation lifecycle has proven successful over time and we continuously look for ways to improve the process and adapt to changing industry and customer demands. In 2015, we are focusing on:

- further integrating our EcoDesign approach into product development with a focus on applying it to legacy products and on providing additional training for engineers and managers;
- implementing company-wide processes and tools to manage environmental regulation and reduce and eliminate use of hazardous materials;
- exploring alternative fuel sources including biofuels;
- developing more environmentally-responsible interiors; and
- developing customer recommendations for minimizing the environmental impact in the operation, maintenance and dismantling of Bombardier products.

INNOVATING RAIL TRANSPORTATION SOLUTIONS FOR THE FUTURE

Progress in rail transportation

In a world of carbon-conscious travel and strict cost constraints, increasing capacity and efficiency within existing rail infrastructure is essential. At Bombardier, we know that responsible economic growth minimizes impact on the environment.

Increasing demand for efficient rail solutions is driven by an increased focus on pollution levels. Rail – currently responsible for less than 3.3% of transport energy-related CO₂ emissions compared to 72.6% for road transportation¹ – is the best way to lower transportation emission levels while improving the mobility of goods and people.

PRIMOVE: True Emission-Free Mobility

Bombardier's *PRIMOVE* portfolio offers a true e-mobility solution, providing wireless, contactless power for all types of electric vehicles – from trams and buses to trucks and cars.

The *PRIMOVE* system helps operators eliminate CO₂ emissions and reduces operating costs by charging rapidly and minimizing energy loss. *PRIMOVE* e-buses are quieter, cause less vibration than conventional diesel buses and offer a smoother ride for passengers, made possible by a more even acceleration.

In March 2014, the world's first *PRIMOVE* e-bus began service in Braunschweig, Germany. Each bus is equipped with the wireless *PRIMOVE* fast-charging system – the world's first inductive charging system that charges electric buses in just a few seconds – and new *PRIMOVE* high-performance batteries. We are currently working on expanding the use of *PRIMOVE* technology for e-buses in Mannheim and Berlin in Germany and Bruges in Belgium.

FLEXITY 2 Trams: The Future of Urban Transportation

With the light rail market quickly evolving, Bombardier's *FLEXITY* family of trams has become the benchmark for urban mobility around the world. The *FLEXITY 2* platform optimizes the passenger environment with higher levels of comfort and safety and provides cost-reduction solutions for our customers. It has been expanded with the option for complete catenary-free driving between stations thus reducing the infrastructural costs of installing and maintaining the complete electrification of the line.

The trams, which use our *PRIMOVE* technology for contactless charging, are more attractive to urban planners for introduction in downtown areas. In addition, the tram's low energy consumption substantially contributes to the delivery of more environmentally friendly modes of transportation for the urban public.

In October 2014, Bombardier and CSR Puzhen introduced 100% low-floor trams in Suzhou, China based on Bombardier's *FLEXITY 2* technology – the first use of the *FLEXITY 2* product platform in China. With a population of nearly 11 million, the city of Suzhou will use these vehicles to help answer its need for high passenger capacity urban transportation solutions.

¹ International Union of Railways (2014), *Railway Handbook 2014. Energy Consumption and CO₂ Emissions*.



**INNOVIA Monorail 300:
Driverless Operation for Improved
Efficiency**

The *INNOVIA* Monorail 300 system is Bombardier's newest transportation system technology with a fully automated driverless operation that enables frequent, safe and reliable service. Cost effective to introduce without requiring major infrastructure or civil works, the *INNOVIA* Monorail 300 system has a metro-like capacity and is able to transport 48,000 passengers per hour in each direction. It also features a flexible modular product platform that provides a complete turnkey system solution to adapt to customer requirements across diverse markets.

The lightweight, energy-efficient vehicles produce zero emissions with excellent ride quality and low noise levels, making the system ideal for urban transit. It also features an inter-car-walk-through for free passenger flow and enhanced safety as well as flexible seating arrangements that permit system optimization to best suit customers' specific requirements.

In Brazil, São Paulo's new *INNOVIA* Monorail 300 system – a 24-km system and the world's largest and highest capacity monorail – is expected to be fully operational in 2016. The line, manufactured at our state-of-the-art monorail vehicle manufacturing facility in Hortolândia (Brazil), which is intended to become Bombardier's global production centre for monorails, will carry more than half a million passengers every day along the east side of the city.



**INTERFLO 550:
Highly Flexible, Low-cost Wayside
Train Control System**

INTERFLO 550 is a flexible, modularized wayside train control system specifically designed to provide the capacity, adaptability and cost-effectiveness needed for regional or secondary lines. The moving block technology – which boasts a scalable and modular architecture – maximizes efficiency, allowing for customization and capacity increase of up to 70% compared to conventional wayside control technology.

The system enables wireless communication with trains from nearly any available transmission infrastructure, enhancing safety by providing controllers with real-time information on location and speed for all locomotives on the system.

As a further precaution, the *INTERFLO* 550 system prevents any attempt by the driver to exceed a movement limit or a speed restriction and gives the controller the ability to stop all or selected trains at any location, at any time and allows for immediate activation of temporary speed restrictions to any section at any time.



INNOVATING AEROSPACE SOLUTIONS FOR THE FUTURE

Progress in air transportation

Bombardier offers a broad portfolio of business and commercial aircraft with unique value propositions in performance and energy efficiency. By the end of 2014, the aerospace backlog totalled \$36.6 billion, more than 40% of which is for aircraft currently in development.

CSeries Commercial Aircraft¹: The Only 100% New Aircraft for the 100- to 149-seat Market Segment

Benefiting from a clean-sheet design that includes leading-edge technology and systems integration, advanced materials and the latest generation aerodynamics, the *CSeries* family of airliners offer a 15% cash operating cost advantage,² a 20% fuel burn advantage that translates directly into 20% CO₂ emissions advantage,² exceptional operational flexibility, wide body comfort and an unmatched environmental and noise footprint.

The *CS100* aircraft offers unmatched flexibility for many airline business models and is an ideal solution for hot-and-high and city-centre airport operations. The *CS300* aircraft offers the best seat-mile cost in its category, making it the most profitable solution for mid-sized markets with up to 160 passengers per flight and ideal for a range of routes from short-haul to longer transcontinental markets.

Our *CSeries* aircraft program experienced delays in 2014 following an engine incident during ground maintenance testing. We worked with our supplier Pratt & Whitney to fix the issue and the test fleet is back up and running. In February 2015, the *CS300* airliner completed its maiden flight, joining the test program and contributing toward the overall test flight hours for the family of airliners. As of March 31, 2015, the *CSeries* aircraft flight test program had completed more than 1,360 test hours towards our certification objective.

Type certification of the *CS100* aircraft is targeted for completion by the end of 2015 and the *CS300* aircraft's type certification is expected to follow approximately six months afterwards. The entry-into-service of the *CS100* aircraft is expected to occur in the first half of 2016 with SWISS, the launch customer of the *CSeries* aircraft program.

Boosted in 2014 by a firm order from Al Qahtani Aviation Company from Dammam (Saudi Arabia) for 16 *CS300* jetliners with options for an additional 10 to be operated by SaudiGulf Airlines, as well as a firm order from a wholly owned affiliate of Macquarie AirFinance for 40 *CS300* jetliners with options for an additional 10, we are well on our way to achieving our target of 300 orders at entry-into-service. When placing its order, Macquarie AirFinance noted that the *CS300* aircraft's advanced technologies, attractive economics and environmental attributes were key factors in its selection of the jetliner.

As of December 31, 2014, Bombardier had booked orders and commitments for 563 *CSeries* aircraft, which include firm orders for 243 airliners. In keeping with our commitment to issue EPDs for all new products, we will issue an EPD at first delivery of the *CSeries* aircraft.

- ¹ Product under development. Refer to disclaimers at the end of this report.
² Compared to competitors in the same category.



Global 7000 and Global 8000 Aircraft¹: Setting New Standards for Business Travel

Bombardier will take EcoDesign to the next level in the ultra-long-range business aircraft segment with the launch of two new *Global* jets. The *Global 7000* aircraft, designed to travel 7,300 nautical miles (13,520 km) with ten passengers at a typical cruising speed of Mach 0.85 (904 km/h),² allows access to the most challenging airfields as a result of its outstanding short-field capabilities. The *Global 8000* aircraft is designed to travel 7,900 nautical miles (14,631 km) – farther than any other business jet – making it ideal for non-stop flights on key business routes like Los Angeles-Sydney, Hong Kong-New York and Mumbai-New York. Moreover, both aircraft are equipped with the *Bombardier Vision* flight deck technology, which displays information such as detection and analysis of weather hazards, real-time flight data and interactive maps for easy creation and modification of flight plans, contributing to increased efficiency.

Product differentiation can also be seen inside the aircraft as we elected to use many environmentally-responsible materials in the *Global 7000* and *Global 8000* aircraft interiors. As an example, EcoDesign criteria were incorporated into the leather suppliers' selection process to ensure that the final product meets the highest quality standards and respects the most stringent environmental standards.

We will issue an EPD at entry-into-service for the *Global 7000* and *Global 8000* aircraft.

Regional Aircraft: Constantly Moving the Benchmark Forward

Apart from major innovations to new products, we continuously work on improving our existing products to ensure we are adapting to our customers' ever-changing realities.

Worldwide, *Q400* and *Q400 NextGen* aircraft have transported more than 355 million passengers and logged more than 5.7 million flight hours and more than 6.1 million take-offs and landings. The *Q400 NextGen* aircraft is the world's only available 86-seat turboprop, offering up to 17% seat cost advantage³ versus competing turboprops and producing 30-40% fewer CO₂ emissions compared to competing jets.

To help our operators be cost-efficient in today's ever-changing airline environment, the *Q400* Fuel Efficiency Manual released in the summer of 2014 serves as a guide for airlines to maximize their operational and performance techniques, enabling them to generate significant fuel savings – up to an additional 24% – across all mission profiles and phases of flight.

As of December 31, 2014, Bombardier had recorded firm orders for 1,858 *CRJ* aircraft worldwide making it the most successful regional aircraft program in the world. Bombardier's *CRJ NextGen* family of aircraft is a benchmark for regional jet efficiency in the 60- to 99-seat segment. The *CRJ NextGen* aircraft offers up to 10% cash operating cost advantage over the competition.⁴

During the Farnborough Airshow in July 2014, we showcased new enhancements to our regional jet program including up to 5.5% lower fuel consumption than earlier generation *CRJ900* aircraft. Constantly committed to raising the bar, Bombardier has a roadmap in place to deliver double-digit fuel burn reduction by 2020. We moved the benchmark even further by escalating maintenance intervals from 600 to 800 flight hours for 'A' Checks and from 6,000 to 8,000 flight hours for 'C' Checks.⁵

- 1 Product under development. Refer to disclaimers at the end of this report.
- 2 Under certain operating conditions. Refer to disclaimers at the end of this report. Calculation based on International System of Units (SI) Standard.
- 3 Fuel and Economics claims based on 300 nautical mile mission.
- 4 Based on *CRJ900 NextGen* improvements since entry-in-to-service.
- 5 Escalation of check intervals to 800/8,000 flight hours currently under development. 'A' Checks represent light maintenance checks that can be completed in a relatively short time and 'C' Checks consist of heavier maintenance checks.



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GROW LOCAL ROOTS IN KEY MARKETS

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Today, Bombardier must grow local roots in key markets to drive customer relationships and revenue and prepare our business for the future.

Our two traditional markets – North America and Western and Central Europe – are still the core of our business. It is critical that we continue to invest in and grow our market share in these geographies. The importance of keeping a strong focus on these markets was borne out in 2014 in particular, as the United States' economy began to gather momentum after five difficult years. The United States represent 50% of the global aerospace market¹ and North America represents a projected \$21.4 billion (approximately 20%) accessible rail market from 2017 to 2019,² so we naturally continue to see the United States and other traditional markets as critical revenue drivers in the short and long term.

Much of the work still to be done in our Grow Local Roots in Key Markets strategy, however, requires increasing our presence and revenue in non-traditional markets. This is a strong focus for Bombardier for two primary reasons:

> The economies and populations of many non-traditional markets are growing at a faster pace. We can contribute to these countries both with our products and through the positive local footprint of our operations. While North America and Europe comprised 59% of our 20- to 149-seat in-service passenger fleet as of December 31, 2014, during the next 20 years, we forecast that 58% of new aircraft delivery demand will come from non-traditional markets.¹ In addition, the rail industry is forecast to grow in all segments across all regions with non-traditional markets expected to account for nearly 44% of revenues by 2019.²

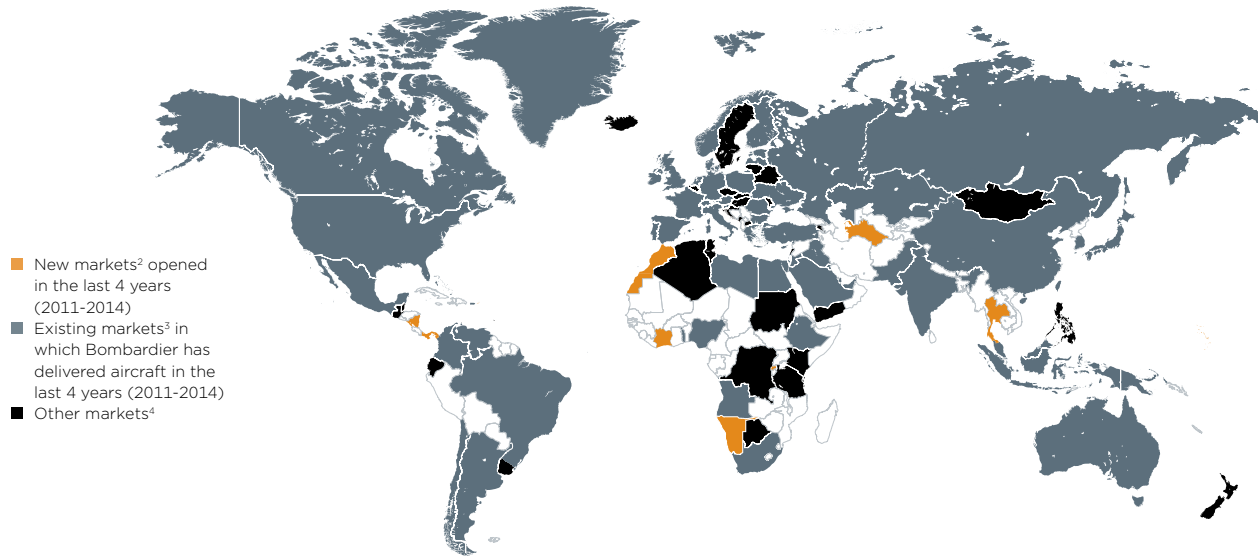
> The past several years have demonstrated all too clearly the volatility of the global economy. We cannot prepare our business for the future by focusing on traditional markets alone and must continue to diversify our revenue streams to be able to withstand weakening within any of our markets – due to economic or other forces.

1 According to our Commercial Aircraft Market Forecast, published in July 2014 and available on Bombardier's dedicated investor relations website at ir.bombardier.com.

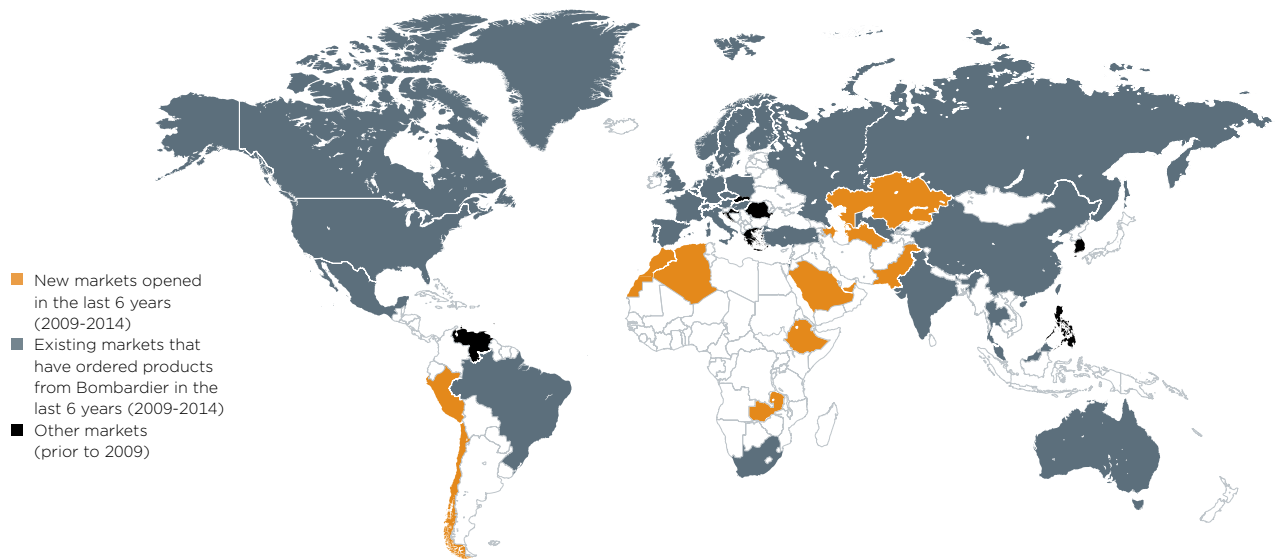
2 Based on data from the UNIFE World Rail Market Study "Forecast 2014 to 2019" published in September 2014 for Bombardier Transportation's accessible markets only. UNIFE data is updated every two years based on the 55 largest rail markets worldwide. UNIFE figures are published in euro. An exchange rate of €1 = \$1.31475, the average cumulative exchange rate over the 2012-14 period, was used to convert all figures. Figures for 2012-14 were extrapolated based on UNIFE data for 2011-13 and 2014-16.

As the maps below demonstrate, we are already active in many of these non-traditional markets.

BOMBARDIER'S AEROSPACE ACTIVITIES MARKET PENETRATION¹



BOMBARDIER'S RAIL TRANSPORTATION ACTIVITIES MARKET PENETRATION⁵



1 Map does not represent Bombardier aircraft fleet; only new aircraft deliveries since 2001 are represented.
2 New markets defined as countries where we have not delivered aircraft between 2001 and 2010 (10 years).
3 Existing markets defined as countries where we have delivered aircraft between 2001 and 2010 (10 years).
4 Other markets defined as countries in which we have delivered aircraft between 2001 and 2010, but not since 2011.
5 Only orders with a total value greater than \$5.0 million were considered in this overview.

Between 2013 and 2014, the division of our revenues between traditional and non-traditional markets was relatively stable. Our strong backlog across all markets confirms that our current and in-development product mix is the right one to support our growth globally - with a 37% increase in revenues in Asia-Pacific and an 87% increase in revenues in other markets in 2014 over 2013. Additionally, our focus on growing Bombardier's service offerings in non-traditional markets will support revenue growth in these regions.

REVENUES ¹	2014	2013
North America	\$6.7B	\$7.0B
Europe	\$8.4B	\$7.9B
Asia-Pacific	\$2.7B	\$1.9B
Other	\$2.3B	\$1.2B
TOTAL	\$20.1B	\$18.2B

OUR CORPORATE TAX POLICY

As we expand our global footprint, we expand our contribution to the communities around the world in which we operate, including through our total tax contribution. We pursue a tax strategy that is aligned with Bombardier's business strategy and conforms to our Code of Ethics and Business Conduct. In alignment with our Corporate Tax Policy, we have put in place multiple resources, processes and controls to ensure that we are in full compliance with all applicable laws, including statutory obligations related to filings, payments, withholding obligations and disclosures to authorities.

At Bombardier, we pay corporate income taxes as well as various taxes incurred in our business operations. These include:

- income taxes paid on profits;
- payroll taxes and social charges;
- unrecoverable transaction and sales taxes; and
- taxes on property and business operations.

The total amount of taxes borne by Bombardier in 2014 was \$568 million.²

Bombardier also collects taxes on behalf of governments in the countries and regions where we operate. We assume the administrative costs associated with this activity, understanding and supporting the benefits to the broader economy. The taxes we collect include:

- personal income taxes;
- social charges; and
- transaction taxes.

The total amount of taxes collected by Bombardier and remitted to governments in 2014 was \$1.2 billion.²

TOTAL TAXES BORNE AND COLLECTED BY BOMBARDIER FOR 2014



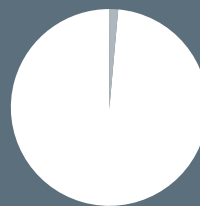
\$1.7B
TOTAL



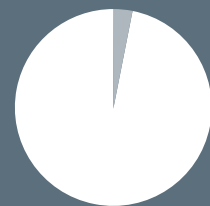
\$939M
INCOME TAXES



\$733M
PAYROLL TAXES AND
SOCIAL CHARGES



\$26M³
TRANSACTION
AND SALES TAXES



\$46M
PROPERTY, BUSINESS
AND OTHER TAXES

¹ For fiscal years ended December 31. ² For Significant Locations only (Canada, United States, United Kingdom, Germany, France and Mexico). ³ Bombardier also remitted to governments of Significant Locations \$274 million in value added taxes (VAT) and other sales taxes collected on the sales made to its customers in 2014.

FOCUSING ON KEY MARKETS

While we are dedicated to driving growth across all regions, we saw particular promise in two key markets in 2014: Asia-Pacific, most notably in China, and the Middle East and Africa.

	OUTLOOK	2014 PROGRESS
ASIA-PACIFIC	<p>Between 2014 and 2033, real Gross Domestic Product (GDP) growth in China and India is expected to be 6.1% and 6.5%, respectively – nearly double the expected world average of 3.3% in the same time period.¹ By 2030, fully two-thirds of the global middle class will be residents of Asia-Pacific.²</p> <p>This presents an enormous opportunity for Bombardier. Our projections indicate that 33% of aircraft delivery demand will be from Asia-Pacific over the next 20 years – with more than half of that coming from Greater China.³ Rapid growth of air services has resulted in congestion at major international airports, forcing carriers to expand their presence at secondary airports to sustain growth. As new airports are established, China is expected to require a significant number of 60- to 99-seat regional aircraft and 100- to 149-seat single-aisle aircraft to serve remote communities – a need we are well-equipped to answer with the <i>CRJ</i> and <i>CSeries</i> aircraft families.</p>	<p>By the end of 2014 – more than 50 years after entering the Chinese market – Bombardier had sold more than 10,000 metro cars, 5,000 railway passenger cars and 560 electric locomotives. As of the end of 2014, Bombardier accounted for one-third of China's business jet fleet and four airlines were flying 42 Bombardier commercial aircraft in China.</p> <p>Even as the market became increasingly competitive, 2014 proved to be an important year for us in China. China Express Airlines ordered 19 <i>CRJ900 NextGen</i> regional jets with an option for an additional eight. We built and delivered our first <i>FLEXITY 2</i> vehicle under our ten-year license agreement with CSR Puzhen and in March 2015, we delivered our first <i>ZEFIRO 380</i> very high speed train in China.</p> <p>Beyond China, we have seen promising growth in the greater Asia-Pacific region as well. In 2014 we delivered the first 86-seat <i>Q400 NextGen</i> aircraft to Nok Air based in Bangkok, Thailand and signed a \$2.7 billion contract for a suburban passenger rail network in Queensland, Australia, featuring 75 new six-car trains and maintenance services for 30 years.</p>
MIDDLE EAST AND AFRICA	<p>While not as robust as in Asia-Pacific, real GDP growth in both Africa and the Middle East is expected to be above the world average between 2014 and 2033.¹ In the short- to mid-term, political unrest may hamper orders but during the next 20 years we anticipate nearly 9% of new aircraft demand to originate from the Middle East and Africa.³ The Middle East is also heavily investing in automated mass transit systems, which we anticipate to be an important revenue driver for us.⁴</p>	<p>We grew both our aerospace and our rail transportation businesses in the Middle East and Africa in 2014 with several large contract orders including a firm purchase agreement for 16 <i>CS300</i> aircraft with options for an additional 10 from Al Qahtani Aviation Company – valued at up to \$1.99 billion, based on list prices – to be operated by SaudiGulf Airlines, the third <i>CSeries</i> aircraft customer in the Middle East.</p> <p>We also saw growth for rail transportation in Africa in 2014. This included our first rail control contract in Ethiopia for the Awash-Weldia line valued at approximately \$45 million and a contract with Transnet Freight Rail for 240 Bombardier <i>TRAXX</i> locomotives in South Africa valued at approximately \$1.2 billion, based on list prices.</p>

¹ IHS Global Insight 2014. ² Ernst & Young (2013), Hitting the sweet spot: The growth of the middle class in emerging markets. ³ According to our Commercial Aircraft Market Forecast, published in July 2014 and available on Bombardier's dedicated investor relations website at ir.bombardier.com. ⁴ Based on data from the UNIFE World Rail Market Study "Forecast 2014 to 2019" published in September 2014 for Bombardier Transportation's accessible markets only. UNIFE data is updated every two years based on the 55 largest rail markets worldwide. UNIFE figures are published in euro. An exchange rate of €1 = \$1.31475, the average cumulative exchange rate over the 2012-14 period, was used to convert all figures. Figures for 2012-14 were extrapolated based on UNIFE data for 2011-13 and 2014-16.

DRIVING LONG-TERM GROWTH

We measure growth through order intake and revenues, but there are a number of other indicators that signify success in implementing our strategy. We must have all of the right pieces in place before we see positive bottom-line impact on our Grow Local Roots in Key Markets strategy. In 2014, we made strides toward bringing these pieces together.

RIGHT PRODUCTS

We engage heavily with our stakeholders and invest in R&D, taking into account the market's context and our customers' needs to address local and regional demand. Many emerging markets need mass transit solutions that can be operational within a short time horizon so it is important for Bombardier to be able to supply products that can be built and implemented quickly - underground subway systems are often highly impractical for these markets. Instead, in São Paulo, we helped construct Brazil's first monorail system. The system is expected to be fully operational in 2016, bringing incredible benefits to the city. Before the monorail, commuters' only option to travel between Vila Prudente and Cidade Tiradentes was a car trip that took more than two hours. With the *INNOVIA* Monorail 300 system, travel time is reduced to 50 minutes.

The *CSeries* family of aircraft was also developed with non-traditional markets in mind. Unlike larger aircraft, the *CSeries* aircraft is well designed to offer more flight frequencies into small- and mid-sized cities and is an ideal solution for hot-and-high environments and city-centre airport operations. This makes the *CSeries* aircraft family the perfect fit for China, Asia-Pacific and the Middle East.

RIGHT PARTNERS

Working with the right partners is essential to compete in markets across the globe. In China, for example, more than 4,000 employees work at our seven joint ventures and seven wholly foreign owned enterprises. These wholly foreign owned enterprises will help increase our revenues in the Chinese market for urban and airport transportation and subsequently help us establish a low-cost production site for export activities. We develop customized technologies and products with our Chinese partners to ensure they meet local needs and requirements. At the beginning of 2015, we entered into a joint venture with the New United Group (NUG).

RIGHT PEOPLE

We set a priority to hire and promote local talent in key growth markets because we have seen firsthand the need for a deep understanding of local operating context and demands in order to succeed. One of the major ways we bolster local recruitment is through university partnerships.

One such partnership is with Kasetsart University in Thailand. Experts from our rail transportation business segment at our Bangkok-based engineering site deliver lectures on advanced signalling technology and help develop courses on signalling and train control. We also participate with Kasetsart University in various signalling and train control technology events and support them in preparing relevant presentations and research papers. This partnership has not only benefited the university's students and faculty but has had direct benefits for our talent pipeline. In the past several years, we have hired 54 graduates from Kasetsart University, several of whom have already risen to managerial positions.

RIGHT STRUCTURE

Our reorganization puts in place the right structure to maximize profitable growth. Across our aerospace activities, this means a more tailored, market-specific orientation. The new OneBT structure for our rail transportation business segment creates a system in which customers have a single point of contact to the organization, better enabling them to find the right transportation solution for their particular needs.

Being where our customers are and providing services globally is also a big part of the equation. We are keenly focused on increasing our services in non-traditional markets. In 2014, five of the seven additions we made to our business aircraft support network were in non-traditional markets – Congonhas (Brazil), Toluca (Mexico), Jeddah (Saudi Arabia), Ahmedabad (India) and Seletar (Singapore) – bringing the total to 104 business aircraft service locations worldwide¹. To serve our commercial

aircraft customers, we opened four new support facilities in 2014, three of which were in non-traditional markets: Johannesburg (South Africa), Dubai (UAE) and Singapore. To increase service to our rail transportation customers in Asia-Pacific, we opened a new Kuala Lumpur (Malaysia) office with more than 100 specialists from different functions including engineering, project management, systems integration and signalling.

A key indicator of our investment in building local roots is parts availability in each region for ongoing service and aircraft maintenance. Bombardier has made great strides to ensure the right parts are in the right places for business and commercial aircraft customers. In just three years, parts availability in Asia-Pacific has increased by nearly 20%.

On the rail transportation side, as part of a \$1.2 billion contract signed with Transnet Freight Rail in 2014, we are establishing a new site in South Africa for the delivery of 240 *TRAXX* locomotives. The site – which will serve as the central office for the project – will enable us to localize more than 60% of the contract scope.

RIGHT SUPPLIERS

Despite recent progress, it can be a challenge to identify suppliers in non-traditional markets that meet our product needs and sustainability standards. We have established permanent teams in several key markets including China and Morocco to help us identify and select potential suppliers. This strategy supports local sourcing by bringing valuable activities to the country, lowers the cost of our goods and services and elevates our competitiveness.

AEROSPACE PARTS AVAILABILITY	2014	2011
Americas	92.4%	87.7%
Europe, Middle East and Africa	77.7%	69.8%
Asia-Pacific	75.1%	56.3%

2014 SUPPLIERS WORLDWIDE ²	SUPPLIERS	SUPPLIER SPEND
Europe	993	\$1.6B
North America	2,812	\$4.4B
Asia-Pacific	78	\$492M
Other	100	\$36M
TOTAL	3,983	\$6.5B

¹ As of December 31, 2014. Service locations include: Regional Support Offices, Authorized Service Facilities, Line Maintenance Facilities, Customer Response Teams and Authorized Training Providers. ² Bombardier's major suppliers.

RIGHT ENGAGEMENT

Part of working in a community is supporting that community. This is equally important to us in our traditional and non-traditional markets. We aim to support local needs and contribute our expertise to help grow the economy everywhere we operate. In 2014, we contributed more than \$8 million in donations and sponsorships to our local communities worldwide, the majority of which was aligned with our 3E strategy. Focusing on Education, Environment and Entrepreneurship, this approach enables us to take full advantage of our core competencies and business activities.

HOW WE ENGAGE

NORTH AMERICA **Passion from Within:** Bombardier launched Passion from Within in 2013 to give employees worldwide the opportunity to share their passion for aviation and knowledge with elementary school children. In the first year of the program more than 100 employees participated reaching more than 2,400 children. The information was also shared with other aerospace companies to increase our impact. We are working with Aéro Montréal in Canada to expand these efforts to high school students with the launch of Passion for Flight in 2015.

No.9 Imagining My Sustainable City: We support Toronto-based No.9's Imagining My Sustainable City program in Canada, a week-long course that teaches grade seven students about eco-design, renewable energy, energy conservation, waste and water management and sustainable transportation.

EUROPE **Huerdenspringer+ Mentoring Program:** As part of our priority to implement skills-based volunteering projects in key markets by 2020, we launched a mentoring project in Germany in November 2014. Employees from our Berlin and Hennigsdorf sites have been trained as mentors to give advice on the work environment to teenagers from disadvantaged backgrounds. Nine employees have finished the training and qualified to begin serving as mentors in February 2015.

ASIA-PACIFIC **Rebuilding Schools in the Philippines:** In the aftermath of Typhoon Haiyan in November 2013, we partnered with Habitat for Humanity Philippines to rebuild three schools in the northern part of Cebu Island where one of our Finance Shared Services Centres is located. The three double-classroom buildings officially re-opened in October 2014, allowing 4,500 school children to resume classes in a safe learning environment.

AFRICA AND THE MIDDLE EAST **Project Management Academy:** Bombardier has a strong partnership with King Saud University (KSU) in Saudi Arabia and offers internships and career perspectives to the university's graduates. Since 2012, 11 KSU graduates have enrolled in the Project Management Academy and have all since secured positions within our rail transportation business segment. We are continuing our work with KSU to explore how we can contribute to their Railway Engineering program and potentially develop a new transit system to ease congestion around the university.

We also financially support the J. Armand Bombardier Foundation, which contributes to the development of local communities in our home country of Canada. Projects from the Foundation in 2014 included:

National Museum of Fine Arts of Quebec Foundation: The National Museum of Fine Arts of Quebec Foundation holds an annual summer art camp for children ages 6 to 17 but increased demand required the institution to add a registration fee, making access difficult for low-income families. In 2014, the J. Armand Bombardier Foundation enabled 108 children from low-income homes to participate without having to pay the registration fee.

Group for Research and Social Intervention (GRIS): Statistics show that lesbian, gay, bisexual and transgender (LGBT) youth attempt suicide 14 times more often than heterosexual youth and that homophobic behaviours are causing grave disruptions in school classrooms. To help combat suicide and dropout rates, the Foundation made a \$10,000 Cdn donation in 2014 to support the GRIS in publicly advocating for LGBT persons, especially at high schools and colleges. As a result, 1,000 young people were given access to GRIS interventions in 2014 - with testimonials from LGBT community volunteers specially trained to answer questions from youth.

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ACHIEVE FLAWLESS EXECUTION EVERY STEP OF THE WAY

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As our company evolves, every aspect of our business becomes more complex - from the products we manufacture to the global network we require to assemble and service them. While this complexity empowers us to produce game-changing mobility solutions, it makes flawless execution much more challenging.

In 2014, we faced execution difficulties, including issues on passenger train projects and challenges in aircraft program management. We also missed some financial targets. However, as it was a year of change, challenges were expected. We refocused on our customers and on profitable execution. As we moved into 2015, positive results emerged, such as the successful first flight of the CS300 aircraft and completion of two components of our financing plan. Today, as several of our new products approach entry-into-service, momentum is building. So is our determination and our focus on delivering as promised.

OPERATIONAL EFFICIENCY

The large-scale transformation that took place in 2014 at Bombardier was first and foremost about getting more focused on execution and becoming more efficient. With the reorganization - notably the OneBT initiative - we sought to institute

greater standardization in our templates and processes to help reduce errors and empower our project managers to make decisions in real time. We also streamlined our reporting structure: now all three aerospace and rail transportation business segments' Presidents report directly to Bombardier's President and CEO Alain Bellemare.

We can now react more quickly and make decisions more nimbly - which is essential for us to keep our attention fixed squarely on profitable growth. It will also give us more transparency across the company along with greater visibility for investors into our profitability by business segment.

OUR CUSTOMERS

CUSTOMER FOCUS AND SATISFACTION

One of the primary motivations of the reorganization was to increase our focus on customer impact. A leaner organization allows us to more closely serve our customers and more quickly respond to their evolving needs. From collaborating during the early stages of design to identifying key opportunities during product testing, proximity is increasingly critical.

Ongoing engagement also helps identify areas for improvement and ensures that our customers can fully leverage the technological benefits of our products throughout the product's lifecycle.

We also continue to closely monitor key aftermarket product performance including entry-into-service success factors and worldwide parts availability. In 2014, we launched a mobile customer response team to deliver parts and provide technicians to support United States-based business aircraft customers. Based on the success of the program, we plan to double our fleet of customer response trucks for our aerospace clients in 2015.

Within our rail transportation activities, we launched a new series of joint initiatives with our customers to improve satisfaction focusing specifically on quality, reliability improvements and entry-into-service. Workshops were held with four

customers in Germany, France and Spain in 2014, and will continue in 2015 with another six customers in Switzerland, the United Kingdom, Italy, India, Singapore and the United States.

We also introduced a new evaluation process to assess customer satisfaction according to the International Railway Industry Standard (IRIS) and launched it in 2014 across the top eight customers from the Bombardier Transportation Systems Division. Through the survey, we found that customers continue to view Bombardier as a leader in product innovation.

The Haramain Project

We delivered the first set of equipment for Saudi Arabia's high speed rail project in 2014, reaching an important first milestone in the Haramain Project, led by the Saudi Railways Organization (SRO). The project will connect Mecca and Medina by train through the desert at a service speed of 300 km/hour. In addition to delivering equipment, Bombardier will provide maintenance services for 12 years. Our global cross-site participation in this project has resulted in a great example of collaboration and highly coordinated project management in order to deliver on our commitments in a timely manner.

First Q400 NextGen in Thailand

In August 2014, we delivered the first Q400 NextGen aircraft to Nok Air as part of a purchase agreement for up to eight Q400 NextGen airliners, six of which are firm orders. Working with our customer to ensure flawless and on-time entry-into-service, Bombardier provided key support including training, start-up technicians, start-up pilots, supplier support and spare parts. Bombardier's Regional Support Office team also met with Nok Air following delivery to review performance and ensure customer satisfaction.

OUR EMPLOYEES

Restructuring a company is disruptive for everyone. In 2014, we reduced our workforce by approximately 4,600 employees across our aerospace and rail transportation business segments. Despite the changes and distractions, we want our employees to remember that they are core to our success and leadership in the mobility sector.

We have the strategy and the determination to pull through, and our execution and ability to deliver flawlessly and profitably is largely dependent on our ability to recruit top talent, as well as maintain a dynamic, engaged and diverse workforce.

EMPLOYEE ENGAGEMENT

While our reorganization undoubtedly impacted employees' morale across Bombardier in 2014, our commitment to maintain high levels of employee engagement remains a strong focus. Tough times make it critical that we listen to our employees and provide support to help them continually advance professionally within Bombardier. This also helps us preserve our talent and the great institutional knowledge they share across our business.

The 2014 Employee Engagement Survey was launched around the time our restructuring began. While we saw a decline in positive responses compared to 2013, our scores in most areas exceeded the Hay Group's Manufacturing Norm, which makes us optimistic about these numbers returning to pre-reorganization levels in the future. The data are also helping us plan future employee engagement initiatives and as we roll these out, we will focus on top talent by establishing retention plans for key players and linking initiatives to succession planning.

2014 EMPLOYEE ENGAGEMENT SURVEY RESULTS^{1,2}

	EMPLOYEES AGREED (2014)	EMPLOYEES AGREED (2013)	MANUFACTURING NORM (2014) ³	HIGH-PERFORMING COMPANIES NORM (2014) ⁴
I FEEL PROUD TO WORK FOR THIS ORGANIZATION.	80%	85%	77%	84%
OVERALL, I AM SATISFIED WITH THIS ORGANIZATION AS A PLACE TO WORK.	75%	83%	69%	74%
THIS ORGANIZATION IS SOCIALLY RESPONSIBLE (A GOOD "CORPORATE CITIZEN").	67%	73%	77%	85%
THIS ORGANIZATION IS COMMITTED TO DELIVERING HIGH QUALITY PRODUCTS AND SERVICES.	79%	84%	76%	—
GIVEN THE CHOICE, I WOULD LIKE TO CONTINUE WORKING FOR THIS ORGANIZATION (MORE THAN 5 YEARS).	70%	75%	66%	66%

1 This is a small sample of the 68 company-wide questions asked on the survey. Changes of less than 5% are not considered statistically significant. **2** A total of 85% of employees participated in the voluntary survey in 2014. **3** Our expert provider Hay Group's Manufacturing Norm is based on data collected from 130 companies around the world in the Manufacturing industry who have been surveyed with the same question(s) within the previous five years. **4** Our expert provider Hay Group's High-Performing Companies Norm is based on survey data from 35 companies around the world in a wide variety of industries. These companies roughly double the 5-year Return on Assets, Return on Investment and Return on Equity of their counterparts.

RECRUITING AND RETAINING TOP TALENT

While a key area of focus for us, our recruitment requirement dropped by 50% following our reorganization as we honed in our efforts around recruiting for key positions. Moving forward we have a number of programs in place to elevate the quality of our recruitment efforts. These include:

Global Employee Referral Program:

Launched in November 2013 to incentivize our employees to refer talented candidates, our Employee Referral Program helped us successfully hire 232 individuals accounting for 6.25% of new hires since implementation. The program helps us save significantly on time and costs associated with identifying and recruiting quality talent through other channels.

Global Graduate Program: Since 2008, the Global Graduate Program has been our integrated global talent sourcing and development program for young talent in our transportation segment. In 2014, we recruited 30 Global Graduates out of 3,211 applications. The program covers 18 months of on- and off-the-job development activities, individually aligned and supported by internal mentors.

Master in Engineering Aerospace:

We offer a six-week intensive program across our aerospace business segments that gives new graduates an opportunity to understand our business, experience the importance and interaction between each engineering function and acquire more in-depth, hands-on knowledge of our aerospace engineering methodologies and practices.

Internal analyses and surveys have shown that performance and competencies of those who complete these programs are greater than those of other hires. In coming years, we will focus on increasing the number of recruits through these programs.

We also give particular attention to supporting and developing our high potential employees through programs such as:

Making Great Leaders: All employees in leadership positions across our rail transportation activities are invited to participate in a three-day program to explore various leadership styles. Participation numbers were lower in 2014 due to budget restrictions – 111 persons trained in 2014 compared to 457 persons in 2013. A similar program in aerospace was also paused in 2014 due to cost constraints.

Talent Acceleration Pool: In 2014, a new group of 39 employees was nominated to the Talent Acceleration Pool across our aerospace business segments – for a total of 132 candidates. This program helps cultivate future leaders through a personal, two-year development plan and support from internal mentors.

TRAINING AND DEVELOPMENT

To maintain high levels of engagement, we must empower our employees with career development support and ongoing training opportunities.

In 2014, all Bombardier salaried employees received access to the BTALENT self-evaluation, a user-friendly tool that helps build customized performance development plans and helps managers to better support their employees' career progression. It also provides employees with worldwide visibility on their mobility to better align development plans with career ambitions. To complement these individual reviews, we are working to train all Bombardier managers in communicating high performance status and creating meaningful development plans for those that report to them.

We also continue to build our Global Mobility Policy, a formal process to aid employees who wish to participate in international assignments. The standardized policy has proven an excellent foundation in developing talent across Bombardier projects. As a result, we received a distinction for having the Best Global Mobility Programme in the Industrial/Energy Sector category for Europe, the Middle East and Africa for the 2014 Expatriate Management & Mobility Awards, announced in November 2014 in the United Kingdom. In 2014, a total of 887 employees benefited from the Policy.

Technical support, as well as emerging regulations and technologies, are of particular interest for our training programs. A shortage of trained engineers, technical graduates and workers poses a constant challenge for aerospace and rail transportation activities. To meet these challenges, many initiatives have been implemented including training programs for technicians offered at all our aerospace service centres.

DIVERSITY AND INCLUSION

The diversity of our employees' skills, experiences and backgrounds is a key strength. Overall, they speak 70 languages, represent more than 121 nationalities and work in 46 countries.

However, our number of female employees is currently 6-13% behind worldwide manufacturing benchmarks. In 2013, we set a priority to increase the number of women in management positions to 25% by 2018. In June 2014, we formed a Diversity and Inclusion Committee to share best practices, drive progress globally against this target and help women accelerate their careers and increase their global experience early on in their employment at Bombardier.

In January 2015, our Board approved a Diversity Policy setting Bombardier's approach to achieving and maintaining diversity on our Board and in management positions. The new policy reiterates the company's will to improve this situation and will guide our action plan in the coming years.

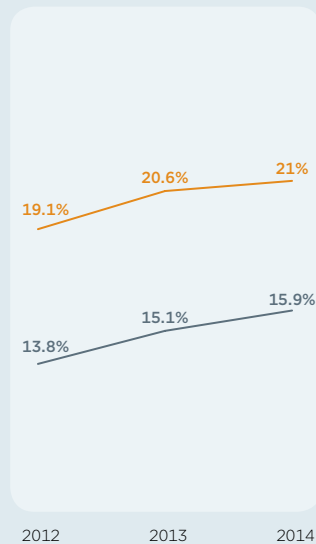
Female Engineering Network:

Created in April 2008 in our transportation segment, our Female Engineering Network provides women with networking opportunities and training programs as well as mentoring, interaction and collaboration with colleagues around the world to develop teamwork and leadership skills. At the end of 2014, the Female Engineering Network included 315 members across 32 Bombardier sites.

We are also an active member of Women in Aerospace (WIA) Canada, which provides networking events and promotes women's opportunities in the Canadian aerospace industry.

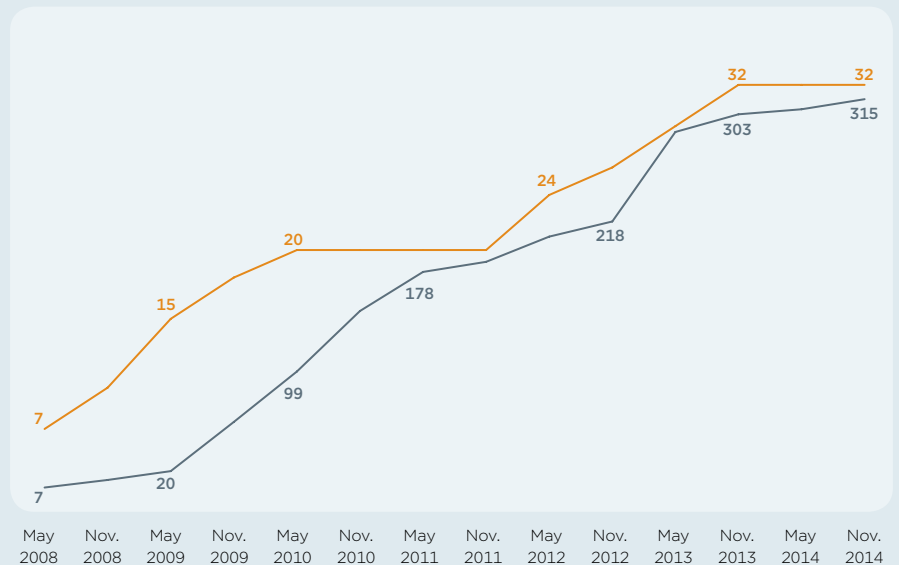
WOMEN IN MANAGEMENT POSITIONS

- Aerospace
- Transportation



GROWTH OF FEMALE ENGINEERING NETWORK

- Number of sites
- Number of members



HEALTH, SAFETY AND ENVIRONMENT

The health and safety of our employees – in addition to the environmentally-responsible operations of our sites, products and supply chain – are high priorities. Under the leadership of our HSE Council, which reports to the Board, we will increase collaboration and alignment between our business segments and maintain continuous communication to protect our employees and our environment.

LEADING WITH A PREVENTIVE CULTURE

Our vision is to be a leader in HSE Preventive Culture. For us, this means moving from being reactive to preventive, thinking ahead, limiting adverse risks and impacts and finding the right balance between processes and people. It means taking into consideration the health and safety of people and evaluating the impact our operations have on the environment.

In 2013, we defined a roadmap and long-term HSE goals that support our vision. In 2014, we achieved several milestones of our roadmap:

> **HSE Leadership Program:** We defined and communicated expected HSE roles and responsibilities and launched an HSE leadership training pilot to help our operations management and other staff enhance their HSE competencies.

> HSE Leadership Conference:

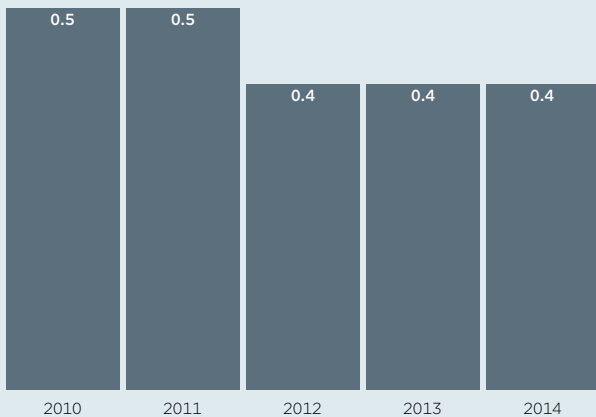
In October 2014, we held our third HSE Leadership Conference, convening 25 HSE leaders across the organization. The conference offered an opportunity for networking and the exchange of lessons learned in critical situations and best practices across the company.

> Leadership Review of Significant Accidents:

In October 2014, we implemented quarterly reviews of the most significant accidents and related corrective measures with Bombardier’s President and CEO as well as our business segments’ Presidents to increase leadership visibility and accountability in these cases.

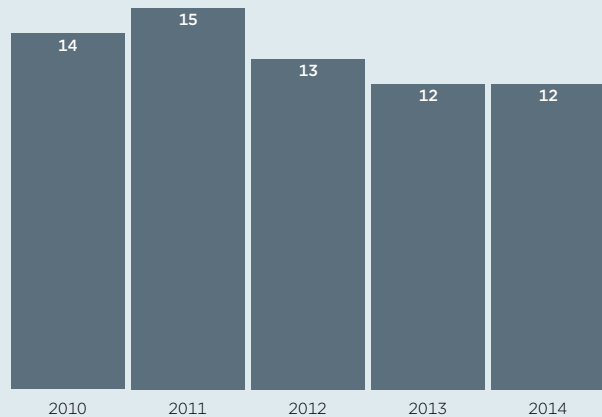
ACCIDENT FREQUENCY^{1,2} (without restricted duty)

■ Injury Rate



ACCIDENT SEVERITY^{1,3} (without restricted duty)

■ Lost Day Rate



¹ 2010 and/or 2011 data has been updated to address internal audit findings by the CASRA team. ² The accident frequency rate measures the number of accidents that had one or more lost days excluding restricted duty days expressed per 200,000 hours worked. ³ The accident severity rate is the number of lost days expressed per 200,000 hours worked. The total number of lost days includes days away from work and excludes days in restricted duty.

HEALTH AND SAFETY

Our priority is to reach zero occupational illness and injury year after year. We continue to monitor and investigate our incidents to understand the underlying risks and root causes. Constant monitoring helps us better implement preventive activities.

Unfortunately, we suffered two employee fatalities in 2014 at our rail transportation activity sites. The first was in February 2014 at a site in Mexico during maintenance activities on a crane. Our employee was assisting another company present on our Sahagun site. The second was in August 2014 at a site in Houston in the United States where a temporary agency employee assigned to work for Bombardier was performing an inspection on the guide way.

Following these events, we shared lessons with our HSE Council and cascaded them at the business segment level. We asked all involved entities to implement the defined improvement actions and report back on their relevance and implementation progress.

To increase HSE leadership and accountability of senior operations management at our sites, our HSE Council prepared the below protocol to be deployed in the case of a severe incident in the future.

ENVIRONMENT

In 2013, we put forth a set of three-year environmental targets:

- reduce absolute energy consumption, GHG emissions, water consumption and waste by 1% between 2014 and 2016, based on 2013 data;
- reduce relative water consumption and waste by 1% and energy consumption and GHG emissions by 3% per 200,000 worked hours between 2014 and 2016, based on 2013 data; and
- increase waste valorization (valorized waste compared to total waste) by 3% between 2014 and 2016, based on 2013 data.

In 2014, we continued with our efforts to achieve these targets and enhance environmental performance – building and designing new sites to high environmental standards and implementing improvements on existing sites. Some projects were put on hold due to cost constraints, but the ones that progressed include the following.

Energy Consumption

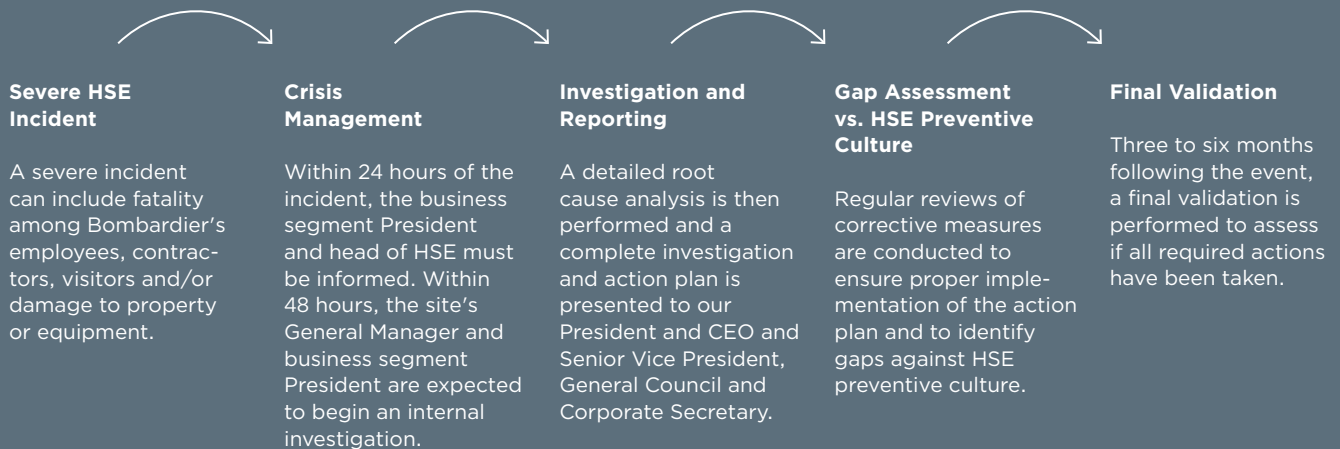
Energy consumption is directly impacted by production levels and building heating. As our production rates increase, the challenge of sustaining – and reducing – our energy consumption is significant.

To reduce energy consumption, we replaced a 28-year-old chiller system and a 25-year-old static VAR compensator (set of electrical devices for fast-acting reactive power on high-voltage electricity transmission networks) at our Pittsburgh Propulsion and Controls site. The chiller replacement, installed in December 2013, reduces energy consumption by 44% compared to the previous system – equating to a 100,000 kWh and approximately \$20,000 cost reduction per year. The static VAR compensator, installed in September 2014, reduces energy consumption by 650,000 kWh and yields an expected annual savings of approximately \$66,500 compared to the old system.

In 2014 we had a slight increase – roughly 1% – in absolute energy consumption over 2013. This increase was attributable to an increase in our production rate (much of which was associated with flight testing), growth in the number and size of our global sites and an unusually cold winter in North America which demanded greater heating expenditures. We did, however, decrease relative energy consumption by 2.5% per 200,000 worked hours over 2013.

We are still working toward reducing absolute energy consumption by 1% by 2016 by making continued improvements at our sites, even as we anticipate continued increases in production rates.

PROTOCOL IN CASE OF SEVERE INCIDENT



Greenhouse Gas Emissions

As with energy consumption, GHG emissions are closely tied to production levels and building heating.

We installed a new furnace at our Toronto site capable of burning alternate fuels – such as waste jet fuel instead of propane heating – to generate heat for occupied spaces. With an investment of approximately \$28,000, we expect to save \$16,000 and 23,000 kg CO₂e per year over the lifetime of the furnace.

A solar farm project on the roof of our new CSeries aircraft building in Belfast is projected to reduce CO₂ emissions by 1,700 tonnes annually and yield an expected annual savings of \$250,000.

Our absolute GHG emissions increased slightly in 2014 from 2013 – approximately 1.5%, attributable to the same factors that caused the increase in energy consumption. However, we reduced relative GHG emissions by 2.1% per 200,000 worked hours over 2013.

As with energy consumption, we are still working toward achieving our 2016 absolute GHG emissions reduction target of 1%, despite the expected production rate increases, by making continued improvements at our sites.

Water Consumption

With conservation initiatives in place across our sites, we were able to decrease our absolute water consumption by 1.1% in 2014 over 2013 and our relative water consumption by 4.7% per 200,000 worked hours over 2013.

Waste Generation

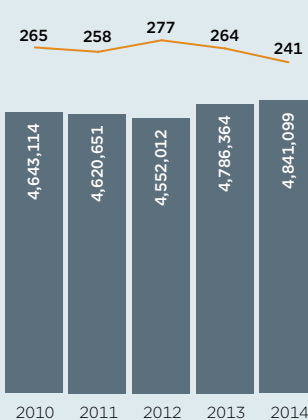
Our absolute waste decreased by 4.0% in 2014 over 2013, reversing the trend we had been seeing in previous years, and our relative waste decreased by 7.5% per 200,000 worked hours. We also increased waste valorization by 1.3% over 2013.

To achieve further reductions in hazardous waste, we designed and built an acid neutralisation plant at our Belfast site to process effluents generated from our treatment lines. We anticipate a 25% reduction in hazardous waste in future years as a result of the project and a payback period of approximately three years.

A spill occurred in February 2014 at one of our aerospace sites in Canada during a kerosene transfer from one tank to another. The event was a result of the malfunction of a high level detector. An amount of about 10,000 litres of kerosene was poured onto the concrete slab that supports the three reservoirs. Immediate action was taken to remove contaminated snow and ice and a full excavation was performed. The site was fined \$5,000 in administrative penalty due to the delay in informing authorities. Corrective measures were undertaken to reinforce the communication process in the event of an environmental emergency.

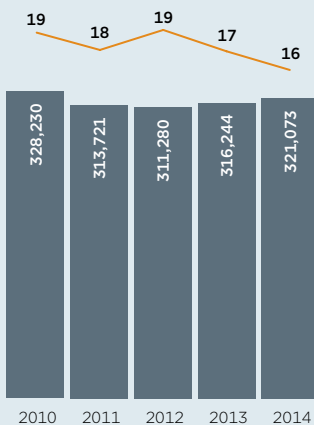
TOTAL ENERGY CONSUMPTION^{1,2,3}

■ Energy Consumption (gigajoules [GJ])
— Revenue Intensity (GJ/million dollars of revenue)



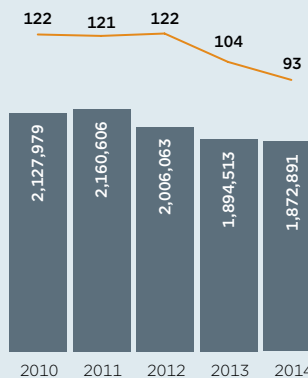
GHG EMISSIONS^{1,2,3}
(scope 1 and scope 2)

■ GHG Emissions (tonnes of CO₂e)
— Revenue Intensity (tonnes of CO₂e/million dollars)



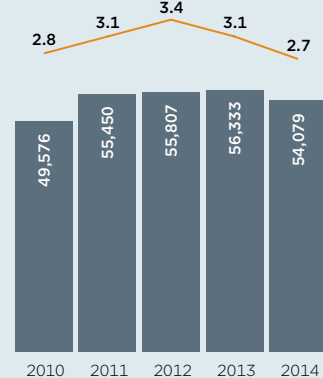
WATER^{1,3}

■ Water Withdrawn (cubic metres [m³])
— Revenue Intensity (m³/million dollars of revenue)



WASTE^{1,3}
(hazardous and non-hazardous)

■ Waste Generated (metric tonnes)
— Revenue Intensity (metric tonnes/million dollars of revenue)



1 2010 and/or 2011 data has been updated to address internal audit findings by the CASRA team. **2** Some of this data has been third-party verified. The verification covers sites that qualify under the European Union Emission Trading Scheme (EU ETS). **3** Some of this environmental data has been third-party verified. The verification covers sites participating in the European Union Eco-Management and Audit Scheme (EMAS).

SUPPLY CHAIN

We work with more than 3,900 key suppliers worldwide, integrating thousands of technologies into our products. Because of this complexity, we must take particular care in managing our supply chain to ensure we meet our customers' expectations, quality standards and delivery schedules.

In 2014, we restructured some of our procurement activities to better reflect our priorities. In 2015, our focus will be on stabilizing our procurement organization to make sure we manage our suppliers efficiently.

As part of our mission to create greater standardization and efficiency in our rail transportation segment through our OneBT initiative, we convened a committee to reduce the number of product related and non-product related suppliers to 2,000 by 2020.

SUPPLIER COMPLIANCE

All suppliers that sign contracts with Bombardier are required to adhere to our Supplier Code of Conduct, which we enforce on a continual basis. The Supplier Code of Conduct, based on the principles of the United Nations Global Compact, sets our expectations on legal compliance, labour, health and safety, the environment, anti-corruption, ethics and governance.

To ensure suppliers' compliance with the Code of Conduct and other areas of quality and delivery performance, we conduct regular monitoring. In 2014, we conducted 73 spot-checks (informal, unannounced checks completed by trained Bombardier procurement managers) and 20 internal audits (more formal, announced checks completed by trained Bombardier procurement managers). No significant breach of our Supplier Code of Conduct was reported in 2014.

Delivering against our long-term priority to increase proactive monitoring of suppliers in high-risk markets, we performed a risk analysis in 2014 to identify this subset of suppliers. We currently consider China and Central Asia to be high-risk markets. Two suppliers were identified thus far through the analysis and both have Bombardier supply chain staff members on site full-time to monitor their activity and progress. As our global footprint grows, we will continue to develop our monitoring strategy for suppliers in high-risk areas including managing risks around compulsory labour, corruption, low wages, dangerous working conditions, discrimination and manufacturing practices that might be detrimental to the environment.

In addition to monitoring our suppliers' performance, we work collaboratively with our suppliers to help them improve the sustainability of their operations. In 2014, more than 50 participants attended the five Bombardier supplier sustainability workshops we convened around the world.

SUPPLIER RESILIENCE

Close collaboration and open communication with our suppliers help us jointly plan for and respond to potential risks, including those that could lead to production disruptions such as extreme weather and social unrest. Our procurement departments regularly communicate programs' master schedules to suppliers to make sure they can adjust their production rates and general activities accordingly in the event that one of these risks becomes a likely reality. We also conduct thorough risk assessments with all tier one suppliers¹ with whom we have a significant spend.

We did not experience any disruptions in 2014 despite several extreme weather events in supplier communities in the United States – such as tornadoes and severe thunderstorms – because of our suppliers' robust risk mitigation plans.

In February 2015, one of our major suppliers on the Q400 aircraft program suffered a fire at one of its facilities. We are working closely with them on the implementation of our risk mitigation plan and ensuring our operations will not be affected.

¹ A tier one supplier is a supplier that does business directly with Bombardier either as a build-to-print supplier or as a design-to-build supplier.

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Light Rail Vehicles (LRVs) are reshaping the future of urban transport today. In cities worldwide, as a solution to congestion, the tram is making a welcome reappearance on the streets. To date 3,500 trams and light rail vehicles from Bombardier have either been ordered or are already operating in about 100 cities in more than 20 countries around the globe. (Photo: *FLEXITY* LRV, Berlin, Germany)



GOVERNANCE



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GOVERNANCE AND COMPENSATION

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BOARD OF DIRECTORS

Our Board of Directors supervises the management of Bombardier’s business with the objective of increasing profitability and enhancing shareholder value. As part of their responsibility, Board members advise management on significant business issues and are responsible for:

- approving Bombardier’s strategy;
- monitoring financial matters and internal controls, pension fund matters, compensation, environmental matters and occupational health and safety;
- overseeing succession planning for the Chief Executive Officer and other senior executive positions; and

- monitoring corporate governance issues through the work and recommendations of the Corporate Governance and Nominating Committee.

Each year, the members of the Corporate Governance and Nominating Committee conduct an evaluation of the performance and effectiveness of the Board and its Committees.

BOARD COMPOSITION

We saw some changes to our Board in 2014 with the retirement of André Bérard and the resignation of Thierry Desmarest. In May 2014, we welcomed Vikram Pandit, Chairman of TGG Group and the former CEO of Citigroup Inc. as our Board member. In February 2015, we announced that Laurent Beaudoin retired as Chairman of the Board after more than 50 years at the helm of Bombardier. He remains on the Board and has been appointed Chairman Emeritus. Pierre Beaudoin has been appointed Executive Chairman, with Alain Bellemare joining Bombardier as President and CEO and member of the Board.

Heinrich Weiss, who has reached the mandatory retirement age under the Board’s retirement policy, retired at the close of the Annual Meeting of Shareholders in May 2015.

To ensure best-in-class governance, the Board has elected a Lead Director. Following André Bérard’s retirement, Jean C. Monty is now the Lead Director of the Board of Directors.

BOARD COMPOSITION

Board Members	14
Independent Board Members	8
Female Board Directors	3
Board Committees	4

BOARD MEMBERS

COMMITTEES

PIERRE BEAUDOIN Executive Chairman of the Board of Directors of Bombardier	Director since 2004 Not independent	
LAURENT BEAUDOIN Chairman Emeritus	Director since 1975 Not independent	
ALAIN BELLEMARE President and CEO of Bombardier	Director since 2015 Not independent	
JOANNE BISSONNETTE Corporate Director	Director since 2012 Not independent	
J. R. ANDRÉ BOMBARDIER Vice Chairman of Bombardier	Director since 1975 Not independent	
MARTHA FINN BROOKS Corporate Director	Director since 2009 Independent	- Human Resources and Compensation Committee - Finance and Risk Management Committee
L. DENIS DESAUTELS Corporate Director	Director since 2003 Independent	- Finance and Risk Management Committee (Chairman) - Audit Committee
JEAN-LOUIS FONTAINE Vice Chairman of Bombardier	Director since 1975 Not independent	
SHEILA FRASER Corporate Director	Director since 2012 Independent	- Audit Committee (Chair)
DANIEL JOHNSON Counsel, McCarthy Tétrault LLP (barristers and solicitors)	Director since 1999 Independent	- Audit Committee - Finance and Risk Management Committee - Corporate Governance and Nominating Committee
JEAN C. MONTY Corporate Director	Director since 1998 Lead Director since 2014 Independent	- Human Resources and Compensation Committee (Chairman) - Audit Committee
VIKRAM PANDIT Chairman of TGG Group (a holding company for advisory and other businesses)	Director since 2014 Independent	- Corporate Governance and Nominating Committee - Finance and Risk Management Committee
PATRICK PICHETTE Advisor to Google Inc. (an Internet-related services and products company)	Director since 2013 Independent	- Audit Committee - Human Resources and Compensation Committee - Corporate Governance and Nominating Committee ¹
CARLOS E. REPRESAS Corporate Director	Director since 2004 Independent	- Corporate Governance and Nominating Committee (Chairman) - Human Resources and Compensation Committee - Finance and Risk Management Committee

¹ Patrick Pichette was appointed to the Corporate Governance and Nomination Committee on May 7, 2015, following Heinrich Weiss' retirement.

BOARD COMMITTEES	BOARD REPRESENTATION	RESPONSIBILITIES
Audit Committee	<ul style="list-style-type: none"> - Sheila Fraser (Chair) - L. Denis Desautels - Daniel Johnson - Jean C. Monty - Patrick Pichette 	<ul style="list-style-type: none"> - Help the directors meet their responsibilities with respect to accountability - Assist in maintaining good communication between the directors and Ernst & Young, Bombardier's independent auditors - Assist in maintaining the independence of Ernst & Young - Maintain the credibility and objectivity of our financial reports - Investigate and assess any material risk
Finance and Risk Management Committee	<ul style="list-style-type: none"> - L. Denis Desautels (Chairman) - Martha Finn Brooks - Daniel Johnson - Vikram Pandit - Carlos E. Represas 	<ul style="list-style-type: none"> - Review Bombardier's material financial risks and its monitoring, control and risk management - Review adequacy of policies, procedures and controls in place for risk management - Review and monitor significant or unusual transactions and/or projects related to ongoing activities, business opportunities, mergers, acquisitions, divestitures, significant asset sales or purchases and equity investments - Monitor matters or activities related to or involving Bombardier's financial standing
Corporate Governance and Nomination Committee	<ul style="list-style-type: none"> - Carlos E. Represas (Chairman) - Daniel Johnson - Vikram Pandit - Patrick Pichette¹ 	<ul style="list-style-type: none"> - Monitor selection criteria and credentials for Board candidates - Monitor Board and Committees' composition and performance - Monitor Board remuneration
Human Resources and Compensation Committee	<ul style="list-style-type: none"> - Jean C. Monty (Chairman) - Martha Finn Brooks - Patrick Pichette - Carlos E. Represas 	<ul style="list-style-type: none"> - Oversee succession planning of the President and CEO and other selected senior positions - Assess performance of the President and CEO - Review and approve total executive compensation policy accounting for base salary, short-term and long-term incentives as well as pension, benefits and perquisites

¹ Patrick Pichette was appointed to the Corporate Governance and Nomination Committee on May 7, 2015, following Heinrich Weiss' retirement.

COMPENSATION

Our executive compensation policy is designed to maximize the overall performance of the company through the individual performance of our executives. We encourage appropriate business risk but safeguard against behaviours that may adversely affect our business or society.

Our executive compensation policy focuses on evaluating total compensation: base salary, short- and long-term incentives, pension, benefits and perquisites. Variable compensation, or at-risk pay, is directly linked to many aspects of our business including financial results, customer satisfaction and employee engagement. In 2014, approximately 66% to 80% of Named Executive Officers' targeted total compensation was at-risk pay.

With the implementation of our "clawback" policy in 2013, we are able to recover overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to non-compliance, which results in Bombardier's obligation to prepare an accounting restatement. In 2014, we expanded the policy to cover 20 additional executives for a total of 80. Since implementation, there have not been any incidences that required us to activate the policy.

Also, shareholders are called during the Annual Meeting to vote on a non-binding advisory resolution on Bombardier's approach to executive compensation.

SUSTAINABILITY GOVERNANCE

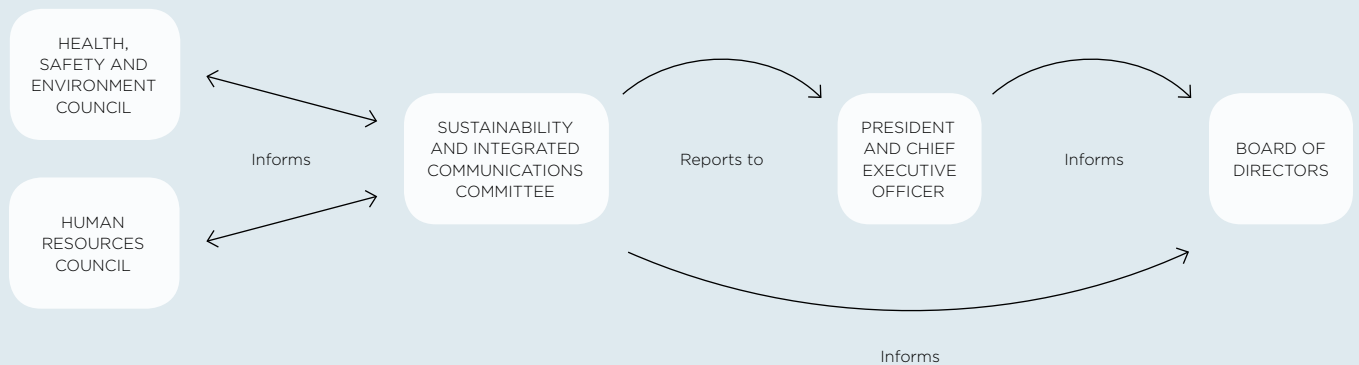
In addition to our Board committees, we have a Sustainability and Integrated Communications Committee comprised of representatives from across Bombardier (from Communications,

Ethics and Compliance, Finance, HSE, Human Resources, Investor Relations, Legal and Strategy as well as key leaders from our rail transportation and aerospace business segments). The Committee, chaired by Bombardier's Senior Vice President, Human Resources and Public Affairs, helps define and oversee the implementation of our sustainability strategy, specifically working to:

- Set and monitor objectives and Key Performance Indicators;
- Develop new policies and programs to drive Bombardier's sustainability impact;
- Share sustainability best practices across the company; and
- Lead internal and external reporting on sustainability performance.

The Committee Chair provides the President and CEO and the Board with regular performance updates on the Committee's activities.

SUSTAINABILITY GOVERNANCE STRUCTURE



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ETHICS AND INTEGRITY

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Ethics is one of the most material issues to our business and upholding the highest integrity and leadership is key to our current and future success. Earning and keeping the trust of our stakeholders, including our customers, potential customers, employees and the communities in which we operate, is a critical priority for us.

CODE OF ETHICS AND BUSINESS CONDUCT

Our Code of Ethics and Business Conduct sets clear standards of behaviour that all Board members and employees are expected to follow. The Code identifies guiding principles to ensure our decisions are consistent with Bombardier's values and reputation in our work environment, business practices and stakeholder relationships.

We put a premium on following the Code and our ability to quickly respond to any breaches. The Bombardier Ethics Advisory Council, composed of members

from senior management, is responsible for implementing the Code and referring sensitive or potentially harmful violations to the President and CEO or to the Board as appropriate.

Employees, customers, suppliers or others who become aware of a possible violation have a responsibility to report it and we provide the following multiple channels for them to do so on a confidential basis.

DIRECT DIALOGUE

Internal company resources include:

- Supervisor
- Human Resources representative
- Legal Services representative
- Internal Audit representative
- Next level of management

BOMBARDIER'S ETHICS AND COMPLIANCE OFFICE

Bombardier's Compliance Officer can be reached by:

- Email
- Phone
- Written mail

REPORTING SYSTEM

EthicsPoint is a free, independent and confidential reporting system available 24 hours a day, seven days a week anywhere in the world. Employees can either call this system or access it online, and have the option to remain anonymous.

We respond to all complaints within 48 hours, attempt to complete investigations within 30 days and whenever possible communicate results of the investigation to concerned employees.

Nearly 80% of reports received are human resources related (e.g., discrimination, harassment and employee relations). The remaining 20% of reports address business practices and external issues including conflict of interest, corporate policy and compliance with the law. Of the 90 complaints received in 2014 by the Ethics and Compliance Office or through EthicsPoint, none were significant violations.¹

Employees receive training on the Code as part of onboarding and we regularly conduct management trainings to instill a deeper understanding of ethical issues. We also publish regular *B-ethics* employee newsletters on ethics-related matters, clarification on our policies and provisions and case studies. Our 2014 *B-ethics* newsletters focused on anti-corruption.

In response to the new European data privacy laws, we also introduced a new Data Privacy Policy in 2014 and will launch data privacy training sessions in 2015.

ANTI-CORRUPTION / ANTI-BRIBERY

Anti-corruption and anti-bribery were identified as material issues by our external stakeholders in 2014. Bombardier has a zero tolerance policy regarding corruption. But as a global company we inevitably encounter corruption and bribery risks in certain regions. We are aware of these risks and have implemented processes and support for employees to know how to react in these situations. We rely on our employees to notify us about these incidents through the anonymous hotline or a compliance email. We take all notifications seriously and conduct thorough investigations into all incoming alerts.

In 2014, we launched the first two of a six module interactive learning series on anti-corruption, adapted from a United Nations series. The first module launched in April 2014 received a completion rate of 71% in our transportation business segment, 86% in the aerospace business segments and 89% at our corporate office. Our second module launched in December 2014 received an 83% completion rate in aerospace and 70% at our corporate office. Launched at the end of January 2015 for our rail transportation business segment, the second module achieved a 56% completion rate as of March 16, 2015.

We also released an anti-corruption manual to serve as a reference of acceptable and unacceptable behaviours for employees when confronted with questionable business situations. The guide covers:

- Gifts and entertainment
- Facilitation payments
- Donations and sponsorships
- Books and records
- Representatives and consultants
- Insider trading
- Antitrust/anti-competition
- Reporting and whistleblowing

In 2015, we will continue the roll-out of our anti-corruption training series and begin specialized training sessions for departments most susceptible to compliance and ethical issues on a day-to-day basis including our sales, supply chain and contracts teams.

On March 20, 2014, Bombardier Transportation Brasil Ltda ("BT Brazil"), a wholly owned subsidiary of the Corporation, received notice that it was among the 18 companies and more than 100 individuals named in administrative proceedings initiated by governmental authorities in Brazil, including the Administrative Council for Economic Protection ("CADE") and the São Paulo Public Prosecutor's office, following previously disclosed investigations carried on by such governmental authorities with respect to allegations of cartel activity in the public procurement of railway equipment and the construction and maintenance of railway lines in São Paulo and other areas.

BT Brazil as a result of the administrative proceedings initiated by CADE in 2014 became a party as defendant to legal proceedings brought by the São Paulo State prosecution service against it and other companies for alleged

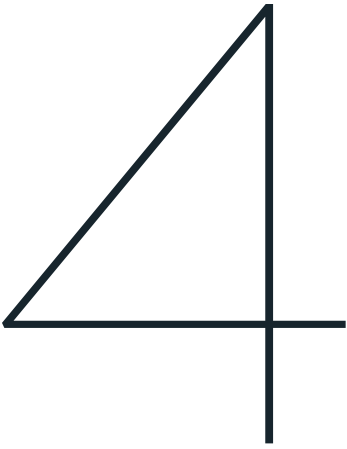
"administrative improbity" in relation to refurbishment contracts awarded in 2009 by the São Paulo metro operator CMSP and for 'cartel' in relation to a five-year maintenance contract with the São Paulo urban transit operator CPTM signed in 2002. In addition, BT Brazil was served notice and joined in December 2014 to a civil suit as co-defendant first commenced by the São Paulo state government against Siemens AG in the fall of 2013 and with which the State government seeks to recover loss for alleged cartel activities.

Companies found to have engaged in unlawful cartel conduct are subject to administrative fines, state actions for repayment of overcharges and potentially disqualification for a certain period. The Corporation and BT Brazil continue to cooperate with investigations relating to the administrative proceedings and intend to defend themselves vigorously.

INFORMATION SECURITY

Our information assets and the information systems that support their processing, storage and transmission are key business assets. Their availability, integrity, confidentiality and authenticity become essential in maintaining our competitive edge and legal compliance. In 2014, we launched the Information Security Principles in our aerospace business segments and corporate office, a set of three documents based on the Code of Ethics and Business Conduct designed to meet the needs of all employees, management and technological initiatives. The Principles aim to mitigate risks such as cyber-attacks and critical data loss. These Principles supplement our transportation business segment's existing IS Security Management System (ISSMS) that contains all IS Security Policies applicable to transportation employees.

¹ A significant violation is one that has high reputational and/or financial impact. These entail breaches that portray Bombardier in a negative light, decrease stakeholder confidence and/or diminish employee trust.



We provide an international network of customer services and solutions for both commercial and business aircraft. From service centres and parts depots to 24-hour customer response centres as well as flight crew and technical training, we expand our global presence yearly to better serve our customers' needs.



OUTLOOK



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OUR OUTLOOK^{1,2}

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STRONG LONG-TERM POTENTIAL

The state of the global economy and those of individual countries are key factors in the demand for air travel. As such, the health of the aerospace industry is a function of general economic conditions with a lag typically between economic recovery and the time it takes to reflect on the original equipment manufacturers' (OEMs) deliveries and revenues.

Worldwide real GDP increased by 2.6% in 2014, which is slightly higher compared to the increase of 2.5% in 2013, but lower than the anticipated 3.2% increase. The world economy is predicted to grow by 2.8% in 2015.³ The GDP in the United States, the largest market for business and commercial aircraft, is expected to grow by 3.1% in 2015 compared to a 2.4% GDP growth in 2014.

The future outlook for the rail market remains positive, supported by favourable long-term trends in the rail industry. Urbanization, population growth and government policies aimed at reducing emissions will continue to positively impact demand for public transportation.

BOMBARDIER BUSINESS AIRCRAFT

Despite some unfavourable signs in the short term such as the expectation of continued weak demand in the light business aircraft category, we believe that current trends in the business aviation market are favourable and that the long-term drivers of growth for the business jet industry such as GDP growth, globalization of trade, fleet replacement, new aircraft programs and growth in non-traditional markets remain solid. The continued wealth creation in major non-traditional markets coupled with aviation infrastructure development is expected to accelerate the use of business aircraft dramatically from current levels.

2015 Guidance²

PROFITABILITY	EBIT MARGIN OF APPROXIMATELY 7%
DELIVERIES	APPROXIMATELY 210 AIRCRAFT DELIVERIES

BOMBARDIER COMMERCIAL AIRCRAFT

The world economy is projected to grow by 2.8%, 3.2% and 3.3% over each of the next three years,³ which will encourage the momentum we expect to see in the commercial aircraft market. In the short term, Bombardier believes the market for larger regional and smaller mainline aircraft should grow in North America as airlines focus on fleet optimization, efficiency and reducing environmental impacts. We do not expect much growth in regional aircraft in Europe in 2015, where GDP is expected to grow at only 1.8%.³ For 2016 and 2017, the expected growth in Europe is at 2.1%.³

We remain confident that continuing economic growth should increase the demand for air travel over the next 20 years. Bombardier estimates 13,100 new aircraft deliveries for the 20- to 149-seat commercial aircraft category for the 20-year period from 2014 to 2033 valued at \$658 billion in constant 2013 U.S. dollars.⁴

2015 Guidance²

PROFITABILITY	NEGATIVE EBIT OF APPROXIMATELY \$200 MILLION ⁵
DELIVERIES	APPROXIMATELY 80 AIRCRAFT DELIVERIES

- ¹ In the financial report for the fiscal year ended December 31, 2014, Bombardier provided liquidity guidance for the fiscal year ended December 31, 2015 for each business segment. In the context of the new organizational structure, Bombardier conducted a benchmark analysis of disclosure. Following this analysis, management decided to change its liquidity guidance by business segment to a consolidated one. Consequently, the segmented liquidity guidance has been withdrawn and will be replaced with consolidated liquidity guidance at a future date.
- ² Refer to Forward-Looking Statements at the end of this report.
- ³ IHS Global Insight's Comparative World Overview dated January 15, 2015.
- ⁴ According to our Commercial Aircraft Market Forecast, published in July 2014 and available on Bombardier's dedicated investor relations website at ir.bombardier.com.
- ⁵ Includes the dilutive impact of the CSeries program including the write-down of inventory to net realizable value. Early production units in a new program incur higher costs and generally have lower selling prices than units produced later in the program's life cycle.

BOMBARDIER AEROSTRUCTURES AND ENGINEERING SERVICES

Aerostuctures and Engineering Services is in an overall aerospace market showing robust mid- to long-term outlook. Most of the key market drivers are strongly linked with those of the aircraft OEMs, such as Economic Growth (GDP per capita), air passenger traffic and aircraft retirement rates. More specifically, the aerostuctures market is mainly driven by new product development or upgrades as well as growth in production rates and backlogs in the various aircraft sectors.¹ Given the nature of our business, our outlook for Aerostuctures and Engineering Services is closely tied to and driven by similar market dynamics as our Business and Commercial Aircraft segments.

2015 Guidance²

PROFITABILITY	EBIT MARGIN OF APPROXIMATELY 4%
DELIVERIES	REVENUES OF APPROXIMATELY \$1.8 BILLION, MAINLY FROM INTERNAL CONTRACTS WITH BUSINESS AND COMMERCIAL AIRCRAFT SEGMENTS

BOMBARDIER TRANSPORTATION

Focused on continuous improvement to reach profitability targets

The Association of the European Rail Industry (UNIFE) confirms the positive outlook for the global rail industry in its World Rail Market Study published in September 2014. The study expects the overall accessible rail market to grow with a compound annual growth rate (CAGR) of 2.7%. As large rail projects are often delayed by several months, single-year market volumes can be subject to a high degree of volatility. UNIFE, therefore, focuses on three-year average annual market volumes in order to facilitate comparison between different periods. While Europe remains the largest region in terms of order volumes, the study expects Asia-Pacific to show the highest annual growth rate. The overall order volume is expected to reach an annual average of approximately \$111 billion during 2017-2019. Rolling stock will remain the largest segment but services and signalling will maintain the highest growth rates.

For our transportation business segment, the strong level of order activity across all segments and geographies in fiscal year 2014 is an expression of customers' continued confidence in our innovative products and services.

In 2014, our rail transportation business segment ended the year with a strong order intake of \$12.6 billion leading to a backlog of \$32.5 billion. The increased share of services in the backlog, as well as the balanced distribution of order intake in 2014 with respect to our product portfolio and geographic regions, will enable our transportation business segment to de-risk project execution by reducing complexity, thus increasing profitability.

Our OneBT structure puts measures in place to significantly reduce execution risk and secure long-term competitiveness. This structure further empowers project management, reduces organizational layers and overhead cost and implements leaner processes to speed up decision making.

In 2014, our transportation business segment announced cost saving initiatives such as a reduction of direct and indirect positions by approximately 900 employees worldwide and savings in non-product related costs. A portion of the generated savings will be invested in a harmonized information technology landscape as well as in a higher level of upfront R&D to develop standardized vehicle and subsystems platforms.

Our commitment to rail transportation customer support and flawless execution is based on continuously improving our project management capabilities. Our rail transportation business segment has continued to share best practices across the global project management community in order to improve project execution via the definition of integrated planning, improved handover from bid to project and simplified governance.

2015 Guidance²

PROFITABILITY	SLIGHT IMPROVEMENT IN EBIT MARGIN COMPARED TO 2014
GROWTH AND ORDER INTAKE	EXCLUDING CURRENCY IMPACTS, REVENUES IN 2015 ARE EXPECTED TO BE HIGHER THAN IN 2014, WITH PERCENTAGE GROWTH IN THE LOW-SINGLE DIGITS
	BOOK-TO-BILL RATIO ⁴ IN EXCESS OF 1.0

- ¹ Refer to the Industry and Economic Environment and Analysis of Results sections in Aerospace in the 2014 Financial Report for discussion of such factors affecting the business.
- ² Refer to Forward-Looking Statements at the end of this report.
- ³ Non-GAAP financial measures. Refer to Non-GAAP Financial Measures at the end of this report.
- ⁴ Defined as new orders over revenues.

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OPPORTUNITIES AND RISKS

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KEY OPPORTUNITIES

With economic uncertainty, political instability, volatile fuel prices, technological advances, growing populations, extreme weather events and an increasingly globalized and connected market – our world is changing faster than ever. While there are a number of risks that we face as a result of these changes, they also present important opportunities.

Following are some of the biggest opportunities we foresee, our strategy to capitalize on them and the potential impact they could have on our business over the next 20 years. We've categorized the impact as "high," "medium" or "low" depending on the proximity to Bombardier's overall business, financial position, profit and cash flow.

EXTERNAL OPPORTUNITIES

These represent current and forward-looking market trends that directly impact our ability to grow, innovate and create value in an ever-changing world.

NON-TRADITIONAL MARKETS	OUR APPROACH	POTENTIAL IMPACT
<p>We expect growth in non-traditional markets to radically change our customer mix. Over the next 20 years, we expect 58% of aircraft demand to come from regions outside of North America and Central and Western Europe¹ and for rail orders to continue to grow in emerging markets as a result of an expanding middle class².</p>	<p>This opportunity was the genesis of our Grow Local Roots in Key Markets strategy. We have already increased our presence in markets such as China, Russia, Africa, India and Brazil and are well-positioned to respond to their infrastructure needs. In 2014, for instance, the <i>Q400 NextGen</i> aircraft became the most popular new-generation turboprop on the African continent.</p> <p>Expanding our portfolio of products while improving integration with local suppliers to source locally – ultimately lowering the cost of our goods and services and making our products more competitive – will be key to our success in these regions.</p>	High
PRODUCT LIFECYCLES	OUR APPROACH	POTENTIAL IMPACT
<p>The current aircraft fleet will need to be replaced in the next 20 years. This gives us an opportunity to introduce new, cutting-edge products for our customers that meet their evolving needs around efficiency, comfort and environmental performance.</p> <p>We are seeing a similar drive for upgrades and replacements of aging fleets in the rail industry.</p>	<p>As customer demand evolves and our world's resources shift, we are making deliberate investments in products that will help grow our business and offer quieter, safer, cleaner, faster and more efficient ways to move around the world. For example, with the two <i>CSeries</i> aircraft, we have products that will contribute to customer needs and fleet replacement needs.</p>	High
URBANIZATION AND GLOBALIZATION	OUR APPROACH	POTENTIAL IMPACT
<p>It is estimated that by 2050, 64% of the developing world and 86% of the developed world will be urbanized.³ In response to this rapid urbanization and increasing congestion, we see a significant opportunity to develop cost-effective and energy-efficient mobility solutions designed for tomorrow's cities. The globalization of trade also strongly drives demand for us – particularly as a larger, more global business community looks to business aircraft to provide more flexible means of travel.</p>	<p>The core of our product strategy is about finding ingenious solutions to modern-day problems as well as designing products with minimal environmental impacts. We are leading innovation in aerospace and rail transportation and our dual focus gives us a unique advantage to produce products that address urbanization and globalization and ultimately make mobility more accessible.</p>	High

¹ According to our Commercial Aircraft Market Forecast, published in July 2014 and available on Bombardier's dedicated investor relations website at ir.bombardier.com.
² Based on data from the UNIFE World Rail Market Study "Forecast 2014 to 2019" published in September 2014 for BT's accessible markets only. UNIFE data is updated every two years based on the 55 largest rail markets worldwide. UNIFE figures are published in euro. An exchange rate of €1 = \$1.31475, the average cumulative exchange rate over the 2012-14 period, was used to convert all figures. Figures for 2012-14 were extrapolated based on UNIFE data for 2011-13 and 2014-16. ³ United Nations (2012), *World Urbanization Prospects, the 2011 Revision*.

INTERNAL OPPORTUNITIES

These relate to our internal business operations and decision making in response to market conditions.

CUSTOMER ENGAGEMENT / LOYALTY	OUR APPROACH	POTENTIAL IMPACT
<p>Customer retention is essential for our long-term success, allowing for more cost-efficient growth. We have witnessed a consistently positive trend in all customer satisfaction surveys and view this as a key element to our success.</p>	<p>Our strategy focuses on on-time delivery of quality products and solutions. We engage our customers and ensure loyalty by maintaining an active, continuous feedback loop to identify and implement improvements that will better serve their needs and meet and exceed their expectations.</p>	High
	<p>We are also expanding our global footprint and service offerings to better and more closely serve our customers.</p>	
SUPPLIER IDENTIFICATION AND ENGAGEMENT	OUR APPROACH	POTENTIAL IMPACT
<p>Strong relationships with suppliers that focus on continual improvement and collaborative innovation distinguish us from our competitors. Many of our product improvements over time have been the result of a collaboration with suppliers.</p>	<p>Our supplier identification process helps us work with the best in the field. For some key non-traditional markets where we are starting to build relationships, we have deployed permanent teams to help identify and engage with local suppliers.</p>	Medium
CLEANER TECHNOLOGIES/ECO-EFFICIENCY	OUR APPROACH	POTENTIAL IMPACT
<p>As fuel prices fluctuate and CO₂ emissions regulations are set to be more stringent, our customers look to Bombardier to provide mobility solutions that reduce their environmental impact.</p>	<p>The integration of environmental sustainability into product development, an important competitive distinction for us, is elemental at Bombardier. We do so through our EcoDesign approach.</p>	Medium
TALENT RECRUITMENT AND EMPLOYEE ENGAGEMENT	OUR APPROACH	POTENTIAL IMPACT
<p>Our ability to recruit, develop and retain high performing talent will position us well to continue delivering cutting edge products.</p>	<p>In our 2014 Employee Engagement Survey, 80% of employees said they were proud to work for Bombardier. We want to maintain and even improve these levels, while demonstrating to prospective talent that Bombardier is a great place to work.</p>	High
	<p>Even in the current cost-constrained environment we have maintained talent recruitment and employee engagement as priorities, supporting leadership development programs and managing development programs, diversity programs and recruitment programs.</p>	

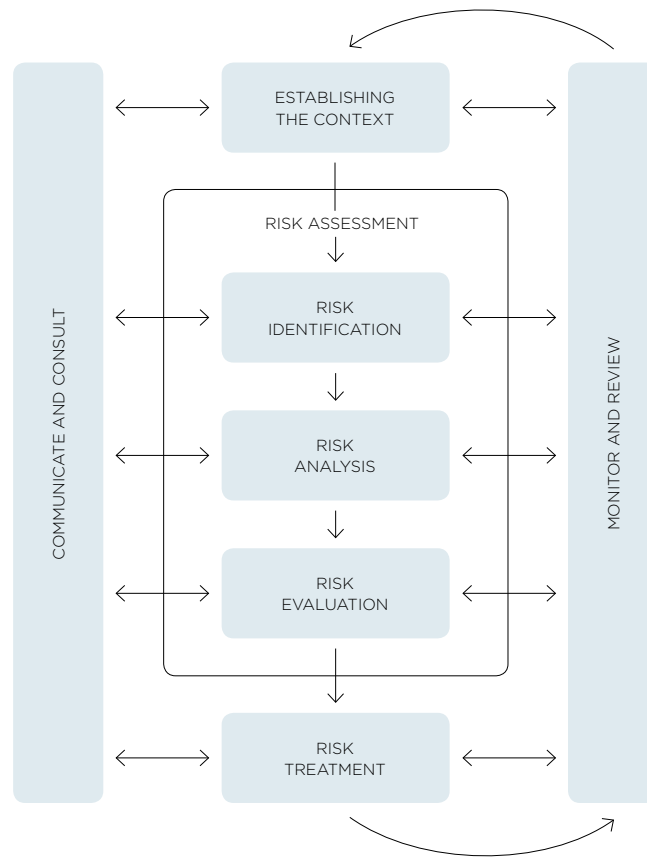
KEY RISKS

To manage risks at each stage of our business, we embed risk management activities into our operational responsibilities and make them an integral part of our overall governance, planning and decision making. Our risk management and audit systems are designed to identify potential events that could negatively impact Bombardier and to help us achieve our financial, operational and strategic goals.

Our risk management process includes audits to appraise financial controls, information systems and compliance processes (including environmental guidelines), stakeholder engagement and risk identification, analysis and evaluation. Each business segment is responsible for reporting and managing its risks as well as implementing processes and tools to achieve our risk management objectives. Please refer to our 2014 Financial Report for details of other risks that we monitor.

In addition to these specific actions, our CASRA team reviews and assesses our major risks followed by an assessment by senior management and the Board, and action plans development. We complement our internal coordination with biennial stakeholder consultations.

RISK MANAGEMENT FRAMEWORK¹



¹ Risk management framework followed by Bombardier. Source: International Organization for Standardization (ISO) 31000:2009

EXTERNAL RISKS

These risks relate to the external environment and the markets in which Bombardier operates and over which Bombardier has little control.

POLITICAL INSTABILITY	OUR APPROACH	POTENTIAL IMPACT
<p>Political instability in certain regions of the world may be prolonged and unpredictable. A prolongation of political instability could lead to delays or cancellations of orders, deliveries or projects in which we have invested significant resources, particularly when the customers are state-owned or state-controlled entities.</p>	<p>Bombardier strives to incorporate the complex and varied legal and regulatory requirements of the many markets in which we operate, ensuring we do not involve ourselves in political conflicts. When required, we will establish clear rules on conflict avoidance and focus on streamlining our network of suppliers by encouraging them to implement their risk mitigation strategies and adaptability.</p>	Medium
ECONOMIC SLOWDOWN / SLOW RECOVERY	OUR APPROACH	POTENTIAL IMPACT
<p>While there has been substantial growth in select markets, we have yet to see uniform global growth. Instability poses a heightened risk in emerging markets leading to greater financial vulnerability and decreases our customers' capacity to purchase and use our products.</p>	<p>Although we project growth across all markets, we recognize that the global economy is volatile and that we cannot count on sustained growth in all regions. Our strategy is to diversify our business – both by product and target markets – to weather future recessions.</p>	Medium
CLIMATE CHANGE	OUR APPROACH	POTENTIAL IMPACT
<p>The effects of climate change present growing risks for Bombardier, most notably regarding impacts on the long-term viability of our products, operations and manufacturing facilities.</p>	<p>Bombardier is already in a position to deal with these aspects from a product perspective through its EcoDesign approach that delivers better overall product efficiency with lower environmental impact.</p> <p>The aviation and rail industries have made commitments on climate change. Along with our peers, we are demonstrating a desire to improve these industries across the board.</p> <p>From an operational and manufacturing point of view, we have to keep monitoring potential future climate change impacts which will necessitate adaptation.</p>	Medium
VOLATILE FUEL PRICES	OUR APPROACH	POTENTIAL IMPACT
<p>Fluctuating fuel prices over the last few years have created a level of uncertainty across global markets. While high volatility in oil prices should result in continued demand for fuel efficient products, the unpredictability and instability continues to influence our growth strategy.</p>	<p>To cater to changing industry demand, we have prioritized our quest for energy efficient products and components across our portfolio. We must continue evolving our product offering including introducing bigger aircraft such as the <i>CRJ1000 NextGen</i> and <i>CSeries</i> aircraft and other fuel efficient aircraft such as the <i>Q400 NextGen</i> turboprop, which offer significant savings in operating costs, regardless of high or low fluctuations in fuel prices.</p> <p>Bombardier continues to invest in innovative mobility solutions to decrease dependency on traditional fuel sources. For example, we have already begun to explore alternative fuel sources including biofuels. These investments will help decrease the impact of a potential rise in the cost of fossil fuels and help us adapt to a new energy economy.</p>	Medium

INTERNAL RISKS

These risks relate specifically to our internal operations and the decisions we make to respond to changing market conditions.

PRODUCTION / PROJECT EXECUTION	OUR APPROACH	POTENTIAL IMPACT
<p>Our ability to produce and reliably deliver high quality products to our customers is directly connected to our management process and remains our most critical challenge.</p> <p>Delayed deadlines and fixed price commitments will mean significant financial and non-financial damage including delayed delivery fees and loss in customer trust.</p>	<p>Our reorganization is an important step toward achieving flawless execution. Through this transformation, we will streamline our decision making processes and increase accountability across all business segments, ultimately improving project risk management and execution.</p>	High
CUSTOMER DEMAND / SATISFACTION	OUR APPROACH	POTENTIAL IMPACT
<p>Customer demand and satisfaction is a signal of how well a company is responding to the marketplace.</p> <p>Despite best efforts, factors beyond our control such as challenging or volatile macroeconomic conditions could lead to reduced demand for our products, directly impacting Bombardier's top line growth and profitability.</p>	<p>We stay in active dialogue with customers about their needs so that we can design products that cater to them and address market gaps. The <i>CSeries</i> family of aircraft, for example, was designed for the growing 100- to 149-seat market to address customer needs identified via airlines advisory councils and working groups.</p>	High
SUPPLY CHAIN DISRUPTION / RAW MATERIAL AVAILABILITY	OUR APPROACH	POTENTIAL IMPACT
<p>Disruptions in our supply chain and the availability of raw materials can impact our ability to deliver on our promises and the ability of our suppliers to adhere to compliance standards and regulations.</p> <p>Moreover, cultivating strong, long-term partnerships with our suppliers will not only ensure our resilience as an innovative manufacturer but also help mitigate impacts of disruptions in the face of unexpected events.</p>	<p>We maintain a long-term perspective when managing our supplier relationships. As part of our strategy, we have started a conscious effort to streamline our supply chain, cultivate higher quality relationships with suppliers and identify multiple suppliers in key markets to ensure resilience and flexibility in the face of resource constraints, climate change and other situations.</p> <p>We also actively work with suppliers to bring innovative ideas to life and ensure detailed plans are in place to address unexpected events. For instance, in preparation for entry-into-service, we completed an assessment of our <i>CSeries</i> aircraft suppliers' business continuity plans to ensure the proper risk mitigation processes are in place.</p>	High

COMPLIANCE AND ETHICAL CONDUCT	OUR APPROACH	POTENTIAL IMPACT
<p>We are faced with complex legal and regulatory requirements across the markets we serve. Issues of compliance and ethical conduct threaten our business – from our reputation and stakeholder relationships to our operations and financial position.</p>	<p>We maintain a set of codes of conduct, policies and systems. Our Code of Ethics and Business Conduct and Supplier Code of Conduct define standards of behaviour expected from all Bombardier employees, suppliers and Board members in line with our business values and reputation. We reinforce these Codes with mandatory employee and supplier trainings.</p> <p>We also performed a risk analysis of our suppliers in high-risk areas in 2014. We will continue to develop our suppliers' monitoring strategies in high-risk areas as our footprint increases across other markets.</p>	High
LIQUIDITY AND CAPITAL MARKETS	OUR APPROACH	POTENTIAL IMPACT
<p>Bombardier requires capital to develop industry-leading products and seize strategic opportunities to increase competitiveness and execute our growth strategies.</p>	<p>Management continuously monitors liquidity levels, including available short-term capital resources and cash flows from operations, to meet expected requirements, including supporting product development initiatives and ensuring financial flexibility.</p> <p>We take advantage of favourable capital market conditions when they materialize to extend debt maturities, reduce cost of funds and increase diversity of capital resources.</p> <p>In February 2015, we announced a financing plan to position Bombardier with a flexible and strong financial profile. The equity and debt financing portions of the plan are now completed and allowed us to raise more than \$3 billion in the first quarter of 2015.</p>	High
OCCUPATIONAL HEALTH AND SAFETY	OUR APPROACH	POTENTIAL IMPACT
<p>Occupational health and safety impacts numerous areas of our operations including our employees' trust, our productivity levels due to lost-time incidents, the overall quality and reliability of our products and our reputation as an employer.</p>	<p>There are many active initiatives at Bombardier to ensure the health and safety of our employees, starting with our companywide preventive culture. We focus on enabling accountability across our business segments and support HSE leadership. Moving forward, we are focusing on increasing accountability of senior management beyond crisis management and sharing best practices to mitigate risks associated with occupational health and safety.</p>	Medium

5-YEAR PERFORMANCE SUMMARY NOTES

Economic

- (a) Prior year figures for the fiscal year ended December 31, 2012 have been restated in the 2013 Financial Report. Please refer to the Accounting and reporting developments section of the 2013 Financial Report for detail regarding restatements of prior year figures.
- (b) The reporting of our economic value generated, distributed and retained enables us to quantify how the wealth generated by the company is allocated to our stakeholders, linking the information presented in our financial statements to our commitment to sustainability. This method is guided by the GRI Reporting Guidelines, as outlined in G4-EC1.
- (c) In calculating economic value distributed, we include dividends, costs included in EBIT (earnings before financing expense, financing income and income taxes) before special items, Bombardier Inc. donations and sponsorships and Bombardier Inc. donation to the J. Armand Bombardier Foundation.
- (d) These costs include costs of sale, selling general & administrative (SG&A) and research & development, including wages, salaries and other employee benefits, retirement benefits and share-based expense.
- (e) Includes costs capitalized as part of the cost of inventories and other self-constructed assets.

Health and Safety

- (a) 2010 and/or 2011 data has been updated to address internal audit findings by the CASRA team.
- (b) The accident frequency rate measures the number of accidents that had one or more lost days excluding restricted duty days expressed per 200,000 hours worked.
- (c) The accident severity rate is the number of lost days expressed per 200,000 hours worked. The total number of lost days includes days away from work and excludes days in restricted duty.
- (d) In 2014, we suffered two employee fatalities at our rail transportation activities sites in Mexico and the U.S.
- (e) The incident rate is the number of recordable cases, expressed per 200,000 hours worked. The total number of recordable incidents includes:
 - The total number of work-related fatalities
 - The total number of lost time accidents cases (excluding restricted duty)
 - The total number of restricted duty cases
 - The total number of occupational sickness and disease cases (excluding restricted duty)
 - The total number of occupational sickness and disease restricted duty cases
 - The total number of medical treatment

Environment

- (a) The scope of our reported environmental and energy data includes: buildings we own or lease long term and manage as the sole tenant, with more than 4,645 square metres (50,000 square feet) of conditioned space; sites having 150 employees or more; sites that are considered primary production/operation and service facilities; our two aerospace and transportation main administrative offices; and joint ventures where we have operational control (where we own more than 50% of voting shares).
- (b) We have adjusted the environmental data for 2010 and 2011 to ensure joint ventures that are less than 50% and not under Bombardier control are excluded from the environmental data scope.

- (c) In some cases, the data does not always add up to the corresponding sub-totals and totals, which we did not round.
- (d) Some of this environmental data has been third-party verified. The verification covers sites participating in the European Union Eco-Management and Audit Scheme (EMAS).
- (e) Energy consumed within our organization includes non-renewable and renewable fuel, and the purchase of electricity, steam and heat. We do not include energy purchase for cooling and do not sell energy. We do not currently measure the energy consumed outside the organization. Energy consumption data is compiled through invoice or meter measurements from our sites and consolidated in a central database. Factors from the International Energy Agency, Energy Statistics Manual, were used to convert energy consumption volumes into GJ.
- (f) 2010 and/or 2011 data has been updated to address internal audit findings by the CASRA team.
- (g) Renewable electricity includes electricity consumption at our sites in Canada (Quebec), Belgium, Sweden and Germany (Berlin).
- (h) Energy intensity relates to energy consumed within our organization, covering both renewable and non-renewable fuel as well as the electricity, steam and hot water purchased at our sites.
- (i) Some of this data has been third-party verified. The verification covers sites that qualify under the European Union Emission Trading Scheme (EU ETS).
- (j) We report GHG emissions based on an operational control consolidation approach. The scope 1 emission factors are compiled from the International Panel for Climate Change. The scope 2 emission factors are compiled from local utilities, provinces/states, and national inventories, where available. For both scope 1 and 2, we apply the International Panel for Climate Change (2007 Fourth Assessment Report) Global Warming Potentials to our calculations, which includes the following gases: carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), and Hydrofluorocarbons (HFCs). The base year for scope 1 and 2 GHG emissions is 2013 to reflect a three-year target setting cycle. We have not yet set a base year for scope 3 emissions.
- (k) GHG intensity relates to scope 1 and 2 emissions only. It includes the following gases: CO₂, CH₄, N₂O, and HFCs.
- (l) We confirm our disposal methods through reports provided to us by our disposal contractors. Composted waste is included in our energy valorization numbers. We do not dispose any waste by deep well injection. We also do not have on-site storage.
- (m) Valorized waste refers to hazardous and non-hazardous waste which has been redirected to a process that reuses, recycles, composts and combusts the waste into useful product or sources of energy. The number reported is the percentage of valorized waste as compared to our total waste generated (including both hazardous and non-hazardous waste).
- (f) Employee number excludes contractuels.
- (g) New hire is a measure of permanent employees hired externally within the reporting period.
- (h) Total Turnover includes all turnover reasons (e.g. dismissals, lay-offs and retirements).
- (i) Voluntary Turnover measures the percentage of new and existing employee turnover explained by voluntary departures (employee-initiated terminations).
- (j) Senior management is defined as senior leadership positions having a direct report to CEO or business segment presidents. Management defined as managers and up. Non-management positions defined as all positions that are not management positions.
- (k) Number of different citizenships registered for all employees included in the employed workforce at the end of the reporting period.
- (l) Percentage is based on number of employees with performance reviews recorded in performance review system as of January 29, 2015.
- (m) High-potential employees are identified based on their proven track record and their perceived capacity to take on new challenges in the short term.
- (n) The percentage of respondents who have answered favourably or very favourably to questions with the Engagement dimension, which measures employee commitment and discretionary effort.
- (o) The percentage of respondents who have answered favourably or very favourably to questions within the Enablement dimension, which measures role optimization and level of support in the environment.
- (p) Employee productivity is the revenue generated by each employee in the organization, including contractuels.

Employees

- (a) As of December 31, 2014, our workforce numbered approximately 74,000 globally - a decrease of approximately 2,400 from 2013, largely attributable to the reorganization of Bombardier Aerospace announced on July 23, 2014.
- (b) Employees include active and inactive employees and contractuels.
- (c) Active employees are permanent full-time, permanent part-time, temporary full-time, temporary part-time and paid apprentices. Inactive employees are on short-term leave, maternity and parental leave, and other long-term leave including long-term disability.
- (d) Contractuels include interim managers (also called consultants in our rail transportation segment), non-employees (aerospace segments), and agency outsourced employees. Our contractuels do not perform a substantial portion of the work for Bombardier.
- (e) Gender not documented for some contractuels.

Forward-Looking Statements

This Activity Report includes forward-looking statements, which may involve, but are not limited to: statements with respect to the Corporation's objectives, guidance, targets, goals, priorities, market and strategies, financial position, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; expected growth in demand for products and services; product development, including projected design, characteristics, capacity or performance; expected operations or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; competitive position; and the expected impact of the legislative and regulatory environment and legal proceedings on the Corporation's business and operations; the Corporation's available liquidities and the Corporation's ongoing review of strategic and financial alternatives, the launch and completion of an IPO and the proceeds therefrom; the impact of an IPO on the Corporation's operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; the impact of an IPO on the Corporation's share price, the statement that a carveout IPO should help to crystallize share price value, the impact of the sale of equity on the Corporation's balance sheet and liquidity position, the effect of an IPO on the range of options available to the Corporation, the Corporation's participation in future rail equipment industry consolidation, the stock exchange on which an IPO would be effected, and the capital and governance structure of Bombardier Transportation following an IPO. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "intend", "anticipate", "plan", "foresee", "believe", "continue", "maintain" or "align", the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require management to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from those forecasted. While management considers these assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate. Certain important assumptions by the Corporation or its consultants in making forward-looking statements include, but are not limited to: the decision to launch an IPO and the timing, size and successful completion thereof; and the Corporation's ability to consummate an IPO in favourable market conditions. For additional information with respect to the assumptions underlying the forward-looking statements made in this Activity Report, refer to the respective Guidance and forward-looking statements sections in Aerospace and in Transportation in the Management's Discussion and Analysis (MD&A) of the Corporation's financial report for the fiscal year ended December 31, 2014. This Activity Report is not intended to form the basis of any investment decision and there can be no assurance that any IPO or other transaction will be undertaken or completed in whole or in part or of the timing, size and proceeds of any such offering, which will depend on a number of factors, including prevailing market conditions.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, risks associated with general economic conditions, risks associated with the Corporation's business environment (such as risks associated with the financial condition of the airline industry and major rail operators), operational risks (such as risks related to developing new products and services; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; the environment; dependence on certain customers and suppliers; human resources; fixed-price commitments and production and project execution), risks relating to the Corporation's ability to implement strategic and financial alternatives; financing risks (such as risks related to liquidity and access to capital markets, exposure to credit risk, certain restrictive debt covenants, financing support provided for the benefit of certain customers and reliance on government support); failure to receive regulatory approvals (including stock exchange) or other approvals; failure to launch or complete an IPO on acceptable terms or at all; and market risks (such as risks related to foreign currency fluctuations, changing interest rates, decreases in residual values and increases in commodity prices). For more details, see the Risks and uncertainties section in Other in the MD&A of the Corporation's financial report for the fiscal year ended December 31, 2014. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect management's expectations as at the date of this Activity Report and are subject to change after such date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Activity Report are expressly qualified by this cautionary statement.

Forward-looking statements for aerospace business segments are also based on:

- current firm order backlog and estimated future order intake;
- a similar level of aircraft deliveries and improved pricing in fiscal year 2015 compared to fiscal year 2014;
- continued deployment and execution of strategic initiatives related to quality improvement and cost reductions;
- the ability to meet scheduled EIS dates and planned costs for new aircraft programs;
- the ability to recruit and retain highly skilled resources to deploy the product development strategy;
- the ability of the supply base to support planned production rates; and
- stability of foreign exchange rates.

Forward-looking statements for the transportation business segment are also based on:

- current order backlog;
- the realization of upcoming tenders and our ability to capture them;
- normal contract execution and continued deployment and execution of leading initiatives, especially those linked to cost reductions, including operational improvement initiatives;
- a sustained level of public sector spending; and
- the ability of the supply base to support the execution of projects.

Demand forecast is based on the analysis of main market indicators, including real GDP growth, industry confidence, wealth creation and profitability within our customer base, aircraft utilization, pre-owned business jet inventory levels, pilot scope clauses, environmental regulations, globalization of trade, replacement demand, new aircraft programs and non-traditional markets and their accessibility. For more details, refer to our 2014 Financial Report.

Non-GAAP Financial Measures

This Activity Report is based on reported earnings in accordance with International Financial Reporting Standard(s) (IFRS). Reference to GAAP means IFRS, unless indicated otherwise. This Activity Report also contains non-GAAP financial measures including EBIT before special items, EBITDA, EBITDA before special items, adjusted EPS and free cash flow. These non-GAAP measures are mainly derived from the consolidated financial statements, but do not have a standardized meaning prescribed by IFRS; therefore, others using these terms may calculate them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of our financial reports with enhanced understanding of our results and related trends and increases transparency and clarity of the core results of the business. For definitions of these metrics and reconciliations to the most comparable IFRS measures, refer to the Non-GAAP financial measures and Liquidity and capital resources sections in the 2014 MD&A.

Disclaimer

The *CSeries* family of aircraft, *Global 7000* and *Global 8000* aircraft programs and *Challenger 650* aircraft are currently in development, and as such are subject to changes in family strategy, branding, capacity, performance, design, and/or systems. All specification and data are approximate, may change without notice and are subject to certain operating rules, assumptions, and other conditions. This document does not constitute an offer, commitment, representation, guarantee, or warranty of any kind.

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18
mature trees



807 KG
of waste, equivalent
to the contents of
16 garbage cans



16 GJ
of energy, equivalent
to the energy used
by 73,172 60W light
bulbs for one hour



7,392 KG
of CO₂, equivalent to
the annual emissions
of 2 car



65,843 LITRES
of water, equivalent to
one person's consump-
tion of water in 188 days



3 KG
of NO_x, equivalent to
the emissions of a truck
in 11 days

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