

2017











**NOTICE OF ANNUAL MEETING
OF SHAREHOLDERS
AND
MANAGEMENT PROXY CIRCULAR**

MAY 11, 2017
DORVAL, QUÉBEC, CANADA

BOMBARDIER

Welcome to Bombardier's Management Proxy Circular. The online pdf version of the Circular has been enhanced with navigation and task buttons to help you navigate through the document and find the information you want more quickly. The table of contents, highlighted page references and URLs link to pages and sections within the document as well as to outside websites. The task buttons provide quick access to search, print, save to disk and view options, but may not work on all browsers or tablets.

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-  Close Document
-  Search
-  Print
-  Save to Disk
-  Two Page View
-  Single Page View
-  Table of Contents
-  Next Page
-  Previous Page
-  Last Page Visited

BOMBARDIER INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS 2017

YOUR VOTE IS IMPORTANT

If you are unable to attend the meeting in person, you may vote your shares by proxy.

As used in this management proxy circular, all references to Bombardier, the Corporation, we, us or similar terms are to Bombardier Inc.

Date: Thursday, May 11, 2017
Time: 10:00 a.m. (Montréal time)
Place: Bombardier Global Completion Center
200 Boulevard de la Côte-Vertu West
Dorval, Québec, Canada H4S 2A3

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Tuesday, March 14, 2017, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,



Daniel Desjardins
Senior Vice President, General Counsel and Corporate Secretary

Montréal, Québec, Canada, March 14, 2017

BUSINESS ON THE AGENDA OF THE MEETING:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended December 31, 2016 and the auditors' report thereon;
2. Election of the directors of Bombardier Inc.;
3. Appointment of the auditors of Bombardier Inc. and authorization to the directors of Bombardier Inc. to fix the remuneration of the auditors;
4. Consideration and, if deemed appropriate, adoption of a non-binding advisory resolution on Bombardier Inc.'s approach to executive compensation;
5. Consideration and, if deemed appropriate, approval of the shareholder proposals set out in [Exhibit "B"](#) to the accompanying Management Proxy Circular; and
6. Consideration of such other business as may properly come before the meeting.

MEETING MATERIALS

This year we are using notice-and-access to deliver this Management Proxy Circular (the "Circular") to both our registered and non-registered shareholders. This means that the Circular is posted online for you to access electronically instead of being mailed out. While you will still receive by mail a proxy form or a voting instruction form so you can vote your shares, instead of receiving a paper copy of this Circular, you will receive a notice outlining the matters to be addressed at the meeting and explaining how you can access the Circular electronically and how to request a paper copy. Those shareholders who have previously provided instructions to receive paper copies of meeting materials will receive paper copies again this year, along with the notice regarding their electronic availability. Notice-and-access is environmentally friendly and cost effective as it reduces paper, printing and postage.

You may request a paper copy of the Circular, at no charge, at any time prior to the Meeting and up to one year from the date it is filed on SEDAR (www.sedar.com). Such a request can be made by calling 1 866 964 0492 (Canada and the United States) or +1 514 982 8714 (other countries) and following the instructions. If you request a paper copy of the Circular, you will not receive a new proxy form or voting instruction form, so you should keep the original form sent to you in order to vote.

REMINDER TO THE READER

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

TABLE OF CONTENTS

Section 1 – Voting Information	2
Section 2 – Business of the Meeting	6
Receipt of Financial Statements	6
Election of the Directors of Bombardier	6
Appointment of the Independent Auditors of Bombardier and Audit Committee Information	14
Non-binding Advisory Vote on Bombardier’s Approach to Executive Compensation	14
Section 3 – Remuneration of the Directors of Bombardier	15
Section 4 – Corporate Governance	21
Governance Practices	21
About the Board of Directors of Bombardier	22
Section 5 – Remuneration of the Executive Officers of Bombardier	33
Letter to Shareholders	33
Compensation Discussion and Analysis	34
Executive Compensation	47
Pension Plans	52
Termination and Change of Control Provisions	54
Summary	56
Section 6 – Additional Information	57
Directors’ and Officers’ Insurance	57
Available Documentation	57
Shareholder Proposals	57
Advance Notice Requirements for Director Nominations	57
Approval of the Board of Directors of Bombardier	57
Exhibit “A”	58
Mandate of the Board of Directors of Bombardier	58
Exhibit “B”	60
Shareholder Proposals	60

2017 MANAGEMENT PROXY CIRCULAR

This Circular is furnished in connection with the solicitation by the management of Bombardier of proxies for use at the annual meeting of the holders of Class A shares (multiple voting) (the “Class A shares”) and Class B shares (subordinate voting) (the “Class B subordinate voting shares”), of the Corporation to be held on Thursday, May 11, 2017 at 10:00 a.m. (Montréal time) at Bombardier Global Completion Center, [200 Boulevard de la Côte-Vertu West, Dorval, Québec, Canada](#) (the “Meeting”), and at any and all adjournments thereof.

FORWARD-LOOKING STATEMENTS

This Circular 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 or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; competitive position; the expected impact of the legislative and regulatory environment and legal proceedings on the Corporation’s business and operations; available liquidities and ongoing review of strategic and financial alternatives; the impact and expected benefits of the investment by the Government of Québec in the C Series Aircraft Limited Partnership and of the private placement of a minority stake in Transportation by the Caisse de dépôt et placement du Québec on the Corporation’s operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the impact of such investments on the Corporation’s balance sheet and liquidity position.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “shall”, “can”, “expect”, “estimate”, “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 the Corporation’s actual results in future periods to differ materially from forecast results set forth in forward-looking statements. While management considers their assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate.

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, business aircraft customers, and the rail industry; trade policy; increased competition; political instability and force majeure), operational risks (such as risks related to developing new products and services; development of new business; the certification and homologation of products and services; fixed-price and fixed-term commitments and production and project execution; pressures on cash flows based on project-cycle fluctuations and seasonality; the Corporation’s ability to successfully implement and execute its strategy and transformation plan; 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; reliance on information systems; reliance on and protection of intellectual property rights; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets; retirement benefit plan risk; exposure to credit risk; substantial existing debt and interest payment requirements; certain restrictive debt covenants and minimum cash levels; financing support provided for the benefit of certain customers; and reliance on government support), market risks (such as risks related to foreign currency fluctuations; changing interest rates; decreases in residual values; increases in commodity prices; and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the Corporation’s Management’s Discussion and Analysis included in its financial report for the fiscal year ended December 31, 2016 which may be viewed on SEDAR at www.sedar.com (the “MD&A”). For more information with respect to the assumptions underlying the forward-looking statements made in this Circular, refer to the Guidance and forward-looking statements sections in Overview, Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation in the MD&A.

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 the Corporation’s expectations as at the date of this Circular 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 Circular are expressly qualified by this cautionary statement.

SECTION 1 : VOTING INFORMATION

WHO IS SOLICITING MY PROXY?

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

WHAT WILL I BE VOTING ON?

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

- the election of the directors of the Corporation;
- the appointment of Ernst & Young LLP, chartered professional accountants, (“Ernst & Young”) as the independent auditors of the Corporation;
- the adoption of a non-binding advisory resolution on Bombardier’s approach to executive compensation; and
- the shareholder proposals set out in [Exhibit “B”](#) to this Circular.

HOW WILL THESE MATTERS BE DECIDED AT THE MEETING?

A simple majority of the votes cast, by proxy or in person, by the holders of Class A shares and by the holders of Class B subordinate voting shares, voting together, will constitute approval of each of the matters specified in this Circular.

HOW MANY VOTES DO I HAVE?

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

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate voting share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate voting shares represented, as at March 14, 2017, 38.11% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

Each Class A share is convertible, at any time, at the option of the holder, into one Class B subordinate voting share. Each Class B subordinate voting share will become convertible into one Class A share in the event that the Majority Holder (as defined in the restated articles of incorporation of the Corporation), namely the Bombardier family, accepts a purchase offer for Class A shares or in the event that the Majority Holder ceases to hold more than 50% of the issued and outstanding Class A shares.

The holders of Class A shares and the holders of Class B subordinate voting shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Tuesday, March 14, 2017 will be entitled to vote at the Meeting and any adjournment thereof if present or represented by proxy.

HOW MANY SHARES ARE ENTITLED TO BE VOTED?

As at March 14, 2017, there were 313,900,550 Class A shares and 1,932,675,863 Class B subordinate voting shares of Bombardier issued and outstanding.





To the knowledge of the directors and executive officers of the Corporation, the only persons who, as at March 14, 2017 beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mr. J. R. André Bombardier, director of the Corporation, and Mses. Janine Bombardier, Claire Bombardier Beaudoin and Huguette Bombardier Fontaine (collectively, the “Principal Shareholders”). These four persons indirectly controlled, through holding companies, 249,449,910 Class A shares and 30,211,319 Class B subordinate voting shares, representing in the aggregate 79.47% of the issued and outstanding Class A shares and 1.56% of the issued and outstanding Class B subordinate voting shares of the Corporation and 49.78% of all the voting rights attached to all of its issued and outstanding voting shares. Please refer to the information disclosed on [page 8](#) and in the notes (A.1), (A.2), (E) and (F) on [page 12](#) of this Circular as to the number of Class A shares and Class B subordinate voting shares beneficially owned, or controlled or directed, directly or indirectly, by each of these four persons. In addition, members of the immediate family of the Principal Shareholders currently exercise control or direction over 17,413,275 Class A shares and 821,577 Class B subordinate voting shares, representing 0.81% of all the Class A shares and Class B subordinate voting shares issued and outstanding and 3.45% of all the voting rights attached to all the shares of the Corporation.

HOW DO I VOTE?

REGISTERED SHAREHOLDERS - You are a registered shareholder *when your name appears on your share certificate. Your proxy form tells you whether you are a registered shareholder.*

Option 1 – By proxy (proxy form)

You may vote in the following manners:

- | | | |
|---|-----------|---|
|  | Internet | Go to www.investorvote.com and follow the instructions. |
|  | Telephone | Call 1 866 732 VOTE (8683) (Canada and the United States) or +1 312 588 4290 (other countries) and follow the instructions. If you use this method you can only appoint, as your proxyholder, the executive officers of the Corporation named on your proxy form. |
|  | Fax | Return your completed proxy form by fax at 1 866 249 7775 (Canada and the United States) and at +1 416 263 9524 (other countries). |
|  | Mail | Return your completed proxy form in the postage pre-paid return envelope provided. |

Computershare Investor Services Inc. (“Computershare”), our transfer agent, must have received your proxy form or you must have voted by internet or telephone no later than 4:00 p.m. (Montréal time) on Wednesday, May 10, 2017.





Option 2 – In person at the Meeting

You do not need to complete a proxy form. Voting in person at the Meeting will automatically cancel any proxy form you may have earlier completed and submitted.

NON-REGISTERED SHAREHOLDERS - You are a non-registered shareholder *when your shares are held in the name of an intermediary, usually a bank, trust company, security dealer or broker or other financial institution. When you receive a voting instruction form, this tells you that you are a non-registered shareholder.*

Option 1 – By proxy (voting instruction form)

You may vote in the following manners:

- | | | |
|---|-----------|--|
|  | Internet | Go to www.ProxyVote.com and follow the instructions. |
|  | Telephone | Call 1 800 474 7493 (English) or 1 800 474 7501 (French) and follow the instructions. If you use this method you can only appoint, as your proxyholder, the executive officers of the Corporation named on your voting instruction form. |
|  | Fax | Return your completed voting instruction form by fax at 905 507 7793 or 514 821 8911. |
|  | Mail | Return your completed voting instruction form in the postage pre-paid return envelope provided. |

Your intermediary is required to seek your voting instructions in advance of the Meeting. You will have received from your intermediary a package of information with respect to the Meeting, including either a proxy form or a voting instruction form. Each intermediary has its own signature and return instructions. It is important that you comply with these instructions if you want the voting rights attached to your shares to be exercised. If you vote by Internet or telephone, you must do so no later than 4:00 p.m. (Montréal time) on Wednesday, May 10, 2017.

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

Option 2 – In person at the Meeting





Bombardier and/or Computershare do not have a record of the names of the non-registered shareholders of the Corporation. If you wish to vote in person at the Meeting, you have to insert your own name in the space provided on the form of proxy or voting instruction form you have received and return it as directed on the form. It is not necessary to otherwise complete the form as you will be voting at the Meeting. Upon arrival at the Meeting, you should see a representative of Computershare.

SHAREHOLDERS (EMPLOYEES) UNDER THE EMPLOYEE SHARE PURCHASE PLAN (“ESPP”)

If you are an employee of Bombardier and you own shares under the ESPP, your shares are registered in the name of Computershare Trust Company of Canada, the administrator of the ESPP, until such time as the shares are withdrawn from the ESPP pursuant to its terms and conditions.

Option 1 – By proxy (voting instruction form)

You may vote in the following manners:

	Internet	Go to www.investorvote.com and follow the instructions.
	Telephone	Call 1 866 732 VOTE (8683) (Canada and the United States) or +1 312 588 4290 (other countries) and follow the instructions.
	Fax	Return your completed proxy form or voting instruction form by fax at 1 866 249 7775 (Canada and the United States) and at +1 416 263 9524 (other countries).
	Mail	Return your completed proxy form or voting instruction form in the postage pre-paid return envelope provided.

Option 2 – In person at the Meeting

If you wish to vote in person at the Meeting, you have to insert your own name in the space provided on the proxy form or voting instruction form you have received and return it as directed on the form. It is not necessary to otherwise complete the form as you will be voting at the Meeting. Upon arrival at the Meeting, you should see a representative of Computershare.

HOW WILL MY SHARES BE VOTED?

You have the choice to vote FOR, AGAINST or WITHHOLD, depending on the item to be voted on.

If you sign the proxy form or voting instruction form that you have received, you authorize Messrs. Pierre Beaudoin and Alain Bellemare, respectively Executive Chairman of the Board of Directors and President and Chief Executive Officer, as well as directors, of Bombardier (or Computershare Trust Company of Canada in the case of shares held under the ESPP) to vote your shares for you at the Meeting according to your instructions. **Unless contrary instructions are provided, or if you return your proxy form or voting instruction form without indicating how you want to vote your shares, the voting rights attached to Class A shares and/or Class B subordinate voting shares represented by proxies received by the management of the Corporation will be voted:**

FOR the election of all the nominees proposed as directors;

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

FOR the adoption of a non-binding advisory resolution on Bombardier’s approach to executive compensation; and

AGAINST the shareholder proposals 1 and 2 and FOR the shareholder proposal 3, all set out in [Exhibit “B”](#).

However, you may choose another person to act as your proxyholder, including someone who is not a holder of shares of the Corporation, by striking out the names printed on the proxy form or voting instruction form and inserting another person’s name in the blank space provided, or by completing another proper form of proxy. This person must be present at the Meeting to vote your shares and should, upon arrival, see a representative of Computershare. On the proxy form or voting instruction form, you may indicate either how you want your proxyholder to vote your shares, or you can let your proxyholder decide for you. If you have not specified on the proxy form or voting instruction form how you want your shares to be voted on a particular matter, then your proxyholder can vote your shares as he/she sees fit. The proxy form or voting instruction form that you have received gives authority to your proxyholder to use his/her discretion in voting on amendments to matters identified in the notice and on any other items that may properly come before the Meeting or any adjournment.

WHAT IF I WANT TO REVOKE MY PROXY OR VOTING INSTRUCTION?

If you are a registered shareholder, you may revoke your proxy by completing a proxy bearing a later date and delivering it to Computershare or by stating clearly, in writing, that you wish to revoke your proxy and by delivering this written statement to Computershare, no later than the last business day before the day of the Meeting, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If you are a non-registered shareholder, you should contact your intermediary to find out whether it is possible to change your voting instructions and what procedure to follow.

IS MY VOTE CONFIDENTIAL?

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

HOW ARE PROXIES SOLICITED?

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

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

ELECTRONIC VOTING AT THE MEETING

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

HOW DO I COMMUNICATE WITH COMPUTERSHARE?

You can communicate with Computershare by mail at the following address:

Computershare Investor Services Inc.
100 University Avenue
8th Floor
Toronto, Ontario, Canada M5J 2Y1

or by telephone at: 1 800 564 6253 (Canada and United States) or +1 514 982 7555 (other countries).

RECEIPT OF FINANCIAL STATEMENTS

The consolidated financial statements of Bombardier for the financial year ended December 31, 2016 and the auditors' report thereon are included in the [2016 Financial Report of Bombardier](#).

ELECTION OF THE DIRECTORS OF BOMBARDIER

The restated articles of incorporation of Bombardier provide that its Board of Directors shall consist of not less than 5 and not more than 20 directors. Its directors are elected annually.

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

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

Mr. Daniel Johnson, who has reached the mandatory retirement age of 72 years old under the [Board of Directors' retirement policy](#) (as described in Section 4 of this Circular), will retire at the close of the Meeting, after serving on the Board of Directors since 1999, and will not seek re-election as a director. Also, Mr. Jean C. Monty will retire at the close of the Meeting, after serving on the Board of Directors since 1998, and will not seek re-election as a director. Information relating to both Messrs. Johnson and Monty therefore does not appear below along with the information regarding the 15 proposed nominees for election as directors of the Corporation. Because Messrs. Johnson and Monty will act as directors up to the Meeting, information concerning them appears in the other sections of this Circular that pertain to the directors. The current Board of Directors proposes that Messrs. Pierre Marcouiller and Antony N. Tyler be elected as new directors of the Corporation for the ensuing year.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying proxy form if you are a registered shareholder, or the proxy form or voting instruction form, as the case may be, that you will have received from your intermediary, if you are a non-registered shareholder, will vote for the election of the 15 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier, except Messrs. Pierre Marcouiller and Antony N. Tyler.

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

Pursuant to an agreement dated as of November 18, 2015 between Bombardier and Caisse de dépôt et placement du Québec ("CDPQ"), a copy of which was filed on the Corporation's profile on SEDAR (www.sedar.com) on November 25, 2015, with respect to the nomination of any new independent directors of Bombardier, Bombardier will work collaboratively with CDPQ and seek to obtain CDPQ's agreement on the final candidate(s) recommended to the Board of Directors. In connection with this agreement, the Bombardier family has committed to fully support any action plan recommended by the Special Initiatives Committee and agreed to by CDPQ, as well as the selection process for new independent directors of the Board of Directors.

Information regarding the nominees relating to their independence, year first elected or appointed as a director, previous year's voting results, age, municipality and country of residence, principal occupation, main areas of expertise, and committee memberships (Audit Committee, Human Resources and Compensation Committee ("HRCC"), Finance and Risk Management Committee ("FRMC") and Corporate Governance and Nominating Committee ("CGNC")), is provided in the biographical charts below. Also indicated for each nominee are the number of Class A shares and/or Class B subordinate voting shares beneficially owned, or controlled or directed, directly or indirectly, by the nominee, and the number of Deferred Stock Units held by the nominee.

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



Chairman Emeritus of the Board of Directors

Westmount, Québec, Canada
 Age: 78
 Director since 1975
 Not independent
 Votes in favour at previous annual meeting: 97.41%

	CLASS A SHARES ^(A.1)	CLASS B SUBORDINATE VOTING SHARES ^(A.2)	DEFERRED STOCK UNITS ^(B)
December 31, 2016	13,302,944	8,695,136	226,539
December 31, 2015	13,302,944	8,695,136	109,888
Change	–	–	116,651

Skills and Experience

Chairman/CEO – Business/Operations and Manufacturing Activities – Managing/Leading Growth and Innovation – International Business – Financial Literacy – Board of Directors/Corporate Governance

Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He launched his career in 1961 by founding a chartered accountants firm in Quebec City. He joined Bombardier in 1963 as Comptroller, became General Manager in 1964 and President and Chief Executive Officer in 1966. In June 2008, he handed over his responsibilities as Chief Executive Officer to Mr. Pierre Beaudoin, and remained Chairman of the Board of Directors until February 13, 2015, the date on which he handed over said responsibilities to Mr. Pierre Beaudoin (who became Executive Chairman of the Board of Directors) and was given the honorary title of Chairman Emeritus of the Board of Directors. He holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year and Canada's International Executive of the Year. Since December 2003, he is the Chairman of the Board of BRP Inc., since October 2010, he is President of First Robotics Quebec and since June 2014, he is the Chairman of the Board of Directors of each of Gestion McInnis Inc. and Ciment McInnis Inc.

PIERRE BEAUDOIN



Executive Chairman of the Board of Directors

Westmount, Québec, Canada
 Age: 54
 Director since 2004
 Not independent
 Votes in favour at previous annual meeting: 96.22%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(C)
December 31, 2016	512,859	813,934	–
December 31, 2015	512,859	792,407	–
Change	–	21,527	–

Skills and Experience

CEO/Senior Executive Officer – Business/Operations and Manufacturing Activities – International Business – Board of Directors/Corporate Governance – Government Relations

Mr. Pierre Beaudoin joined the Marine Products division of Bombardier in 1985. In October 1990, he was appointed Vice President, Product Development of the Sea-Doo/Ski-Doo division. From June 1992 to January 1994, he was Executive Vice President of the Sea-Doo/Ski-Doo division of Bombardier and he acted as its President from January 1994 until April 1996. From April 1996 to January 2001, he was President and Chief Operating Officer of Bombardier Recreational Products. In February 2001, he was appointed President of Bombardier Aerospace, Business Aircraft and he became President and Chief Operating Officer of Bombardier Aerospace in October 2001. On December 13, 2004, in addition to his duties as President and Chief Operating Officer of Bombardier Aerospace, he was appointed Executive Vice President of Bombardier and he also then became a member of the Board of Directors of Bombardier. On June 4, 2008, he took over the responsibilities of President and Chief Executive Officer of Bombardier until February 13, 2015, when he was appointed Executive Chairman of the Board of Directors. He is a member of the Board of Directors of Power Corporation of Canada.

ALAIN BELLEMARE



President and Chief Executive Officer

Verdun, Québec, Canada
 Age: 55
 Director since 2015
 Not independent
 Votes in favour at previous annual meeting: 98.87%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(C)
December 31, 2016	–	603,336	–
December 31, 2015	–	580,725	–
Change	–	22,611	–

Skills and Experience

CEO/Senior Executive Officer – Business/Operations and Manufacturing Activities – International Business – Managing/Leading Growth and Innovation

Mr. Alain Bellemare is the President and Chief Executive Officer of Bombardier since February 13, 2015. Prior to joining Bombardier he was President and Chief Executive Officer of UTC Propulsion & Aerospace Systems (supplier of aerospace and defense products), a position he held from July 2012 to January 15, 2015. He began his career with UTC at Pratt & Whitney Canada in 1996 as Vice President of Manufacturing. He held leadership roles of increasing responsibility at UTC including President of Pratt & Whitney Canada in 2002, President of Hamilton Sundstrand in 2009 and Chief Operating Officer of UTC Propulsion and Aerospace Systems in 2011. In these roles, he had global operating business development and strategic planning responsibility for these large aerospace business units. He is a member of the Board of Directors of Smithsonian National Air and Space Museum.

JOANNE BISSONNETTE ^(E)



Corporate Director

Outremont, Québec, Canada
 Age: 55
 Director since 2012
 Not independent
 Votes in favour at previous annual meeting: 96.94%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
December 31, 2016	–	5,824	302,897
December 31, 2015	–	5,824	186,246
Change	–	–	116,651

Skills and Experience

International Business – Marketing – Board of Directors/Corporate Governance

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

J. R. ANDRÉ BOMBARDIER ^(D)



Vice Chairman of the Board of Directors

Montréal, Québec, Canada
 Age: 74
 Director since 1975
 Not independent
 Votes in favour at previous annual meeting: 96.63%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
December 31, 2016	65,401,042	7,335,910	501,978
December 31, 2015	65,401,042	7,335,910	385,327
Change	–	–	116,651

Skills and Experience

Business/Operations and Manufacturing Activities – Financial Literacy – Health, Safety and Environment and Social Responsibility – Board of Directors/Corporate Governance

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

MARTHA FINN BROOKS



Corporate Director

Atlanta, Georgia, United States
 Age: 57
 Director since 2009
 Member of:
 the CGNC
 the FRMC
 Independent
 Votes in favour at previous annual meeting: 97.76%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
December 31, 2016	–	30,000	415,014
December 31, 2015	–	30,000	356,690
Change	–	–	58,324

Skills and Experience

Operations and Manufacturing Activities – International Business – Human Resources and Compensation – Board of Directors/Corporate Governance – CEO/Senior Executive Officer

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

JEAN-LOUIS FONTAINE (D) (F)



Vice Chairman of the Board of Directors

Westmount, Québec, Canada
 Age: 77
 Director since 1975
 Not independent
 Votes in favour at previous annual meeting: 96.73%

CLASS A SHARES CLASS B SUBORDINATE VOTING SHARES DEFERRED STOCK UNITS (B)

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS (B)
December 31, 2016	4,097,472	6,465	500,290
December 31, 2015	4,097,472	6,465	383,639
Change	–	–	116,651

Skills and Experience

Business/Operations and Manufacturing Activities – Financial Literacy – Health, Safety and Environment and Social Responsibility – Board of Directors/Corporate Governance

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

SHEILA FRASER, FCPA, FCA



Corporate Director

Ottawa, Ontario, Canada
 Age: 66
 Director since 2012
 Member of:
 the Audit Committee (Chair)
 Independent
 Votes in favour at previous annual meeting: 98.62%

CLASS A SHARES CLASS B SUBORDINATE VOTING SHARES DEFERRED STOCK UNITS (B)

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS (B)
December 31, 2016	–	–	374,046
December 31, 2015	–	–	241,842
Change	–	–	132,204

Skills and Experience

Financial Literacy – Board of Directors/Corporate Governance – Government Relations

Ms. Sheila Fraser served as Auditor General of Canada from 2001 to 2011. Prior to joining the Office of the Auditor General as Deputy Auditor General in 1999, Ms. Fraser was a partner of Ernst & Young for 18 years, in the Québec City office. She has been named as trustee to the IFRS Foundation, the oversight body of the International Accounting Standards Board. She also sits on the Boards of Directors of Manulife Financial Corporation and The Manufacturers Life Insurance Company.

AUGUST W. HENNINGSEN



Corporate Director

Hamburg, Germany
 Age: 66
 Director since : 2016
 Member of:
 the HRCC
 the FRMC
 Independent
 Votes in favour at previous annual meeting: 99.41%

CLASS A SHARES CLASS B SUBORDINATE VOTING SHARES DEFERRED STOCK UNITS (B)

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS (B)
December 31, 2016	–	–	79,784
December 31, 2015	–	–	–
Change	–	–	–

Skills and Experience

CEO/Senior Executive Officer – Business/ Operations and Manufacturing Activities – Managing/Leading Growth and Innovation – Financial Literacy – Human Resources and Compensation

Mr. August W. Henningsen was Chief Executive Officer of Lufthansa Technik AG from April 2000 until his retirement in April 2015. Prior to that, he had been General Manager and Chief Executive Officer of Ameco Beijing from August 1997 until March 2001. He began his career at Lufthansa in 1979 and held numerous positions of increasing responsibility in the Lufthansa group until July 1997. Mr. Henningsen is the Chairman of the Board of Directors of Hamburg Airport and also sits on the Boards of Directors of Lufthansa Technik AG, Technical University of Hamburg and the Dornier Foundation, Munich. He holds a Masters Degree in Mechanical and Aeronautical Engineering from the Technical University of Braunschweig.

PIERRE MARCOUILLER



Chairman of the Board and Chief Executive Officer of Camso Inc., a manufacturing business of off-road tires

Magog, Québec, Canada
 Age: 61
 Director since: N/A (Mr. Marcouiller is a new candidate proposed for election as director)
 Independent
 Votes in favour at previous annual meeting: N/A

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
December 31, 2016	-	-	-
December 31, 2015	-	-	-
Change	-	-	-
Skills and Experience			
Business/Operations and Manufacturing Activities - Managing/Leading Growth and Innovation - International Business - Marketing - Human Resources and Compensation			

Mr. Pierre Marcouiller has been Chairman of the Board of Directors and Chief Executive Officer of Camso Inc. since 2000. Before joining Camso Inc., he was President and Chief Executive Officer of Venmar Ventilation Inc., a North American leader in air quality products, from 1986 to 1996. Mr. Marcouiller is Entrepreneur-Trainer at the École d'Entrepreneurship de Beauce and sits on the Board of Directors of QG100, a private group of 100 Québec business leaders whose goal is to support the emergence of world leaders in their fields. He is also a member of the Board of Directors of Canam Group Inc., a North American manufacturer of steel components.

VIKRAM PANDIT



Chairman and Chief Executive Officer of The Orogen Group, a company leveraging opportunities for the financial services industry

New York, New York, United States
 Age: 60
 Director since 2014
 Member of:
 the Audit Committee
 the FRMC
 Independent
 Votes in favour at previous annual meeting: 99.18%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
December 31, 2016	-	-	259,879
December 31, 2015	-	-	143,228
Change	-	-	116,651
Skills and Experience			
Chairman/CEO - Managing/Leading Growth and Innovation - International Business - Mergers and Acquisitions/Investment Banking - Human Resources and Compensation			

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

PATRICK PICHETTE



Advisor to Google Inc. (Internet-related services and products)

Palo Alto, California, United States
 Age: 54
 Director since 2013
 Member of:
 the FRMC (Chair)
 the HRCC
 Independent
 Votes in favour at previous annual meeting: 97.98%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
December 31, 2016	-	6,000	326,578
December 31, 2015	-	6,000	188,915
Change	-	-	137,663
Skills and Experience			
Senior Executive Officer - Operations - Managing/Leading Growth and Innovation - Financial Literacy - Human Resources and Compensation			

Mr. Patrick Pichette has been an advisor to Google Inc. since May 2015, after his retirement as Senior Vice President and Chief Financial Officer of that company. He has nearly 20 years of experience in financial operations and management in the telecommunications sector, including seven years at Bell Canada, which he joined in 2001 as Executive Vice President of Planning and Performance Management. During his time at Bell Canada, he held various executive positions, including Chief Financial Officer from 2002 until the end of 2003. Prior to joining Bell Canada, Mr. Pichette was a partner at McKinsey & Company, where he was a lead member of McKinsey's North American Telecom Practice. He also served as Vice President and Chief Financial Officer of Call-Net Enterprises Inc., a Canadian telecommunications company.

CARLOS E. REPRESAS



Corporate Director

Mexico City, Mexico
 Age: 71
 Director since 2004
 Member of:
 the CGNC (Chair)
 the HRCC
 the FRMC
 Independent
 Votes in favour at previous
 annual meeting: 97.54%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
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December 31, 2016	–	–	358,318
December 31, 2015	–	–	299,994
Change	–	–	58,324

Skills and Experience

Chairman/Senior Executive Officer – Managing/Leading Growth and Innovation – International Business – Marketing – Human Resources and Compensation – Board of Directors/Corporate Governance

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

ANTONY N. TYLER



Corporate Director

Pokfulam, Hong Kong
 Age: 61
 Director since : N/A (Mr. Tyler
 is a new candidate proposed for
 election as director)
 Independent
 Votes in favour at previous
 annual meeting: N/A

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
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December 31, 2016	–	–	–
December 31, 2015	–	–	–
Change	–	–	–

Skills and Experience

CEO/Senior Executive Officer – Managing/Leading Growth and Innovation – International Business – Human Resources and Compensation – Board of Directors/Corporate Governance – Government Relations

Mr. Antony N. Tyler was Director General and Chief Executive Officer of the International Air Transport Association, the trade association of the world's airlines, from 2011 to 2016. Prior to this, he spent his career with Cathay Pacific Airways Limited of which he was Chief Executive Officer from 2007 to 2011. He is a member of the Board of Directors of BOC Aviation Limited, a global aircraft operating leasing company, and a Fellow of the Royal Aeronautical Society.

BEATRICE WEDER DI MAURO



Professor of International Macroeconomics

Singapore
 Age: 51
 Director since: 2016
 Member of:
 the Audit Committee
 Independent
 Votes in favour at previous
 annual meeting: 99.40%

	CLASS A SHARES	CLASS B SUBORDINATE VOTING SHARES	DEFERRED STOCK UNITS ^(B)
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December 31, 2016	–	–	79,784
December 31, 2015	–	–	–
Change	–	–	–

Skills and Experience

Financial Literacy – Board of Directors/Corporate Governance – Business Experience – International Business – Government Relations

Ms. Beatrice Weder di Mauro has been a professor of economics, economic policy and international macroeconomics at the Johannes Gutenberg University of Mainz since 2001 and a research fellow at INSEAD in Singapore. Ms. Weder di Mauro was a member of the German Council of Economic Experts from 2004 to 2012. In 2010, she was a resident scholar at the International Monetary Fund (IMF) in Washington, DC and, in 2006, a visiting scholar at the International Monetary Fund (IMF) in Washington, D.C. She was an associate professor of economics at the University of Basel between 1998 and 2001 and a research fellow at the United Nations University in Tokyo from 1997 to 1998. Prior to this, she was an economist at the IMF in Washington, DC. Ms. Weder di Mauro earned her PhD in economics at the University of Basel in 1993 and received her habilitation there in 1999. She sits on the Boards of Directors of UBS AG and UBS Group AG and is a member of the Supervisory Board of Robert Bosch GmbH. Among other activities and functions, she is also an Advisory Board member of Fraport AG and of Deloitte Germany.

NOTES

- (*) The information appearing on pages 8 to 11 of this Circular is determined as at December 31, 2016 and December 31, 2015, respectively.
- (*) No Series 2, Series 3 or Series 4 Preferred Shares are beneficially owned by a nominee or are subject to his or her control or direction.
- (A.1) Includes 500,000 Class A shares over which Mr. Laurent Beaudoin exercises control jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control. Ms. Claire Bombardier Beaudoin also exercises, through holding corporations which she controls, control or direction over an additional 60,873,490 Class A shares.
- (A.2) Mr. Laurent Beaudoin exercises control over these shares jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control.
- (B) "Deferred Stock Units" refer to the Director Deferred Stock Units credited to each of the non-executive directors pursuant to the Director Deferred Stock Unit Plan which is more fully explained in [Section 3](#) of this Circular. The number of Deferred Stock Units for each director has been determined as at December 31, 2016 and December 31, 2015, respectively, except for the Deferred Stock Units that were credited in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarters ended on December 31, 2016 and December 31, 2015, respectively, the number of which was determined at January 9, 2017 and January 11, 2016, respectively.
- (C) The complete details of the compensation of Mr. Pierre Beaudoin, the Executive Chairman of the Board of Directors and Mr. Alain Bellemare, the President and Chief Executive Officer, for the financial year ended December 31, 2016, which includes the number of Stock Options, Deferred Stock Units, Performance Share Units and Restricted Share Units held by each of them at December 31, 2016, are disclosed in [Section 5](#) of this Circular.
- (D) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board (please refer to [Section 4](#) of this Circular). Although Messrs. Laurent Beaudoin, Jean-Louis Fontaine and J. R. André Bombardier have attained the prescribed retirement age, the Board, upon the recommendation of the CGNC, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Messrs. Laurent Beaudoin, Jean-Louis Fontaine and J. R. André Bombardier as directors of the Corporation at the Meeting.
- (E) Ms. Janine Bombardier, mother of Ms. Joanne Bissonnette, exercises, through holding corporations which she controls, control or direction over 61,973,491 Class A shares and 7,110,137 Class B subordinate voting shares.
- (F) Ms. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls, control or direction over 60,701,887 Class A shares and 7,070,136 Class B subordinate voting shares.

The following table sets forth the number of meetings of the Board of Directors and its Committees held between January 1, 2016 and December 31, 2016 and the record of attendance at these meetings of the directors of the Corporation, all of whom, except for Messrs. Daniel Johnson and Jean C. Monty, are nominees for election to the Board of Directors for the ensuing year.

Individual Who Acted as Director During the Year 2016	Board ⁽¹⁾	Audit Committee <i>Chair:</i> Sheila Fraser	Corporate Governance and Nominating Committee <i>Chair:</i> Carlos E. Represas	Human Resources and Compensation Committee <i>Chair:</i> Jean C. Monty	Finance and Risk Management Committee <i>Chair:</i> Patrick Pichette	Individual Attendance Rate
Laurent Beaudoin	11/11	—	—	—	—	100%
Pierre Beaudoin ⁽²⁾	11/11	(2)	(2)	(2)	(2)	100%
Alain Bellemare ⁽²⁾	11/11	(2)	(2)	(2)	(2)	100%
Joanne Bissonnette	11/11	—	—	—	—	100%
J. R. André Bombardier	11/11	—	—	—	—	100%
Martha Finn Brooks ⁽³⁾	10/11	—	1/1	3/3	5/5	95%
L. Denis Desautels ⁽⁴⁾	4/4	3/3	—	—	3/3	100%
Jean-Louis Fontaine	11/11	—	—	—	—	100%
Sheila Fraser	9/11	6/6	—	—	—	88%
August W. Henningsen ⁽⁵⁾	6/7	—	—	3/3	1/2	83%
Daniel Johnson ⁽⁶⁾	11/11	3/3	4/4	—	3/3	100%
Jean C. Monty ⁽⁷⁾	9/11	6/6	0/1	6/6	—	88%
Vikram Pandit ⁽⁸⁾	8/11	2/3	2/3	—	5/5	77%
Patrick Pichette ⁽⁹⁾	9/11	2/3	2/3	4/6	2/2	76%
Carlos E. Represas	10/11	—	3/4	6/6	4/5	88%
Beatrice Weder di Mauro ⁽¹⁰⁾	7/7	3/3	—	—	—	100%
Overall Attendance Rate:	93%	93%	75%	92%	92%	—

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

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

(3) Ms. Martha Finn Brooks was a member of the HRCC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the CGNC following the close of said previous annual meeting.

(4) Mr. L. Denis Desautels retired as director, Chair of the FRMC and member of the Audit Committee at the close of the previous annual meeting of the Corporation held on April 29, 2016.

(5) Mr. August W. Henningsen was appointed as director at the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the HRCC and the FRMC following the close of said previous annual meeting.

(6) Mr. Daniel Johnson was a member of the FRMC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was a member of the Audit Committee, until June 30, 2016, date on which he was appointed Chairman of the Board of C Series Aircraft Managing GP Inc., acting as the managing general partner of C Series Aircraft Limited Partnership, a subsidiary of the Corporation.

(7) Mr. Jean C. Monty was appointed as a member of the CGNC following the close of the previous annual meeting of the Corporation held on April 29, 2016.

(8) Mr. Vikram Pandit was a member of the CGNC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the Audit Committee following the close of said previous annual meeting.

(9) Mr. Patrick Pichette was a member of the Audit Committee and CGNC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as Chair of the FRMC following the close of said previous annual meeting.

(10) Ms. Weder di Mauro was appointed as a director at the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the Audit Committee following the close of said previous annual meeting.

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

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

- (iii) while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

APPOINTMENT OF THE INDEPENDENT AUDITORS OF BOMBARDIER AND AUDIT COMMITTEE INFORMATION

APPOINTMENT OF THE INDEPENDENT AUDITORS

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

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

AUDIT COMMITTEE INFORMATION

Ms. Sheila Fraser acts as Chair of the Audit Committee of Bombardier and Messrs. Jean C. Monty and Vikram Pandit and Ms. Beatrice Weder di Mauro are its other members. Each of them is independent and financially literate within the meaning of National Instrument 52-110 – Audit Committees.

For further information relating to the Audit Committee and independent auditors of the Corporation, please refer to the section entitled “Audit Committee Disclosure” in the Corporation’s [Annual Information Form](#) for the financial year ended December 31, 2016, which has been filed with securities regulators at www.sedar.com and may be obtained on request from the Public Affairs Department of Bombardier or at www.bombardier.com.

NON-BINDING ADVISORY VOTE ON BOMBARDIER’S APPROACH TO EXECUTIVE COMPENSATION

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

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

Section 5 “Remuneration of the Executive Officers of Bombardier” of this Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier.

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

“RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Bombardier Inc., that the shareholders of Bombardier Inc. accept the approach to executive compensation disclosed in the Management Proxy Circular delivered in advance of the annual meeting of the shareholders of Bombardier Inc. held on May 11, 2017”.

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

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

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

Adoption of this resolution will require a majority of the votes cast, by proxy or in person, by the holders of Class A shares and holders of Class B subordinate voting shares, voting together.

SECTION 3: REMUNERATION OF THE DIRECTORS OF BOMBARDIER

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

With a view to providing market competitive compensation and aligning the interests of directors and shareholders, the CGNC reviews the amount and form of non-executive directors' compensation in light of the responsibilities and time commitment required of directors. The CGNC monitors the competitiveness of Bombardier's Board of Directors compensation against public companies in Canada and the United States that have international operations and are comparable in size and complexity to Bombardier. The CGNC did not recommend any change to the amount or form of compensation for the financial year ended December 31, 2016.

The following table illustrates the elements of compensation to which the directors were entitled during the financial year ended December 31, 2016, with the exception of Messrs. Pierre Beaudoin and Alain Bellemare, who received no compensation for serving as a director of the Corporation.

Type of Fees	(\$)
Board Retainers	
Executive Chairman of the Board of Directors	(1)
Directors (other than the Executive Chairman of the Board of Directors and the President and Chief Executive Officer)	150,000
Additional Retainers	
Lead Director of the Board of Directors	15,000
Audit Committee Chair	20,000
Other Committee Chair	10,000
Committee Members (other than the Chair)	5,000
Travel Fees	
Travel Fees (2)	2,500

(1) The complete details of the remuneration of the Executive Chairman of the Board of Directors are disclosed in [Section 5](#) of this Circular.

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

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

Each director is required to receive the entirety of his/her Board retainer in the form of Director Deferred Stock Units ("DDSUs") until the minimum shares and/or DDSUs holding requirement (as further explained below under "Minimum Shares and/or DDSUs Holding Requirement") is met (currently, a minimum value of \$400,000 Cdn), and directors must continue to receive at least 50% of their Board retainer in the form of DDSUs after the holding requirement is met. Although additional retainers and travel fees are not subject to such holding requirement, each Canadian or United States resident director may elect to receive 50% or more of said additional retainers and/or fees, as applicable, in the form of DDSUs. Directors who are not residents of Canada or the United States must receive their additional retainers and travel fees and, once the holding requirement is met, 50% of their Board retainer, in cash. Please see "Director Deferred Stock Unit Plan" below for further details on DDSUs.

ALLOCATION OF FEES EARNED DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2016

The following table shows the allocation of fees earned during the financial year ended December 31, 2016 by the directors of the Corporation entitled to receive them:

Director	Annual Fees				Travel Fees	Total	Allocation of Fees		
	Board Retainer ⁽¹⁾ (\$)	Lead Director (\$)	Committees (\$)	Total (\$)	Travel Fees ⁽²⁾ (\$)	Total Fees Earned (\$)	Total Fees Paid in Cash (\$)	Total Fees Credited in DDSUs (\$)	Number of DDSUs Credited ⁽³⁾
Laurent Beaudoin	150,000	—	—	150,000	—	150,000	—	150,000	116,651
Joanne Bissonnette	150,000	—	—	150,000	—	150,000	—	150,000	116,651
J. R. André Bombardier	150,000	—	—	150,000	—	150,000	—	150,000	116,651
Martha Finn Brooks⁽²⁾ (4) (5)	150,000	—	10,000	160,000	12,500	172,500	97,500	75,000	58,324
L. Denis Desautels⁽⁴⁾ (6)	75,000	—	7,500	82,500	—	82,500	45,000	37,500	31,308
Jean-Louis Fontaine	150,000	—	—	150,000	—	150,000	—	150,000	116,651
Sheila Fraser	150,000	—	20,000	170,000	—	170,000	—	170,000	132,204
August W. Henningsen⁽²⁾ (7)	112,500	—	5,000	117,500	5,000	122,500	10,000	112,500	79,784
Daniel Johnson⁽⁴⁾ (8)	150,000	—	10,000	160,000	—	160,000	85,000	75,000	58,324
Jean C. Monty⁽⁹⁾	150,000	15,000	17,500	182,500	—	182,500	—	182,500	141,782
Vikram Pandit⁽²⁾ (10)	150,000	—	10,000	160,000	10,000	170,000	20,000	150,000	116,651
Patrick Pichette⁽²⁾ (11)	150,000	—	15,000	165,000	12,500	177,500	—	177,500	137,663
Carlos E. Represas⁽²⁾	150,000	—	20,000	170,000	10,000	180,000	105,000	75,000	58,324
Beatrice Weder di Mauro⁽²⁾ (12)	112,500	—	2,500	115,000	7,500	122,500	10,000	112,500	79,784

(1) The full amount of the Board retainer was credited in DDSUs to every director, except for (i) Ms. Martha Finn Brooks; (ii) Mr. L. Denis Desautels; (iii) Mr. Daniel Johnson; and (iv) Mr. Carlos E. Represas; (in the case of Ms. Martha Finn Brooks, Messrs. Desautels and Johnson, see note 4 below).

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

(3) Included in these numbers are DDSUs that were credited on January 9, 2017 in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarter ended on December 31, 2016.

(4) This director elected to receive only 50% of his/her Board retainer in the form of DDSUs.

(5) Ms. Martha Finn Brooks was a member of the HRCC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the CGNC following the close of said previous annual meeting.

(6) Mr. L. Denis Desautels retired as director, Chair of the FRMC and a member of the Audit Committee at the close of the previous annual meeting of the Corporation held on April 29, 2016.

(7) Mr. August W. Henningsen was appointed as director at the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the HRCC and the FRMC following the close of said previous annual meeting.

(8) Mr. Daniel Johnson was a member of the FRMC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was a member of the Audit Committee until June 30, 2016, date on which he was appointed Chairman of the Board of C Series Aircraft Managing GP Inc., acting as the managing general partner of C Series Aircraft Limited Partnership, a subsidiary of the Corporation.

(9) Mr. Jean C. Monty was appointed as a member of the CGNC following the close of the previous annual meeting of the Corporation held on April 29, 2016.

(10) Mr. Vikram Pandit was a member of the CGNC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the Audit Committee following the close of said previous annual meeting.

(11) Mr. Patrick Pichette was a member of the Audit Committee and CGNC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as Chair of the FRMC following the close of said previous annual meeting.

(12) Ms. Weder di Mauro was appointed as a director at the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the Audit Committee following the close of said previous annual meeting.

SUMMARY COMPENSATION TABLE

The Summary Compensation Table below shows all of the annual compensation information for each of the directors for the financial year ended December 31, 2016, with the exception of the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and the President and Chief Executive Officer, Mr. Alain Bellemare, who did not receive any compensation for acting as a director of the Corporation.

The remuneration of the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and of the President and Chief Executive Officer, Mr. Alain Bellemare, is disclosed in [Section 5](#) of this Circular.

Name of Director	Total Fees Earned ⁽¹⁾ (\$)	Pension Value ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
Laurent Beaudoin	150,000	878,300	118,000	1,146,300
Joanne Bissonnette	150,000	—	—	150,000
J. R. André Bombardier	150,000	229,200	55,500	434,700
Martha Finn Brooks ⁽⁴⁾	172,500	—	—	172,500
L. Denis Desautels ⁽⁵⁾	82,500	—	—	82,500
Jean-Louis Fontaine	150,000	334,100	2,100	486,200
Sheila Fraser	170,000	—	—	170,000
August W. Henningsen ⁽⁶⁾	122,500	—	—	122,500
Daniel Johnson ⁽⁷⁾	160,000	—	37,700 ⁽¹²⁾	197,700
Jean C. Monty ⁽⁸⁾	182,500	—	—	182,500
Vikram Pandit ⁽⁹⁾	170,000	—	—	170,000
Patrick Pichette ⁽¹⁰⁾	177,500	—	—	177,500
Carlos E. Represas	180,000	—	56,600 ⁽¹³⁾	236,600
Beatrice Weder di Mauro ⁽¹¹⁾	122,500	—	—	122,500

(1) Please refer to the previous table “Allocation of Fees Earned during the Financial Year ended December 31, 2016” of this Circular.

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

(3) Only Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine are entitled to other compensation due to their former active service as executives of Bombardier. Please refer to the next table “All Other Compensation” of this Circular. With respect to other compensation paid to Messrs. Daniel Johnson and Carlos E. Represas, please see notes 12 and 13 respectively below.

(4) Ms. Martha Finn Brooks was a member of the HRCC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the CGNC following the close of said previous annual meeting.

(5) Mr. L. Denis Desautels retired as director, Chair of the FRMC and a member of the Audit Committee at the close of the previous annual meeting of the Corporation held on April 29, 2016.

(6) Mr. August W. Henningsen was appointed as director at the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the HRCC and the FRMC following the close of said previous annual meeting.

(7) Mr. Daniel Johnson was a member of the FRMC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was a member of the Audit Committee until June 30, 2016, date on which he was appointed Chairman of the Board of C Series Aircraft Managing GP Inc., acting as the managing general partner of C Series Aircraft Limited Partnership, a subsidiary of the Corporation.

(8) Mr. Jean C. Monty was appointed as a member of the CGNC following the close of the previous annual meeting of the Corporation held on April 29, 2016.

(9) Mr. Vikram Pandit was a member of the CGNC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the Audit Committee following the close of said previous annual meeting.

(10) Mr. Patrick Pichette was a member of the Audit Committee and CGNC until the close of the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as Chair of the FRMC following the close of said previous annual meeting.

(11) Ms. Weder di Mauro was appointed as a director at the previous annual meeting of the Corporation held on April 29, 2016 and was appointed as a member of the Audit Committee following the close of said previous annual meeting.

(12) Total fees amounting to \$50,000 Cdn (\$37,700, based on an average exchange rate of 0.7549 for the financial year ended December 31, 2016) were paid to Mr. Daniel Johnson for his services as Chairman of the Board of C Series Aircraft Managing GP Inc., acting as the managing general partner of C Series Aircraft Limited Partnership, a subsidiary of the Corporation.

(13) Total fees amounting to \$75,000 Cdn (\$56,600, based on an average exchange rate of 0.7549 for the financial year ended December 31, 2016) were paid to Mr. Carlos Represas' holding company for his services as Chairman of the Mexico Advisory Board of Bombardier and as Chairman Non Executive of Bombardier Latin America.

ALL OTHER COMPENSATION

The following table describes the elements of other compensation paid to Messrs. Laurent Beaudoin, J. R. André Bombardier and Jean-Louis Fontaine during the financial year ended December 31, 2016. They were entitled to these compensation elements as former executives of Bombardier. Details about pension benefits and perquisites are provided in [Section 5](#) of this Circular.

Director	Pension Benefits ⁽¹⁾ (\$)	Total of Other Compensation Excluding Pension Benefits ⁽¹⁾ (\$)
Laurent Beaudoin	878,300	118,000 ⁽²⁾
J. R. André Bombardier	229,200	55,500 ⁽³⁾
Jean-Louis Fontaine	334,100	2,100 ⁽⁴⁾

(1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of 0.7549 during the year ended December 31, 2016.

(2) Included in this amount is the sum of \$93,700, which represents the aggregate costs to Bombardier for administration of the office of the Chairman Emeritus of the Board of Directors: the calculation of said costs includes rent, executive assistant compensation and office supplies. This amount also includes the estimated costs to Bombardier for premium paid for group insurance.

(3) Included in this amount is (i) the sum of \$36,500, which represents the aggregate costs to Bombardier for administration of the office of Mr. J. R. André Bombardier: the calculation of said costs includes rent, executive assistant compensation and office supplies, and (ii) the sum of \$17,500, which represents the aggregate costs to Bombardier for the car allowance of Mr. J. R. André Bombardier: the calculation of said costs includes the actual car leasing costs and an estimated maintenance cost taking into consideration the personal use of his car. This amount also includes the estimated costs to Bombardier for premium paid for life insurance.

(4) Represents the estimated costs to Bombardier for premium paid for life insurance.

DIRECTOR DEFERRED STOCK UNIT PLAN

To encourage directors (other than directors who are also executive officers) to better align their interests with those of the shareholders by having an investment in the Corporation, the Director Deferred Stock Unit Plan (the “DDSU Plan”) provides that eligible directors are required to receive the entirety of their Board retainer in the form of DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained below) is met. Thereafter, directors must continue to receive at least 50% of their Board retainer in the form of DDSUs. In addition, each Canadian or United States resident director may elect to receive 50% or more of their other fees (i.e. additional retainers and/or travel fees, as applicable) in the form of DDSUs. Directors who are not residents of Canada or the United States must receive their additional retainers and travel fees and, once the holding requirement is met, 50% of their Board retainer, in cash.

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

MINIMUM SHARES AND/OR DDSUS HOLDING REQUIREMENT

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

Each director is required to hold shares and/or DDSUs having a minimum value of \$400,000 Cdn (equal to \$302,000 based on an exchange rate of 0.7549 as of December 31, 2016 and to \$313,500 based on an exchange rate of 0.7838 as of December 31, 2015) throughout his/her tenure as a director.

The DDSU Plan provides that until a director meets this minimum holding requirement (it being understood that future declines in the trading price of shares on the TSX will not impact directors’ prior compliance with the holding requirement), his/her Board retainer will be entirely credited to him/her in the form of DDSUs. Once the required threshold is met, a director must continue to receive at least 50% of his/her Board retainer in the form of DDSUs. Once the holding requirement is met, directors who are not residents of Canada or the United States must receive 50% of their Board retainer in cash. Please see “Director Deferred Stock Unit Plan”, the preceding section, for further details on DDSUs.

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

DIRECTOR SHARES AND/OR DDSUS HOLDING TABLE

The following table provides information on the number and value of the Class A shares and/or Class B subordinate voting shares of Bombardier and/or DDSUs (as hereinafter defined) beneficially owned, or controlled or directed, directly or indirectly, by the current directors of Bombardier, excluding Messrs. Pierre Beaudoin and Alain Bellemare who are Named Executive Officers, as hereinafter defined (in their case, please refer to the information disclosed in [Section 5](#) of this Circular).

Director	Financial Year Ended December 31 ⁽¹⁾	Number of Class A Shares	Number of Class B Subordinate Voting Shares	Total Value of Shares ⁽²⁾ (\$)	Number of DDSUs	Total Value of DDSUs ⁽²⁾ (\$)	Total Number of Shares and DDSUs	Total Value of Shares and DDSUs ⁽²⁾ (\$)	Share Ownership Threshold Met
Laurent Beaudoin	2016	13,302,944 ⁽³⁾	8,695,136 ⁽⁴⁾	36,984,500	226,539	363,600	22,224,619	37,348,100	yes
	2015	13,302,944 ⁽³⁾	8,695,136 ⁽⁴⁾	22,666,800	109,888	106,000	22,107,968	22,772,800	yes
	Net change	0	0	14,317,700	116,651	257,600	116,651	14,575,300	
Joanne Bissonnette	2016	—	5,824	9,300	302,897	486,100	308,721	495,400	yes
	2015	—	5,824	5,600	186,246	179,700	192,070	185,300	yes
	Net change	—	0	3,700	116,651	306,400	116,651	310,100	
J. R. André Bombardier	2016	65,401,042	7,335,910	124,994,900	501,978 ⁽⁵⁾	805,600	73,238,930	125,800,500	yes
	2015	65,401,042	7,335,910	77,261,400	385,327 ⁽⁵⁾	371,900	73,122,279	77,633,300	yes
	Net change	0	0	47,733,500	116,651	433,700	116,651	48,167,200	
Martha Finn Brooks	2016	—	30,000	48,100	415,014	666,000	445,014	714,100	yes
	2015	—	30,000	29,000	356,690	344,200	386,690	373,200	yes
	Net change	—	0	19,100	58,324	321,800	58,324	340,900	
Jean-Louis Fontaine	2016	4,097,472	6,465	7,103,900	500,290 ⁽⁶⁾	802,900	4,604,227	7,906,800	yes
	2015	4,097,472	6,465	4,403,200	383,639 ⁽⁶⁾	370,200	4,487,576	4,773,400	yes
	Net change	0	0	2,700,700	116,651	432,700	116,651	3,133,400	
Sheila Fraser	2016	—	—	—	374,046	600,300	374,046	600,300	yes
	2015	—	—	—	241,842	233,400	241,842	233,400	yes
	Net change	—	—	—	132,204	366,900	132,204	366,900	
August W. Henningsen	2016	—	—	—	79,784	128,000	79,784	128,000	no ⁽⁷⁾
	2015	—	—	—	—	—	—	—	
	Net change	—	—	—	—	—	—	—	
Daniel Johnson	2016	—	1,200	1,900	306,899	492,500	308,099	494,400	yes
	2015	—	1,200	1,200	248,575	239,900	249,775	241,100	yes
	Net change	—	0	700	58,324	252,600	58,324	253,300	
Jean C. Monty	2016	25,000	175,000	324,200	749,365	1,202,600	949,365	1,526,800	yes
	2015	25,000	175,000	195,700	607,583	586,400	807,583	782,100	yes
	Net change	0	0	128,500	141,782	616,200	141,782	744,700	
Vikram Pandit	2016	—	—	—	259,879	417,100	259,879	417,100	yes
	2015	—	—	—	143,228	138,200	143,228	138,200	no
	Net change	—	—	—	116,651	278,900	116,651	278,900	
Patrick Pichette	2016	—	6,000	9,600	326,578	524,100	332,578	533,700	yes
	2015	—	6,000	5,800	188,915	182,300	194,915	188,100	no
	Net change	—	0	3,800	137,663	341,800	137,663	345,600	
Carlos E. Represas	2016	—	—	—	358,318	575,100	358,318	575,100	yes
	2015	—	—	—	299,994	289,500	299,994	289,500	yes
	Net change	—	—	—	58,324	285,600	58,324	285,600	
Beatrice Weder di Mauro	2016	—	—	—	79,784	128,000	79,784	128,000	no ⁽⁷⁾
	2015	—	—	—	—	—	—	—	
	Net change	—	—	—	—	—	—	—	

(1) The number of the Class A shares, Class B subordinate voting shares or DDSUs (see note 3 below) beneficially owned, or controlled or directed, directly or indirectly, by each director for the financial years ended December 31, 2016 and December 31, 2015 is determined at December 31, 2016 and as at December 31, 2015, respectively, except for the DDSUs that were credited in payment of the applicable portion of the Board retainer and, if applicable, additional retainer and travel fees earned for the quarters ended on December 31, 2016 and December 31, 2015, respectively, the number of which was determined at January 9, 2017 and January 11, 2016, respectively.

(2) The total value for the financial year ended December 31, 2016 is calculated on the basis of the December 31, 2016 closing prices of the Class A share and the Class B subordinate voting share of \$2.33 Cdn and \$2.16 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.7430. The total value for the financial year ended December 31, 2015 is calculated on the basis of the December 31, 2015 closing prices of the Class A share and the Class B subordinate voting share of \$1.49 Cdn and \$1.34 Cdn, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.7202. This value also corresponds to the market or payout value of DDSUs not paid out or distributed.

- (3) Includes 500,000 Class A shares over which Mr. Laurent Beaudoin exercises control jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control.
- (4) Mr. Laurent Beaudoin exercises control over these shares jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control.
- (5) During the financial year ended January 31, 2011, Mr. J. R. André Bombardier became eligible to receive the various fees to which the directors are entitled; he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 89,197 DDSUs for his past service as a director from the date of his retirement as an executive of Bombardier on March 1, 2006 until January 31, 2010.
- (6) During the financial year ended January 31, 2011, Mr. Jean-Louis Fontaine became eligible to receive the various fees to which the directors are entitled; he elected to receive all of his fees in the form of DDSUs. In addition, he received a special grant of 88,664 DDSUs for his past service as a director from the date of his retirement as an executive of Bombardier on March 1, 2006 until January 31, 2010.
- (7) Mr. August W. Henningsen and Ms. Beatrice Weder di Mauro were elected as directors on April 29, 2016; therefore they have not yet reached the threshold.

Bombardier believes that strong corporate governance is linked to strong corporate performance resulting in sustained profitability and, therefore, enhances shareholder value.

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

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

GOVERNANCE PRACTICES

ETHICAL BUSINESS CONDUCT

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

CONFLICT OF INTEREST

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

HIRING OF OUTSIDE ADVISORS

With the prior authorization of the CGNC, each director may, when needed, retain the services of outside advisors at the expense of Bombardier. The Audit Committee, the FRMC and the HRCC each have the authority to do so. Between January 1, 2016 and December 31, 2016, no outside advisor was retained by a director.

Ernst & Young are currently the independent auditors of Bombardier and work closely with the Audit Committee. As to the various services on executive compensation matters provided to Bombardier by outside advisors during the 2016 financial year, please refer to the information contained hereafter in Section 4 of this Circular under “[Compensation Advisors](#)”.

ABOUT THE BOARD OF DIRECTORS OF BOMBARDIER

COMPOSITION

- As of the date of this Circular, the Board of Directors is composed of 15 directors. Detailed information on each of the 13 nominees proposed to be re-elected as directors and on the 2 nominees proposed to be elected as new directors of the Corporation for the current year and their respective attendance records at Board of Directors and committee meetings is found in [Section 2](#) of this Circular. Because Messrs. Daniel Johnson and Jean C. Monty will act as directors up to the Meeting, information concerning them appears in the sections of this Circular that pertain to the directors even though they will retire at the close of the Meeting and will not seek re-election as a director.
- The Executive Chairman of the Board of Directors is Mr. Pierre Beaudoin.

DIRECTOR INDEPENDENCE

- The CGNC has determined that 9 of the 15 current directors, and 9 of the 15 nominees proposed for election as directors of the Corporation are independent, thus representing more than a majority of the directors, based on the following analysis:

Director	Management	Independent	Not Independent
Laurent Beaudoin	Chairman Emeritus of the Board of Directors		<ol style="list-style-type: none">Husband of Ms. Claire Bombardier Beaudoin who, through holding corporations which she controls, holds (with Mr. J. R. André Bombardier, Ms. Janine Bombardier and Ms. Huguette Bombardier Fontaine) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.Father of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors.Brother-in-law of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors, Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors, and Ms. Janine Bombardier who, through holding corporations which she controls, holds (with Ms. Claire Bombardier Beaudoin, Ms. Huguette Bombardier Fontaine and Mr. J. R. André Bombardier) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.
Pierre Beaudoin	Executive Chairman of the Board of Directors		<ol style="list-style-type: none">Son of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors, and Ms. Claire Bombardier Beaudoin.Nephew of Ms. Janine Bombardier, of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors.
Alain Bellemare	President and Chief Executive Officer		Executive Officer of Bombardier
Joanne Bissonnette			<ol style="list-style-type: none">Daughter of Ms. Janine Bombardier.Niece of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors, of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors, and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors.Cousin of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors.

Director	Management	Independent	Not Independent
J. R. André Bombardier	Vice Chairman of the Board of Directors		(1) Brother-in-law of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors and of Mr. Jean-Louis Fontaine, Vice Chairman of the Board of Directors. (2) Brother of Ms. Janine Bombardier. (3) Uncle of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors. (4) Through holding corporations which he controls, Mr. J. R. André Bombardier holds (with Ms. Claire Bombardier Beaudoin, Ms. Janine Bombardier and Ms. Huguette Bombardier Fontaine) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.
Martha Finn Brooks		✓	
Jean-Louis Fontaine	Vice Chairman of the Board of Directors		(1) Brother-in-law of Mr. Laurent Beaudoin, director and Chairman Emeritus of the Board of Directors, of Mr. J. R. André Bombardier, Vice Chairman of the Board of Directors and of Ms. Janine Bombardier. (2) Uncle of Mr. Pierre Beaudoin, Executive Chairman of the Board of Directors. (3) Husband of Ms. Huguette Bombardier Fontaine who, through holding corporations which she controls, holds (with Mr. J. R. André Bombardier, Ms. Claire Bombardier Beaudoin and Ms. Janine Bombardier) a sufficient number of the voting rights attached to all issued and outstanding voting shares of Bombardier to affect materially the control of Bombardier.
Sheila Fraser		✓	
August W. Henningsen		✓	
Daniel Johnson		✓	
Pierre Marcouiller		✓	
Jean C. Monty		✓	
Vikram Pandit		✓	
Patrick Pichette		✓	
Carlos E. Repesas		✓	
Antony N. Tyler		✓	
Beatrice Weder di Mauro		✓	

The directorships of all director nominees are described in their respective biographies in [Section 2](#) of this Circular.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at [Exhibit "A"](#) to this Circular and also on the website of Bombardier at www.bombardier.com.
- **Stewardship of Bombardier** In accordance with the CBCA and as stated in its mandate, the role of the Board of Directors is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

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

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

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

- **Strategic planning** Every year, the President and Chief Executive Officer together with the President of each business segment, namely Transportation, Business Aircraft, Commercial Aircraft and Aerostructures and Engineering Services, and senior executive officers from the Corporate Office present, during special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of its Board of Directors. As provided for under its mandate, the duties of the Board of Directors include adopting a strategic plan presented by management and updating it, on at least an annual basis, by taking into account, among other things, the opportunities and risks of the business of Bombardier and the emerging trends. The Board of Directors' duties also include monitoring the implementation of the strategic plan by management.

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

- **Leadership Development and Management Succession Planning** One of Bombardier's competitive foundations is to have great talent globally. To achieve its strategic objectives, Bombardier's integrated performance management process (PMP) ensures that employees and management goals, competencies and behaviors are aligned with business strategies while optimizing their learning and development opportunities to become world-class leaders and experts in their field.

Moreover, in 2016, the succession management process was carried out within each business segment, through escalating talent review sessions. These sessions culminated in a detailed and integrated assessment of the leadership status by senior management. At the same time, the Board of Directors, through the HRCC, ensures that Bombardier has a comprehensive succession plan for senior executive leaders and pertinent strategies to ensure the organization strengthens its leadership capabilities and overall talent pipeline.

In 2017, the succession management process will be reinforced to further support Bombardier's business strategies, strengthen its talent plans and accelerate its successors' development.

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

More information on the FRMC is provided below in this Section.

- **Human Resources** In accordance with its charter, the HRCC assists the Board of Directors in its oversight responsibilities with respect to succession planning for the position of President and Chief Executive Officer of Bombardier and executives reporting to him, including all NEOs ([as hereinafter defined](#)), with respect to their appointment, and with respect to the performance assessment of the President and Chief Executive Officer.

More information on the HRCC is provided below in this Section.

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

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

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

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

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

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

More information on the Audit Committee is provided below in this Section.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of Bombardier has four committees.

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

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

Ms. Sheila Fraser is the Chair and Ms. Beatrice Weder di Mauro and Messrs. Jean C. Monty and Vikram Pandit are the other members. Please refer to [Section 2](#) of this Circular for the number of meetings held by the Audit Committee between January 1, 2016 and December 31, 2016 and the attendance records of its members.

Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com and as Schedule 1 to the [Annual Information Form](#) of the Corporation for the financial year ended December 31, 2016, which has been filed with securities regulators at www.sedar.com), the objectives of the Audit Committee are (i) to help the directors meet their responsibilities with respect to accountability; (ii) to assist in maintaining good communication between the directors and the independent auditors of Bombardier, Ernst & Young; (iii) to assist in maintaining the independence of Ernst & Young; (iv) to maintain the credibility and objectivity of the financial reports of Bombardier; and (v) to investigate and assess any issue that raises significant concerns with the Audit Committee.

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

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

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

Mr. Jean C. Monty is the Chair of the HRCC and Messrs. August W. Henningsen, Patrick Pichette and Carlos E. Represas are the other members. Please refer to [Section 2](#) of this Circular for the number of meetings held by the HRCC between January 1, 2016 and December 31, 2016 and the attendance records of its members.

None of the HRCC members during the financial year ended December 31, 2016 was an active chief executive officer with a publicly-traded entity. The current members each have experience in executive compensation as either (i) a former chief executive officer of a publicly-traded corporation; (ii) a senior executive officer who had executive responsibility for very sizeable businesses; or (iii) a member of a compensation committee of a publicly-traded corporation. Furthermore, all members of the HRCC have experience in human resources having actively supervised human resources departments and assessed performance with respect to human resources and executive compensation policies and practices. The Board of Directors believes that the members of the HRCC collectively have the knowledge, experience and background required to fulfill their mandate.

Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), the HRCC reviews, reports and, where appropriate, submits recommendations to the Board of Directors regarding the succession planning for the position of President and Chief Executive Officer of Bombardier and executives reporting to him, including NEOs. In addition, it ensures that the President and Chief Executive Officer has put in place and is monitoring succession planning systems and policies for senior executive positions. The internal process with respect to leadership development and management succession planning is described hereinabove in this Section.

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

The HRCC reviews (i) occupational health and safety matters on a quarterly basis; and (ii) a 12-month consolidated Ethics and Compliance activity report on human resources issues and ensures that monitoring is in place regarding social issues such as employment equity, harassment and discrimination.

The HRCC reviews, assesses and approves a total executive compensation policy that takes into account, among other things, (i) base salary; (ii) short-term incentives; (iii) long-term incentives; and (iv) pension, benefits and perquisites, as well as the risks associated therewith. It reviews the design of equity-based compensation incentive plans and makes appropriate recommendations to the Board of Directors for its approval.

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

The HRCC is also responsible for compensation governance and in that respect, it (i) ensures, via the human resources key performance indicators, that appropriate human resource policies, procedures, practices and systems are in place to attract, motivate and retain the qualified personnel required to meet Bombardier's business objective; (ii) reviews all aspects of the executive stock ownership guidelines, including compliance therewith; (iii) reviews the compensation disclosure analysis in Bombardier's management information circulars; (iv) monitors compensation trends and emerging issues; and (v) selects and manages the HRCC's independent compensation consultants, qualifications and fees.

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

COMPENSATION ADVISORS

The HRCC retained Meridian Compensation Partner ("Meridian") to act as its independent advisor. The executive compensation consulting services provided by Meridian during the financial year ended December 31, 2016 include attendance and presentations at HRCC meetings, conducting a benchmarking review of executive compensation, reviewing and providing advice on compensation related decisions and reporting on compensation trends and practices. The HRCC did not direct Meridian to perform its services in any particular manner. Ultimately, the decisions are taken by the HRCC and may reflect factors and considerations other than information and recommendations provided by Meridian.

During the financial year ended December 31, 2016, Meridian did not provide any other services to Bombardier or to any of its directors or members of management and the HRCC is satisfied with the independence of Meridian.

Furthermore, Willis Towers Watson conducted a benchmarking review on long-term incentives relative to the Canadian market.

The table below summarizes the fees paid to the compensation advisors for services provided during each of the financial years ended on December 31, 2016 and December 31, 2015.

Mandates and Fees	Financial Year Ended December 31, 2016 (\$)	Financial Year Ended December 31, 2015 (\$)	Financial Year Ended December 31, 2016 (\$)	Financial Year Ended December 31, 2015 (\$)	Financial Year Ended December 31, 2016 (\$)	Financial Year Ended December 31, 2015 (\$)
	Meridian		Willis Towers Watson		Aon Hewitt	
Executive Compensation Related Fees	84,000 ⁽¹⁾	77,000 ⁽¹⁾	63,800	125,000	36,800	44,150
All Other Fees (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	0	0	2,778,600	2,316,400	0	0
Total Fees	84,000⁽¹⁾	77,000⁽¹⁾	2,842,400	2,441,400	36,800	44,150

(1) Fees were converted from Canadian dollars to US dollars based on an average exchange rate of 0.7549 during the year ended December 31, 2016 and on an average exchange rate of 0.7838 during the year ended December 31, 2015.

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

Mr. Carlos E. Represas is the Chair of the CGNC and Ms. Martha Finn Brooks and Messrs. Daniel Johnson and Jean C. Monty are the other members. Please refer to [Section 2](#) of this Circular for the number of meetings held by the CGNC between January 1, 2016 and December 31, 2016 and the attendance records of its members.

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

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

The Executive Chairman of the Board of Directors and the President and Chief Executive Officer attend the meetings of the CGNC. They do not have the right to vote on any matter before the CGNC.

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

Mr. Patrick Pichette is the Chair of the FRMC and Ms. Martha Finn Brooks and Messrs. August W. Henningsen, Vikram Pandit and Carlos E. Represas are the other members. Please refer to [Section 2](#) of this Circular for the number of meetings held by the FRMC between January 1, 2016 and December 31, 2016 and the attendance records of its members.

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

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

The Executive Chairman of the Board of Directors, the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer attend the meetings of the FRMC. They do not have the right to vote on any matter before the FRMC.

LEADERSHIP STRUCTURE

The Corporation determines the most suitable leadership structure from time to time. At present, the Board of Directors has chosen to separate the roles of President and Chief Executive Officer and Executive Chairman of the Board of Directors. Maintaining separate positions for the Executive Chairman of the Board of Directors and the President and Chief Executive Officer allows the Board of Directors to be more efficient in overseeing the Corporation's business and holding management accountable for the Corporation's activities.

Mr. Alain Bellemare is the Corporation's President and Chief Executive Officer, and Mr. Pierre Beaudoin is Executive Chairman of the Board of Directors. Bombardier believes this leadership structure is optimal for the Corporation at this time because it allows Mr. Bellemare to focus on the execution of the Corporation's strategic business plan and on leading the Corporation to deliver product excellence, while allowing Mr. Beaudoin to focus on leadership of the Board of Directors in its pursuit to provide the Corporation with direction on corporate-wide issues such as sustainability, mobility and stakeholder relationships.

Furthermore, the Board of Directors has appointed an independent Lead Director, considering that the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, is not an independent director. The Lead Director, Mr. Jean C. Monty, chairs the meetings of the independent directors of Bombardier as further explained below. At its meeting to be held right after the close of the Meeting at which Mr. Jean C. Monty will retire as director, the Board of Directors will appoint a new independent Lead Director from its members.

MEETINGS OF THE INDEPENDENT DIRECTORS

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

After each meeting of the Board of Directors, the directors who are not part of corporate management and/or the majority shareholder, namely the Bombardier family, consider whether to meet privately under the chairmanship of

Mr. Jean C. Monty, in his capacity of Lead Director. They have, however, no decision-making power. The Lead Director transmits to the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin, and/or the President and Chief Executive Officer, Mr. Alain Bellemare, as the case may be, any comments, questions or suggestions raised during such meetings.

Between January 1, 2016 and December 31, 2016, the independent directors held a private meeting after three of the four regular meetings of the Board of Directors.

MANDATES OF THE EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHAIR OF EACH COMMITTEE AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The Board of Directors adopted formal mandates which set out specific responsibilities for each of the Executive Chairman of the Board of Directors, the Chair of each committee and the President and Chief Executive Officer, as follows:

Mandate of the Executive Chairman of the Board of Directors

Mr. Pierre Beaudoin has served in a variety of key roles at Bombardier (including President and Chief Executive Officer between 2008 and 2015), and understands the Corporation and its various stakeholders. His long-term perspective and lifelong commitment to the Corporation adds significant value to the Corporation's stakeholder relationships. Mr. Beaudoin is an advocate for sustainability at the Corporation and a leader in advancing mobility and connectivity in the transportation industry, which adds significant value to Board of Directors deliberations.

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

- managing the Board of Directors and setting the agenda in consultation with the President and Chief Executive Officer, Mr. Alain Bellemare;
- providing leadership to enhance Board of Directors effectiveness and ensuring that the Board of Directors works as a cohesive team;
- providing oversight, together with the President and Chief Executive Officer, on strategic orientation of the Corporation;
- representing Bombardier in certain customer relations and conferences; and
- working with the CGNC to ensure Board of Directors quality and continuity by:
 - reviewing the performance of the Board of Directors, its committees and individual directors;
 - making sure the skills and competencies of individual directors are incremental to the Board of Directors as a whole; and
 - ensuring that the Board of Directors develops clear position descriptions for the Executive Chairman and the chair of each Board of Directors' committee.

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

Mandate of the President and Chief Executive Officer

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

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

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

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

RECRUITMENT AND ELECTION OF DIRECTORS

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

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

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

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

MAJORITY VOTING POLICY WITH RESPECT TO THE ELECTION OF DIRECTORS

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

DIVERSITY POLICY

In satisfying the Corporation's commitment to selecting the best persons to propose to shareholders as candidates for the Corporation's Board of Directors and to designate as members of management of the Corporation, the Board of Directors believes that diversity is important to ensure that the profiles of directors and members of management provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

Accordingly, Bombardier has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board of Directors and in management positions. This includes requirements for the Board of Directors to establish measurable objectives for achieving diversity on the Board of Directors and in management positions, and for the appropriate Board of Directors committees to monitor the implementation of the policy, assess the effectiveness of the Board of Directors nomination process and the appointment process for management positions at achieving the objectives of the policy and to measure the Corporation's annual and cumulative progress made in achieving the objectives.

The CGNC and HRCC are responsible for monitoring the implementation and effectiveness of the diversity policy. As such, these committees assess on a periodic basis, (i) the mix of diversity, talents, quality and skills on the Board of Directors and in management positions; and (ii) progress made on diversity, including with regard to the achievement of measurable objectives and targets set pursuant to the diversity policy. The CGNC and HRCC then report their findings to the Board of Directors in order to assess what actions may be required for the coming year. For the financial year ended December 31, 2016, the situation remained stable with regard to diversity in the percentage represented by women in management positions. Women comprise 26.7% of all directors, representing an increase of 5.3% when compared to the composition of the Board of Directors prior to the previous annual meeting of the Corporation held on April 29, 2016.

Pursuant to its diversity policy, Bombardier aspires towards (i) a Board of Directors composition in which women comprise at least 30% of all directors by January 1, 2018, and (ii) having at least 25% of management positions held by women by January 1, 2018, as relevant positions become vacant and appropriately-skilled candidates are available, as set out in the following table:

Category	Objective Percentage	Financial Year Ended December 31, 2016		Financial Year Ended December 31, 2015	
		Number	Percentage	Number	Percentage
Number of women in management positions	25%	742/3937	18.8%	776/4165	18.6%
Number of women on the Board of Directors	30%	4/15	26.7%	3/14	21.4%

In consultation with the Executive Chairman of the Board of Directors, the CGNC, composed entirely of independent directors, develops, reviews and monitors appropriate selection criteria for Board of Directors membership that strive to attain a diversity of competencies, genders, personal qualities, geographical representation, business background, cultural background, experience, overall expertise and financial competency, taking into account Bombardier's circumstances and needs.

In the process of searching for qualified Board of Directors candidates, the CGNC strives for the inclusion of diverse groups, knowledge, and viewpoints. In connection with its efforts to create and maintain a diverse Board of Directors, in identifying and nominating candidates for election or re-election to the Board of Directors, the CGNC:

- will seek to include diverse candidates in any director search. This process will take into account that qualified candidates may be found in a broad array of organizations, including privately held businesses, trade associations, in addition to the traditional candidate pool of corporate directors and officers, and from a variety of cultural and geographic backgrounds;
- periodically reviews Board of Directors recruitment and selection protocols to ensure that diversity remains a component of any director search; and
- in order to support the specific objective of gender diversity, considers the level of representation of women on the Board of Directors.

As a result of the most recent assessment of the performance of the Board of Directors by its members, the CGNC and the Board of Directors are of the view that its size and composition as well as the mix of talents, quality and skills, assuming the election of the two new candidates proposed to be elected as directors at the Meeting, are well suited to Bombardier's current circumstances and needs and allow for its efficient functioning as a decision-making body and promote sound governance.

The HRCC, composed entirely of independent directors, has the mandate to oversee the succession planning for the President and Chief Executive Officer and a number of selected senior executive positions, with the appointment and promotion of other members of management being delegated to management. In compliance with the Corporation's diversity policy, in fulfilling its role, the HRCC and, where applicable, management:

- considers candidates that are qualified based on their experience, education, expertise, personal qualities and general and sector-specific knowledge;
- makes decisions on appointments and promotions on the basis of performance, skill and merit;
- reviews potential candidates from a variety of cultural and geographic backgrounds and perspectives, with the Corporation's diversity objectives in mind including, without limiting the generality of the foregoing, the specific objective of gender diversity; and
- considers the level of representation of women in executive officer positions when making executive officer appointments.

Pursuant to its mandate, the HRCC also ensures that appropriate hiring policies, competency profiles, training policies and compensation structures, including retirement benefits, are in place so that Bombardier can attract, motivate and retain the qualified personnel required to meet its business objectives. All internal and external training opportunities are based on merit and in light of the Corporation's and individual needs. In addition, pursuant to its mandate, the HRCC ensures that monitoring is in place regarding social issues such as employment equity, harassment and discrimination, and reviews a 12-month consolidated Ethics and Compliance activity report on human resources issues.

The Corporation's commitment to diversity is further reflected in the [Code of Ethics](#) pursuant to which Bombardier shall offer equal employment opportunities without regard to any distinctions based on age, gender, sexual orientation, disability, race, religion, citizenship, marital status, family situation, country of origin or other factors, in accordance with the laws and regulations of each country where it does business.

RETIREMENT AGE POLICY / TERM LIMITS FOR DIRECTORS

The Board of Directors does not limit the time a director can serve. While term limits can help ensure the Board of Directors gains a fresh perspective, imposing such a restriction would deprive the Board of Directors from the contributions of longer serving directors who have developed a deeper knowledge and understanding of Bombardier over time. The Board of Directors does not believe that long tenure impairs a director's ability to act independently of management.

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

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

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

The CGNC also reviews periodically director share ownership guidelines.

The compensation received by the directors between January 1, 2016 and December 31, 2016 is disclosed in [Section 3](#) of this Circular.

As explained in this Section of the Circular, the HRCC is responsible for reviewing, assessing and approving a total executive compensation policy and reviewing the design of equity-based plans. The compensation received by the NEOs between January 1, 2016 and December 31, 2016 is disclosed in [Section 5](#) of this Circular.

ASSESSMENT OF THE DIRECTORS

Each year, the members of the CGNC conduct an evaluation of the performance and effectiveness of the Board of Directors and its Committees. Every first and second year, the Senior Vice President, General Counsel and Corporate Secretary interviews each director in order to obtain his/her comments or recommendations about the performance of (a) the Board of Directors or (b) as the case may be, each committee on which he/she sits. In addition, every third year, each director is asked to complete a detailed questionnaire submitted by the Senior Vice President, General Counsel and Corporate Secretary to assess the performance of (a) the Board of Directors and (b) as the case may be, each committee on which he/she sits. A summary of the results of each evaluation is submitted to the review of the CGNC and the Executive Chairman of the Board of Directors, Mr. Pierre Beaudoin.

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

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

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

ORIENTATION AND CONTINUING PROGRAMS

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

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

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

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

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

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

TO OUR SHAREHOLDERS,

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

Strong Results

High
quality results

De-risked
the business

Strong program
execution

Transformation
in full motion

In 2016, Bombardier and its leadership team delivered high quality results. The Corporation achieved earnings at the high end of its guidance, exceeded its target margins and launched two restructurings leading to significant cost savings. In addition, year-over-year cash performance improved by over \$775 million.

As part of its strategic roadmap, Bombardier successfully de-risked the business. By closing transactions with the CDPQ and the Government of Québec, Bombardier secured liquidity to execute its turnaround plan. Significant financial risks associated with certain large projects at Transportation are being phased out and large aerospace programs experienced steady progress.

Bombardier is working towards value creation through solid execution. The C Series certification and entry-into-service with strong performance and reliability were remarkable accomplishments. As a result, the Corporation greatly improved its order backlog for this aircraft, signing contracts with Air Canada and Delta. Moreover, the Global 7000 business jet achieved its first flight and is on track to enter into service in the second half of 2018.

The transformation is in full motion, creating a sustainable performance culture, driving better financial results and positioning Bombardier to continue on this path in 2017.

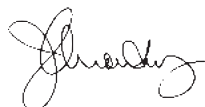
Main Compensation Decisions in 2016

Bombardier strives to link its incentive plans to the creation of long-term value for its shareholders.

In order to highlight this performance culture, the HRCC approved the incorporation of individual performance under the short-term incentive plans, based on a variety of criteria including achieving individual goals, core competencies and behaviors through a multiplier approach.

In 2016, executive officers received 50% of their long-term incentive grants in the form of stock options which will only have value to the extent that Bombardier’s share price increases. The other 50% was delivered under the Performance Share Unit (“PSU”) Plan, designed to influence the executives’ decisions towards the Corporation’s long-term growth and to associate a meaningful stake with this strategic initiative if key performance indicator targets are achieved. Building on this approach, 37% to 64% of the Named Executives Officers’ or NEOs’ (as hereinafter defined) targeted total compensation consists of long-term incentives, and 67% to 85% of their said compensation is at risk.

The HRCC believes that Bombardier’s current executive compensation policies, plans, and total compensation levels are aligned with Bombardier’s goals of increasing long-term shareholder value and continuing to make solid progress in its turnaround plan. We have set a strong foundation, and have confidence in our ability to achieve our growth targets.



Jean C. Monty
Chair
Human Resources and Compensation Committee

A. COMPENSATION DISCUSSION AND ANALYSIS

This section describes the approach to compensation for the NEOs (defined hereinafter in Sub-section A.1.1) at Bombardier. It focuses on Bombardier's compensation policy, the tools used to set compensation, the means by which Bombardier delivers compensation under its various plans and other features that assist in aligning executives with shareholders' interests.

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

A.1.1 Compensation Objectives

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

Each element of compensation (base salary, short-term incentives, long-term incentives, pension, benefits and perquisites) are separately considered in the benchmarking to be consistent with general market practices. In addition to external competitiveness, internal factors such as the scope of the role, experience and performance of the incumbent within that role, and internal equity among executives are considered in setting compensation.

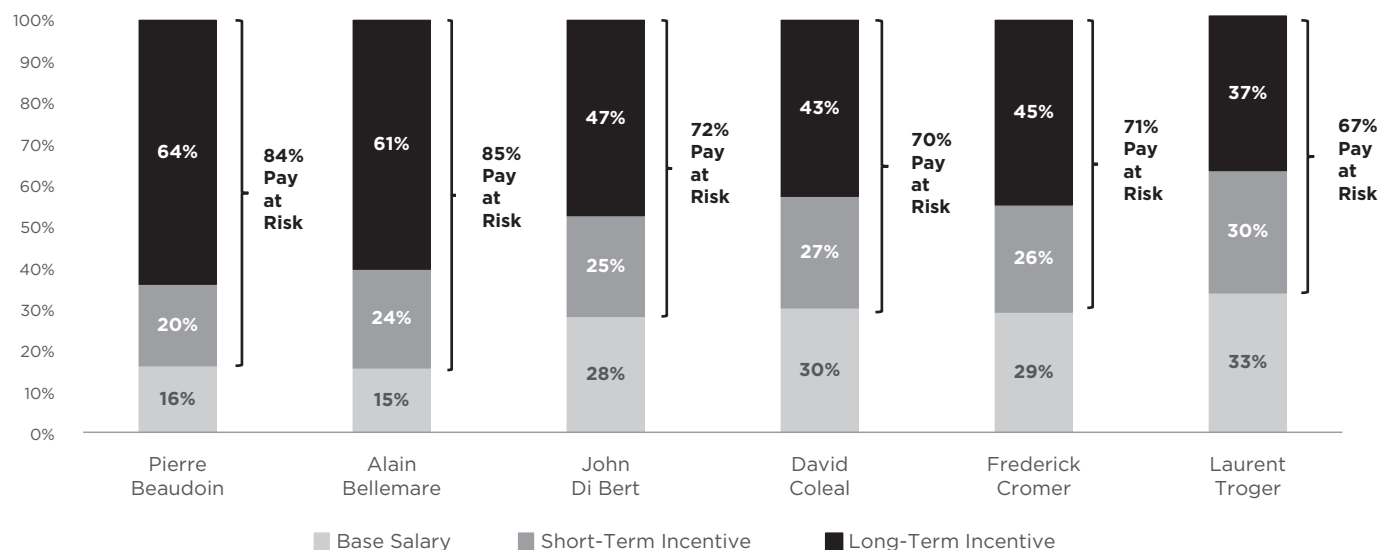
The table below shows the key elements of compensation, their respective form and performance period:

	Base Salary	Short-Term Incentives	Long-Term Incentives		
			RSUs ⁽¹⁾	PSUs / DSUs	Stock Options
Term	One year	One year	Three years	Three years	Seven years
Purpose	Compensation based on responsibilities, performance, skills and potential	Rewards individual performance, core competencies and behaviors based on achievement and surpassing of key financial performance indicators	Rewards creation of longer term shareholder value and promotes retention	Rewards creation of longer term shareholder value and achieving specific performance objectives	Links the interests of executives to those of shareholders by rewarding executives for creating shareholder value
Performance Criteria	-	Assessment of individual performance, core competencies and behaviors based on achievement of financial key performance indicators	-	For August 2016 grants: combination of cumulative EBIT (as defined herein) for 2016-2018, EBIT in 2018, cumulative FCF (as defined herein) for 2016-2018 or cash at 2018 financial year-end and FCF in 2018	Have value only if the price of the Class B subordinate voting share is above exercise price
Vesting	-	-	Vesting after three years	Vesting after three years if performance conditions are met	Vesting after three years

⁽¹⁾ RSUs were granted only during a 12-month period, from the August 2015 grant, to promote executive retention while motivating executives to increase shareholder value, particularly in light of the Corporation's then recently launched transformation plan.

The following graph illustrates the percentage of each component of the 2016 target total direct compensation package, for (i) the President and Chief Executive Officer, Mr. Alain Bellemare; (ii) the Senior Vice President and Chief Financial Officer, Mr. John Di Bert; (iii) the four other most highly compensated executive officers of Bombardier, namely the Executive Chairman of the Board of Directors (the “Executive Chairman of the Board of Directors”), Mr. Pierre Beaudoin, the President, Business Aircraft, Mr. David Coleal, the President, Commercial Aircraft, Mr. Frederick (Fred) Cromer and the President, Transportation, Mr. Laurent Troger (all of whom are collectively referred to as the “Named Executive Officers” of Bombardier or “NEOs” (or individually “NEO”) in this Circular). The target weightings of each element show the significant emphasis on at-risk compensation of each executive officer which ensures his/her alignment with shareholders’ interests. The relative weighting of each element of direct compensation is aligned with each executive officer’s ability to influence the short-term and long-term performance of Bombardier.

Target Weighting of Compensation Elements Based on Compensation Policy



A.1.2 Benchmarking of Compensation for Senior Executive Positions

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

The comparator group used for Bombardier senior executive North American positions and for most of its senior executive European positions is provided in the following tables. The compensation data for these companies comes from information contained in Aon Hewitt’s Total Compensation Measurement database and also from available public disclosure documents. The companies selected have executive positions with responsibilities similar to those at Bombardier in terms of scope, global activities and manufacturing context.

Comparator Group for Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, David Coleal and Frederick Cromer

3M Company The Boeing Company Caterpillar Inc. Cummins Inc. Deere & Company Eaton Corporation Emerson Electric Co.	Ford Motor Company General Dynamics Corporation General Electric Company Honeywell International Inc. Illinois Tool Works Inc. ITT Corporation	Johnson Controls, Inc. L-3 Communications Corporation Lockheed Martin Corporation Northrop Grumman Corporation Paccar Inc. Parker Hannifin Corporation	Raytheon Company Rockwell Automation Inc. Rockwell Collins Inc. Textron Inc. The Timken Company United Technologies Corporation
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Comparator Group for Mr. Laurent Troger

Airbus Alcatel-Lucent Alcoa BASF Bilfinger Berger BMW BorgWarner Continental Daimler Deere & Company	Demag-Cranes Deutsche Telekom Deutz Eaton Corp Elring-Klinger Grammer Heidelberger Druckmaschinen Henkel KGaA Infineon	Kion Group Kuka Leoni Linde AG Man SE Merck Parker Hannifin Opel Rheinmetall	Robert Bosch Salzgitter Schaeffler Schneider Electric Siemens Terex ThyssenKrupp Tognum Volkswagen
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A.1.3 Base Salary

Each NEO's base salary is targeted at the market median based on benchmarking results for positions of similar responsibility in the same geographic region. Salaries may be adjusted to reflect the NEO's responsibilities, experience, skills, and overall potential in order to reflect his actual contribution. Salary increases are based on a review of individual performance, including key leadership competencies, quality of management, and business segment results.

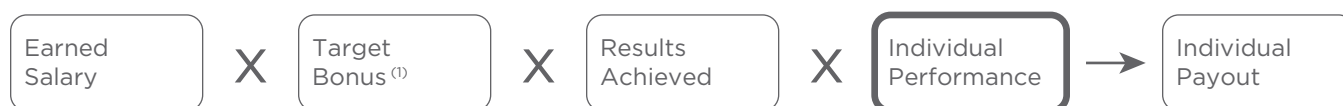
A.1.4 Short-Term Incentive Plans

Eligible management employees of Bombardier participate in short-term incentive plans designed for each business segment, as well as for the Corporate Office. The objective of these plans is to motivate said employees to achieve, and even surpass, the key performance indicators approved by the Board of Directors at the beginning of each financial year and provide outstanding individual performance and contribution.

In 2016, the design of the plans of each business segment was amended in light of Bombardier's priorities of driving performance, improving cash generation and reducing costs, to emphasize team work across business segments and to reward strong performance at each business segment level.

Each plan specifies a target annual bonus as a percentage of each eligible employee's base salary, which varies based on the level of the position held. For each business segment, each eligible employee's target annual bonus is multiplied by a percentage representing the level of achievement (on a scale of between 50% and 200%) of pre-determined key financial performance indicators at the end of the financial year. The sum of all these amounts represents the applicable business segment's aggregate annual bonus pool.

To highlight the importance of the performance culture, individual annual bonus payouts are allocated, within the aggregate bonus pool, based on an assessment of individual performance, core competencies and behaviors, taking into account the results achieved as well as the manner of achievement and risks assumed.



(1) 125% for the Executive Chairman of the Board of Directors, 160% for the President and Chief Executive Officer and 90% for the other NEOs.

For the Executive Chairman of the Board of Directors, the CGNC will make a recommendation of the individual bonus payout for Board of Directors approval. For the President and Chief Executive Officer, the HRCC will make a recommendation of the individual bonus payout for Board of Directors approval. For the President and Chief Executive Officer's direct reports, the President and Chief Executive Officer will make recommendations of the individual bonus payouts for HRCC approval.

Except for the Executive Chairman and the President and Chief Executive Officer, the HRCC approved the key performance indicators listed in the table below and their respective quantitative targets for the short-term incentive plans for the financial year ended December 31, 2016. Also included in the table is the rationale for the key performance indicators, and the relative proportion for each business segment.

Key Performance Indicator	Rationale	Measure Frequency	Corporate Office	Business Segments of Aerospace	Transportation
50% EBIT ⁽¹⁾	Industry wide measure of in-year operational profitability. Commonly used as a valuation measure for companies in the industry.	Financial year-end	100% Bombardier Inc.	50% applicable business segment and 50% Consolidated Aerospace ⁽³⁾	100% Transportation
50% FCF ⁽²⁾	Measures the cash generated by the business after paying short-term operating costs and making long-term investments. Commonly used as a valuation measure for companies in the industry.	Financial year-end	100% Bombardier Inc.	50% applicable business segment and 50% Consolidated Aerospace	100% Transportation

(1) Earnings before financing expense, financing income and income taxes, before special items, intercompany management, guarantee and stewardship fees and corporate expenses allocation.

(2) Free cash flow, before interest and taxes, intercompany management, guarantee and stewardship fees. For business segments of Aerospace, excluding the accounts receivable, payable intercompany transfers and corporate free cash flow allocation.

(3) Consolidated Aerospace means Business Aircraft, Commercial Aircraft and Aerostructures and Engineering Services after elimination of intercompany transactions.

For the Executive Chairman, the Board of Directors approved a short-term incentive plan consisting entirely of specific individual objectives, and for the President and Chief Executive Officer, the Board of Directors approved a short-term incentive plan based 75% on the above key performance indicators and 25% on specific individual objectives.

The financial performance indicator targets are set at a challenging and ambitious level and are attainable with significant management effort provided that the operating plans are substantially complied with and achieved by management. They are approved by the Board of Directors and during the year, a periodic review of the activities of each business segment is made by management in order to monitor their financial and operational performance.

If a financial performance indicator is not met at a level of at least 50%, the total realized weight in respect of that performance indicator is zero, and if a financial performance indicator is met at target (100%), the total realized weight in respect of that performance indicator will be 100%. Between the minimum and maximum thresholds of achievement of 50% and 200%, respectively, the total realized weight is derived by linear interpolation.

For the financial year ended December 31, 2016:

- EBIT and FCF usage for Bombardier were of \$427 million and \$396 million, respectively; and
- EBIT for Business Aircraft, Commercial Aircraft, Consolidated Aerospace and Transportation was \$369 million, \$(417) million, \$20 million and \$560 million, respectively.

The Board of Directors or HRCC, as applicable, sets annual bonus key performance indicators and targets with the objective of offering payout opportunities that align with Bombardier as a whole, business segments and individual performance. The Board of Directors and HRCC retain the authority, in their sole discretion, to make adjustments to key performance indicators and targets, and the measurement of results, if it is determined that performance relative to pre-established targets does not accurately reflect the overall quality of the performance year or if there are material, unforeseen business conditions, circumstances, and events beyond management's control that have an effect on financial performance relative to the established targets or certain non-recurring charges or credits unrelated to measured performance.

Following adjustments in the manner described above, the HRCC determined that, in respect of the financial year ended December 31, 2016:

- EBIT and FCF usage for Bombardier generated performance factors of 96% and 100%, respectively, of the Corporate Office key performance indicator targets;
- EBIT for Business Aircraft, Commercial Aircraft, Consolidated Aerospace and Transportation generated performance factors ranging from 79% to 138% of their respective key performance indicator targets; and
- Business Aircraft, Commercial Aircraft, Consolidated Aerospace and Transportation generated FCF performance factors ranging from 52% to 122% of their respective key performance indicator targets.

Quantitative performance targets and certain results are not disclosed because they contain highly sensitive commercial data, as well as key strategic information. Public disclosure would seriously prejudice Bombardier's interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which Bombardier operates. Past performance with respect to these targets indicates that the incentive plan goals have been challenging since actual results have been below target several times in recent years. However, prior year targets and results are not indicative of future performance objectives since quantitative goals under Bombardier's incentive plans have been reviewed to align with the new management team's turnaround strategy.

A.1.5 Long-Term Incentive Plans

The objectives of the Bombardier RSU, PSU, DSU and stock option plans are to align executives' interests with shareholder value growth, to focus on achieving financial results with a strong pay-for-performance emphasis, and to retain key talent. Bombardier uses a combination of these plans as long-term incentives.

For the financial year ended December 31, 2016, the HRCC decided to provide 50% of the value of long-term incentive grants to the NEOs in the form of stock options and 50% in the form of PSUs to focus executives' efforts on share price improvement and to motivate executives to exceed pre-determined key financial performance indicators and work towards the execution of the transformation plan of Bombardier.

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

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

The HRCC determines the size of grants to be awarded to the NEOs, and reports to the Board of Directors for approval or information, as applicable. Long-term incentives are granted on an annual basis, based on benchmark data anchored on Canadian market practices for all executives based on Willis Towers Watson's study (refer to Human Resources and Compensation Committee under "[Committees of the Board of Directors](#)" in Section 4 of this Circular). The value of RSUs/PSUs/DSUs and stock options granted to each participant is based, among other considerations, on a grant guideline that is related to the employee's management level within Bombardier. The value granted to a participant can vary from 0% to 150% of the grant guideline based on the employee's potential to contribute to the future success of Bombardier. For 2016, a special pool was approved by the HRCC to allow the President and Chief Executive Officer to grant awards with values in excess of the grant guidelines to attract and incentivize key contributors to deliver results, ensure retention, recognize exceptional performance and ensure Bombardier's success during the execution of its current transformation plan. Eligibility to participate in the long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the grant made to a NEO in any subsequent financial year.

For grants made in August 2016, as well as for grants made between August 2012 and May 2015, the number of PSUs, DSUs and stock options granted was determined by converting the grant values using a reference price, which is the volume weighted average trading price of the Class B subordinate voting shares on the TSX for the five trading days preceding the grant date. For August 2015 grants, the number of RSUs and stock options granted was determined by converting the grant values with a price of \$2.21 Cdn, as determined by the HRCC (being higher than the reference price on the day of the grant), which was the offering price of the Corporation's public offering of subscription receipts completed in February 2015, effectively reducing by 25% the number of RSUs and stock options which would otherwise have been granted based on the regular reference price (volume weighted average trading price of the Class B subordinate voting shares on the TSX for the five trading days preceding the grant date).

A.1.5.1 Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)

The objective of each of the RSU Plan, PSU Plan, DSU Plan and 2010 DSUP is to reward key employees of the Corporation who contribute to the creation of economic value for Bombardier and its shareholders.

RSUs are designed to promote attraction and retention of key employees while motivating employees to increase shareholder value since the ultimate value of the award is tied to the market value of the Class B subordinate voting shares.

For PSUs/DSUs, the HRCC sets target objectives for each grant based on Bombardier's financial goals. These incentive plans are designed to motivate executives to exceed Bombardier's financial targets through the application of thresholds for payouts and increased payouts when targets are exceeded.

The NEOs may be granted RSUs/PSUs, and may elect to receive DSUs instead of PSUs, provided DSUs are offered at the relevant time. This election must be made on the date of the grant and the choice is irrevocable. For executives subject to Stock Ownership Guidelines (please refer to A.1.5.7 "[Stock Ownership Guidelines](#)" of Section 5 of this Circular for further details), DSUs constitute the default selection in countries where DSUs are offered.

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

- a grant of PSUs represents the right to receive:
 - an equal number of Class B subordinate voting shares, or a cash payment equal to the value of the PSUs, for share eligible participants and for all PSUs granted prior to April 29, 2016; or
 - a cash payment equal to the value of the PSUs, in the case of PSUs granted on or after April 29, 2016 to non-share eligible participants;in each case if the pre-determined performance targets are attained;
- a grant of RSUs represents the right to receive:
 - an equal number of Class B subordinate voting shares, or a cash payment equal to the value of the RSUs, for share eligible participants; or
 - a cash payment equal to the value of the RSUs for non-share eligible participants;
- a grant of DSUs represents the right to receive an equal number of Class B subordinate voting shares or, in the case of DSUs granted prior to June 2010, a cash payment equal to the value of the DSUs, if the pre-determined performance targets are attained;
- refer to A.1.5.2 "[RSUs/PSUs/DSUs Settlement](#)" of Section 5 of this Circular for more details on the method and timing of settlement of RSUs/PSUs/DSUs;

- the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
- the key performance indicator and targets for PSUs and DSUs are usually determined at the date of the grant by the HRCC;
- in the case of PSUs, the number of Class B subordinate voting shares or amount of the cash payment delivered on the vesting date or, in the case of DSUs, upon the participant's termination of employment, death or retirement, may be cancelled, reduced or increased depending on the actual results of the applicable performance indicator(s);
- each of the RSU/PSU Plan confers the right to receive dividend equivalents to be paid in cash, in each case at the same rate as the cash dividend paid on Class B subordinate voting shares, if any; these dividend equivalents are paid at the end of the three-year vesting period and, in the case of PSUs, in accordance with the applicable performance vesting conditions;
- under the DSU Plan and the 2010 DSUP, dividend equivalents will be settled in the form of additional DSUs;
- the maximum number of Class B subordinate voting shares which may be issued from treasury under the 2010 DSUP is 24,000,000; and
- refer to Section D "[Termination and Change of Control Provisions](#)" of Section 5 of this Circular for the treatment of RSUs, PSUs and DSUs in such cases.

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

For grants made from November 2014 through July 2015, the performance indicator approved by the HRCC for each of the Corporation's four business segments is the three-year weighted average Return on Invested Capital ("ROIC"). ROIC is calculated considering that "NOPAT" is adjusted net income before interest related to debt and debt equivalents, and that "Invested Capital" is net assets excluding debt and debt equivalents, net retirement benefits liabilities or assets, and net of derivative financial instruments. The vesting percentages are between 0% and 150% and determined by way of interpolation between the target (100%) and the minimum vesting threshold (70%) and the maximum vesting threshold (150%). The performance calculation is a weighted average: 20% based on the 2014 operating plan, 30% based on the 2015 operating plan and 50% based on the average of the 2015 operating plan and of the 2016 strategic plan.

For grants made from August 2016 through July 2017, the HRCC approved the following performance indicators, with vesting percentages between 0% to 150%, and a symmetrical scale with linear interpolation between the target (100%) and the minimum vesting threshold (50%) and maximum vesting threshold (150%):

- Aerospace: Cumulative EBIT (for the period from 2016 to 2018), EBIT in 2018, Cumulative FCF (for the period from 2016 to 2018), and FCF in 2018;
- Corporate Office and Transportation: Cumulative EBIT (for the period from 2016 to 2018), EBIT in 2018, cash at 2018 financial year-end, and FCF in 2018.

To ensure that all Bombardier's executive teams are aligned with the turnaround strategy, performance targets include a significant weighting on overall corporate results, as follows:

- Weighting is based 100% on Bombardier Inc. results for the Corporate Office executives;
- Weighting is based 60% and 40% on Bombardier Inc. and Transportation, respectively for Transportation executives; and
- Weighting is based 60% and 40% on Bombardier Inc. and the applicable business, respectively, for Aerospace executives.

For grants made from August 2016 through July 2017, the financial performance targets have been established to align plan participants with Bombardier's strategic turnaround plan. The Board of Directors has reviewed and approved the performance targets to ensure that they are set at a challenging and ambitious level taking into account prevailing economic conditions and attainable with significant management effort provided that the turnaround plan is successfully achieved. The HRCC will assess the actual results compared with the pre-established targets at the end of the performance period to determine the quantum of the payout.

Long-term incentive performance targets are not disclosed because they contain highly sensitive commercial data, as well as key strategic information regarding Bombardier's turnaround plan. Public disclosure would seriously prejudice Bombardier's interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which Bombardier operates. Disclosure of long-term incentive performance targets could also potentially

be interpreted inappropriately as market guidance. Past performance with respect to these targets indicates that the incentive plan goals have been challenging since actual results have been below target several times in recent years. However, prior year targets and results are not indicative of future performance objectives since quantitative goals under Bombardier's incentive plans have been reviewed to align with the new management team's turnaround strategy.

At the end of each financial year, the HRCC approves the results of prior years' performance indicators in order to authorize payouts under grants of PSUs and DSUs reaching the vesting date during the year.

PSUs/DSUs Granted in 2013-2014				
	Three-Year Average ROIC ⁽¹⁾ Target	Vesting Percentage	Three-Year Average ROIC ⁽¹⁾ Results Achieved	Vesting Percentage Achieved
Corporate Office	Below 10.0%	0%	7.5%	0%
	10.0%	70%		
	11.0%	100%		
	13.5%	150%		
Aerospace	Below 9.7%	0%	6.9%	0%
	9.7%	70%		
	10.7%	100%		
	13.2%	150%		
Transportation	Below 19.4%	0%	12.7%	0%
	19.4%	70%		
	21.4%	100%		
	26.4%	150%		

⁽¹⁾ ROIC is calculated considering that "NOPAT" is adjusted net income before interest related to debt and debt equivalents, and that "Invested Capital" is net assets excluding debt and debt equivalents, net retirement benefits liabilities or assets, and net of derivative financial instruments.

No RSUs or DSUs were granted to the NEOs during the financial year ended December 31, 2016. The grant date fair value of PSUs granted to NEOs during the financial year ended December 31, 2016, of RSUs granted to NEOs during the financial year ended December 31, 2015, and of PSUs and DSUs granted to NEOs during the financial year ended December 31, 2014, respectively, corresponds to the values disclosed under the column "Share-Based Awards" in respect of those financial years in the table B.1 "Summary Compensation Table" of Section 5 of this Circular.

A.1.5.2 RSUs/PSUs/DSUs Settlement

Following each grant of RSUs or PSUs, each share eligible participant has to give irrevocable written instructions to the RSU Plan or PSU Plan trustee or administrator, as the case may be, in accordance with the terms and conditions of the RSU Plan or PSU Plan, as applicable, to deliver to him/her either Class B subordinate voting shares or an equivalent value in cash at the end of the vesting period if, in the case of PSUs, the applicable performance conditions are met. Non-share eligible participants receive, at the end of the vesting period, for PSUs granted on or after April 29, 2016 and for all RSUs, a settlement in cash equal to the value of the RSUs or PSUs, as applicable if, in the case of PSUs, the applicable performance conditions are met. For RSUs and PSUs held by share eligible participants and for all PSUs granted prior to April 29, 2016 in respect of which a cash election had been made, the amount in cash represents the value of the shares sold by such trustee or administrator on behalf of the RSU/PSU participant on the market shortly after the vesting date. Since the decision to receive the shares or the cash, if applicable, is made at the beginning of the vesting period, the decision is independent of any undisclosed material information which the RSU/PSU participant may be aware of at the end of the vesting period.

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

A.1.5.3 Stock Option Plan

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

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

- the granting of non-assignable options to purchase Class B subordinate voting shares may not exceed, taking into account the aggregate number of Class B subordinate voting shares issuable under any other security based compensation arrangement of the Corporation, 224,641,195; and
- in any given one-year period, any insider or his or her associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class B subordinate voting shares.

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

- a grant of stock options represents the right to purchase an equal number of Class B subordinate voting shares at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate voting shares traded on the TSX on the five trading days immediately preceding the day on which an option is granted;
- options have a maximum term of seven years and vest at a rate of 100% at the end of the third anniversary of the date of grant; the three-year vesting period aligns with the vesting schedules of the RSU/PSU/DSU plans;
- if the expiration date of an option falls during, or within 10 business days following the expiration of a blackout period, such expiration date shall automatically be extended for a period of 10 business days following the end of the blackout period; and
- refer to Section D "[Termination and Change of Control Provisions](#)" of Section 5 of this Circular for the treatment of stock options in such cases.

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

A.1.5.4 Additional Restrictions and Other Information in respect of the 2010 DSUP and the Stock Option Plan

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

- the total number of Class B subordinate voting shares issuable from treasury, together with the Class B subordinate voting shares issuable from treasury under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 10% of the aggregate number of issued and outstanding Class B subordinate voting shares and Class A shares;
- the total number of Class B subordinate voting shares issuable from treasury to insiders and their associates, together with the Class B subordinate voting shares issuable from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 5% of the total issued and outstanding Class B subordinate voting shares;
- the total number of Class B subordinate voting shares issued from treasury to insiders and their associates, together with the Class B subordinate voting shares issued from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, within any given one-year period, may not exceed 10% of the total issued and outstanding Class B subordinate voting shares;
- a single person cannot hold DSUs covering, or options to acquire, as the case may be, more than 5% of the Class B subordinate voting shares issued and outstanding; and
- the total number of stock options issued in the financial year ended December 31, 2016 (being 29,195,107 stock options), as a percentage of the total number of Class A shares and Class B subordinate voting shares that were issued and outstanding as at December 31, 2016, is 1.3%.

As of March 14, 2017, the status is as follows:

	Plan	Issued	Issuable under DSUs Granted OR Stock Options Granted but Unexercised	Issuable for Future DSUs OR Stock Option Grants ⁽²⁾
Total number of Class B subordinate voting shares	Stock Option Plan	43,267,681 ⁽¹⁾	98,265,063	79,651,144
	2010 DSUP	651,756	2,805,551	20,542,693
% of total number of Class A shares and Class B subordinate voting shares issued and outstanding	Stock Option Plan	1.93%	4.37%	3.55%
	2010 DSUP	0.03%	0.12%	0.91%

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

⁽²⁾ The aggregate number of Class B subordinate voting shares issuable under the Stock Option Plan and the 2010 DSUP may not exceed, taking into account the aggregate number of Class B subordinate voting shares issuable under any other security based compensation arrangement of the Corporation, 224,641,195.

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

The Board of Directors may, subject to receiving the required regulatory and stock exchange approvals, amend, suspend or terminate the 2010 DSUP and any DSUs granted thereunder or the Stock Option Plan and any outstanding stock option, as the case may be, without obtaining the prior approval of the shareholders of the Corporation; however, no such amendment or termination shall affect the terms and conditions applicable to unexercised stock options previously granted without the consent of the relevant optionees, unless the rights of such optionees shall have been terminated or exercised at the time of the amendment or termination.

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

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

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

- in the case of the Stock Option Plan or outstanding options :
 - an amendment allowing the issuance of Class B subordinate voting shares to an optionee without the payment of a cash consideration, unless provision has been made for a full deduction of the underlying Class B subordinate voting shares from the number of Class B subordinate voting shares reserved for issuance under the Stock Option Plan;
 - a reduction in the purchase price for the Class B subordinate voting shares in respect of any option or an extension of the expiration date of any option beyond the exercise periods provided by the Stock Option Plan;
 - the inclusion, on a discretionary basis, of non-employee directors of the Corporation as participants in the Stock Option Plan;

- an amendment allowing an optionee to transfer options other than by will or pursuant to the laws of succession;
 - the cancellation of options for the purpose of issuing new options;
 - the grant of financial assistance for the exercise of options;
 - an increase in the number of Class B subordinate voting shares reserved for issuance under the Stock Option Plan; and
 - any amendment to the method for determining the purchase price for the Class B subordinate voting shares, in respect of any option.
- in the case of the 2010 DSUP or DSUs granted thereunder :
 - an amendment allowing a participant to transfer DSUs, other than by will or pursuant to the laws of succession; and
 - an increase in the number of treasury Class B subordinate voting shares reserved for issuance under the 2010 DSUP.

On August 4, 2016, the Board of Directors approved certain amendments to the Stock Option Plan, which amendments have been approved by the TSX, but were not subject to shareholder approval in accordance with the amending provisions of the Stock Option Plan. Specifically, these amendments include (i) changes to the period during which stock options may be exercised, terminated and cancelled in the event of the death of a participant, without any extension of the original term of stock options (the “SOP Changes”), and (ii) in recognition of the President and Chief Executive Officer’s dedicated work and ongoing efforts towards the success of the Corporation and the execution of its current transformation plan, amendments made to the periods during which, and terms on which, individual stock options held by, or already approved for grant to, the President and Chief Executive Officer, Mr. Alain Bellemare, may be exercised, terminated, cancelled and adjusted in certain circumstances following his cessation of employment, without any extension of the original term of stock options (the “CEO Changes” and, together with the SOP Changes, the “Amendments”). The SOP Changes shall apply to new stock option grants, as well as stock options previously granted under the Stock Option Plan to the extent that such options have not been wholly exercised and are still outstanding. The Amendments have been reflected in Section D “[Termination and Change of Control Provisions](#)” of Section 5 of this Circular.

A.1.5.6 Hedging Prohibition

The [Code of Ethics](#) provides the following restrictions on the trading of any Bombardier securities:

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

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

A.1.5.7 Stock Ownership Guidelines

Bombardier has adopted Stock Ownership Guidelines (“SOG”) for executives to link their interests with those of shareholders. The SOG requirements apply to the following group of executives:

- the Executive Chairman of the Board of Directors;
- the President and Chief Executive Officer;
- the Presidents of business segments;
- the Vice President, Product Development and Chief Engineer, Aerospace; and
- the executives over determined salary grades reporting directly to the President and Chief Executive Officer, the Presidents of the business segments and the Vice President, Product Development and Chief Engineer, Aerospace, as the case may be, and who are members of their leadership teams.

Each of these executives is required to build and hold a portfolio of Class A shares or Class B subordinate voting shares with a value equal to at least the applicable multiple of his/her base salary. Consequently, a value equal to at least five times their base salary is required for the Executive Chairman of the Board of Directors and President and Chief Executive Officer, three times their base salary for the Presidents of business segments, and two to three times

their base salary for other executives depending on the salary grade. The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on December 31st of each calendar year.

For the purpose of assessing the level of ownership, Bombardier includes the value of shares owned plus vested DSUs and granted RSUs net of estimated taxes.

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

There is no prescribed period to reach the stock ownership target. However, executives are not allowed to sell shares acquired through the settlement of RSUs/PSUs or exercise of stock options granted on or after June 2009 or after they become subject to the SOG until they have reached their individual target, except to cover the cost of acquiring the shares and applicable taxes.

A.1.5.8 Clawback Policy

Under its Clawback Policy, Bombardier can recover overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to a non-compliance which results in Bombardier's obligation to prepare an accounting restatement. Such an accounting restatement permits Bombardier, subject to the Board of Directors' discretion, to recoup incentive grants that have been paid or vested and to cancel unvested long-term incentive grants in excess of the amount that would have been received under the circumstances reflected by the accounting restatement. The policy applies to the Executive Chairman of the Board of Directors, President and Chief Executive Officer, Senior Vice Presidents and Vice Presidents at Corporate Office, President and Vice Presidents of business segments or regions of the Corporation, all over a determined salary grade and any member, regardless of their grade, of the leadership teams of the President and Chief Executive Officer, the President of a business segment and the Vice President, Product Development and Chief Engineer, Aerospace. Bombardier has never yet encountered a situation where a compensation recoupment or adjustment has been required in the circumstances described above.

A.1.6 Pension Plans, Benefits and Perquisites

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

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

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

The Executive Chairman of the Board of Directors and the President and Chief Executive Officer are allowed to use the Bombardier corporate aircraft for personal reasons. Since January 1, 2016, Bombardier does not assume any of the incremental costs of corporate aircraft incurred for personal use since an amount equal to the variable costs incurred for the flight must be reimbursed to Bombardier. Therefore, no amount is disclosed as perquisites in this respect for the financial year ended December 31, 2016 under the column "All Other Compensation", in table B.1 "[Summary Compensation Table](#)" of Section 5 of this Circular.

More details about the executive pension plans are provided in Section C "[Pension Plans](#)" of Section 5 of this Circular.

A.1.7 Supplemental Information

Other than as described in [table B.6](#) below, there is no loan outstanding to any employees for the financial year ended December 31, 2016.

A.1.8 Compensation Risks

The HRCC reviews and assesses the Corporation's compensation and incentive plans to ensure that they allow for appropriate business risks without encouraging excessive risk-taking behaviors. In 2016, the HRCC engaged Meridian, as its independent advisor, to review the risks associated with its compensation programs and neither Meridian nor the HRCC identified any risks that are reasonably likely to have a material adverse effect on the Corporation. Risk mitigation factors include the following:

- balanced pay mix among fixed and variable pay; cash and equity;
- pay benchmarked to market data;
- incentives tied to multiple time periods (short, mid- and long-term) and a variety of performance objectives, including corporate, business unit and in some cases individual objectives;
- limited perquisites and no change-of-control benefits;
- clawback policy to recover overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to non-compliance which results in the obligation to prepare an accounting restatement;
- anti-hedging policy prohibiting employees from engaging in hedging activities, options transactions, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls" and "short-sales";
- stock ownership guidelines requiring executives to accumulate a significant level of Bombardier shares; and
- independent compensation consultant for the HRCC.

In addition, the structure of the Board of Directors Committees facilitates assessment of risk associated with compensation policies and practices:

- Mr. Jean C. Monty, Chair of the HRCC, is also a member of the Audit Committee and of the CGNC, while Mr. Patrick Pichette is a member of each of the HRCC and Chair of the FRMC, Mr. Carlos E. Represas is a member of each of the HRCC and FRMC and Chair of the CGNC, and Mr. August W. Henningsen is a member of each of the HRCC and FRMC; and
- these membership overlaps provide additional insight into, and in-depth understanding of, the Corporation's business risks and allow the HRCC to access the necessary information to consider the impact of business risks on compensation policies and practices.

A.2 Performance Graph

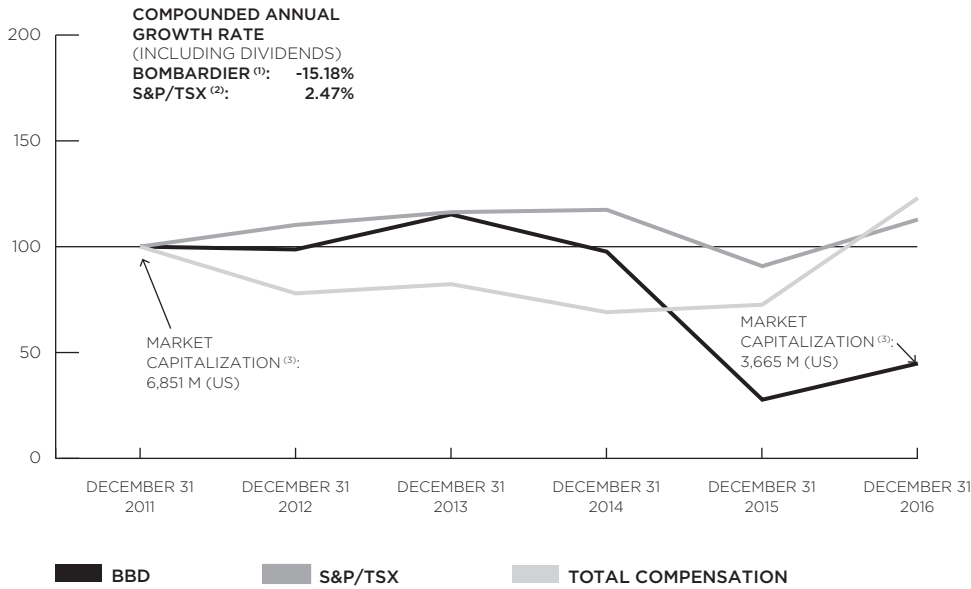
The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years, assuming an amount of \$100 was invested on December 31, 2011 in Class B subordinate voting shares of Bombardier and in the S&P/TSX Composite Index, as well as in the total compensation earned by the NEOs, as defined below, over the same period.

The trends shown by the performance graph depicted below show a relatively stable total shareholder return overall for financial years ended on December 31, 2012, December 31, 2013 and December 31, 2014. Executive compensation for those three years was also relatively stable trending down slightly in 2012 and 2014 and up slightly in 2013. For the financial year ended December 31, 2015, the graph shows a significant decrease in total shareholder return and a slight increase in compensation. This increase in compensation in 2015 corresponds to a significant renewal of Bombardier's executive team, and the salaries and incentives awarded represent an investment in the new management team responsible for delivering on Bombardier's turnaround strategy. For the financial year ended December 31, 2016, the graph shows an increase in total shareholder return and a corresponding increase in pay. Stock price performance is affected by various factors and trends, many of which are unrelated to the Corporation's actual performance.

For purposes of calculating total compensation earned by the NEOs, all compensation elements were annualized, where applicable, and any sign-on cash payments, sign-on long-term incentive grants and one-time payments made to cover costs of relocation were specifically excluded. In respect of the financial years indicated below, only the compensation earned by the following five NEOs was considered:

- during the financial year ended December 31, 2013: Messrs. Pierre Beaudoin, Pierre Alary, Lutz Bertling, Daniel Desjardins and Guy C. Hachey;
- during the financial year ended December 31, 2014: Messrs. Pierre Beaudoin, Pierre Alary, Lutz Bertling, Éric Martel and Steven Ridolfi;
- during the financial year ended December 31, 2015: Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, David Coleal and Frederick Cromer; and
- during the financial year ended December 31, 2016: Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, David Coleal and Laurent Troger.

**PERFORMANCE OF THE CLASS B SUBORDINATE SHARE OF BOMBARDIER
FROM DECEMBER 31, 2011 TO DECEMBER 31, 2016**



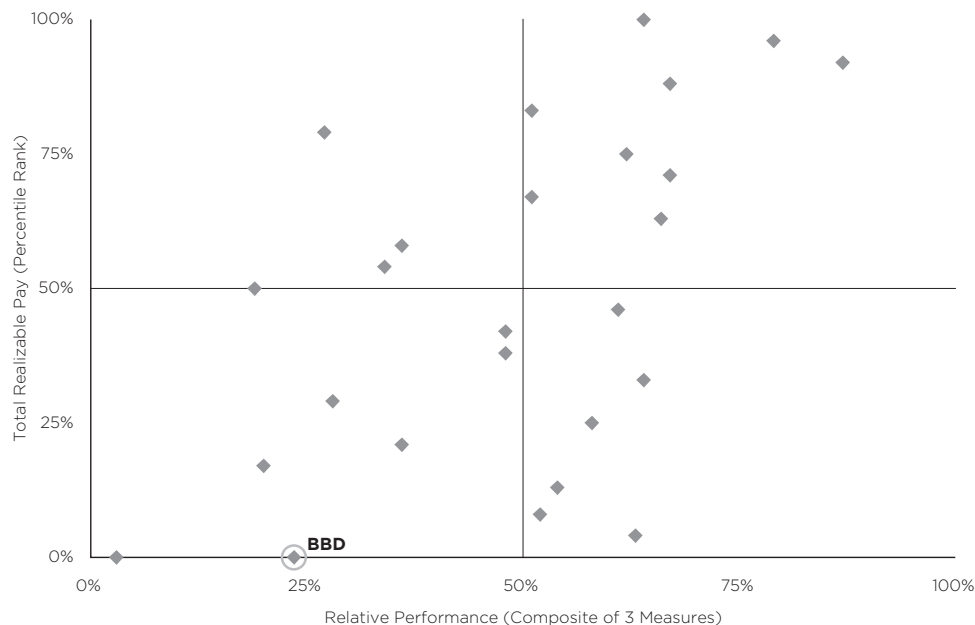
- (1) Return on Class B subordinate voting shares converted to US dollars, including dividends reinvested.
- (2) Return on S&P/TSX index converted to US dollars, including dividends reinvested.
- (3) Market capitalization is based on 314,537,237 Class A shares and 1,409,355,577 Class B subordinate voting shares as at December 31, 2011 and on 313,900,550 Class A shares and 1,932,675,863 Class B subordinate voting shares as at December 31, 2016. The market capitalization is converted from Canadian dollars to US dollars. For reference, exchange rates used were 0.9789 and 0.7441, as at December 31, 2011 and December 31, 2016 respectively.
(Index: Closing Price December 31, 2011 = 100 and Total NEO Compensation for the fiscal year ended December 31, 2011 = 100) Closing prices converted in US dollars; total compensation for the NEO is based on the fiscal year prior to the closing stock price.

A.3 Pay for Performance

Bombardier strives to align its compensation plans with its performance. To confirm the achievement of this objective, a pay-for-performance analysis for the President and Chief Executive Officer was conducted by Meridian in 2016, covering the three-year period ended December 31, 2015. In this pay for performance study, performance is measured as the composite of three indicators, one-third on EBITDA growth, one-third on total shareholder return (TSR) and one-third on FCF growth. Furthermore, pay is defined as realizable pay which includes actual base salary and bonus, PSU incentive payouts or the value of vested DSUs, and the gains earned through the exercise of options granted over the period.

The analysis shows pay for performance alignment below median compared to the peer group used to determine the NEOs' compensation effective in the financial year ended December 31, 2015 for executive positions in North America.

2013-2015 COMPOSITE PERF. PERCENTILE RANK AGAINST CEO TOTAL DIRECT COMP. (TDC) PERCENTILE



B. EXECUTIVE COMPENSATION

B.1 Summary Compensation Table *

The Summary Compensation Table shows the annual compensation information for each of the NEOs of Bombardier for the three most recent completed financial years.

Name and Principal Position	Financial Year Ended December 31 st	Base Salary (\$)	Share-Based Awards (RSUs, PSUs or DSUs) (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation		Pension Value ⁽³⁾ (\$)	All Other Compensation ⁽⁴⁾⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plan ⁽²⁾ (\$)	Long-term Incentive Plan ⁽⁶⁾ (\$)			
Pierre Beaudoin Executive Chairman of the Board of Directors	2016	754,900	1,545,000 ⁽⁶⁾⁽⁷⁾	1,545,000 ⁽⁶⁾⁽⁷⁾	943,600 ⁽⁷⁾	—	463,000	— ⁽⁸⁾	5,251,500
	2015	820,700 ⁽⁹⁾	340,700 ⁽¹⁰⁾	1,772,200 ⁽¹⁰⁾	987,200	—	(73,900)	— ⁽⁸⁾	3,846,900
	2014	1,268,500	2,146,800 ⁽¹¹⁾	1,073,400 ⁽¹¹⁾	590,700	—	(70,200)	148,400	5,157,600
Alain Bellemare President and Chief Executive Officer	2016	1,042,200	2,618,800 ⁽⁶⁾⁽¹²⁾	2,618,800 ⁽⁶⁾⁽¹²⁾	2,360,900 ⁽¹²⁾	—	19,600	829,100 ⁽¹³⁾⁽¹⁴⁾	9,489,400
	2015	864,300 ⁽¹⁵⁾	655,200 ⁽¹⁰⁾	3,082,500 ⁽¹⁰⁾⁽¹⁶⁾	1,210,000 ⁽¹⁷⁾	—	19,900	594,100 ⁽¹⁸⁾	6,426,000
John Di Bert Senior Vice President and Chief Financial Officer	2016	503,500	1,158,800 ⁽⁶⁾⁽¹⁹⁾	1,158,800 ⁽⁶⁾⁽¹⁹⁾	900,000 ⁽¹⁹⁾	—	19,600	269,300 ⁽²⁰⁾	4,010,000
	2015	185,500 ⁽²¹⁾	574,600 ⁽¹⁰⁾⁽²²⁾	1,731,200 ⁽¹⁰⁾⁽²²⁾	196,000 ⁽¹⁷⁾	—	19,300	179,800 ⁽²⁰⁾	2,886,400
David Coleal President, Business Aircraft	2016	616,000	1,158,800 ⁽⁶⁾⁽²³⁾	1,158,800 ⁽⁶⁾⁽²³⁾	900,000 ⁽²³⁾	—	19,600	788,200 ⁽¹³⁾⁽²⁴⁾	4,641,400
	2015	367,600 ⁽²⁵⁾	301,400 ⁽¹⁰⁾	1,614,600 ⁽¹⁰⁾⁽²⁶⁾	333,100 ⁽¹⁷⁾	—	19,900	350,200 ⁽²⁷⁾	2,986,800
Frederick Cromer President, Commercial Aircraft	2016	577,500	1,158,800 ⁽⁶⁾⁽²⁸⁾	1,158,800 ⁽⁶⁾⁽²⁸⁾	900,000 ⁽²⁸⁾	—	19,600	728,300 ⁽¹³⁾⁽²⁹⁾	4,543,000
	2015	430,000 ⁽³⁰⁾	301,400 ⁽¹⁰⁾	1,792,400 ⁽¹⁰⁾⁽³¹⁾	391,900 ⁽¹⁷⁾	—	19,900	404,700 ⁽³²⁾	3,340,300
Laurent Troger President, Transportation	2016	768,200	1,158,800 ⁽⁶⁾⁽³³⁾	1,158,800 ⁽⁶⁾⁽³³⁾	900,000 ⁽³³⁾	—	508,100	223,500	4,717,400
	2015	573,000 ⁽³⁴⁾	252,300 ⁽¹⁰⁾⁽³⁵⁾	759,200 ⁽¹⁰⁾⁽³⁵⁾	303,600	—	380,700	170,700	2,439,500
	2014	629,000	635,800 ⁽¹¹⁾⁽³⁶⁾	132,700 ⁽¹¹⁾	88,100	—	(76,000)	175,100	1,584,700

- (1) The Black-Scholes pricing model is used to calculate the fair value of the awards on the grant date as it is consistent with the valuation approach used for accounting purposes.
- (2) The bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.
- (3) Please refer to the tables C.1 "Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2016" and C.2 "Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2016" of Section 5 of this Circular and to previous years' circulars for the two previous years.
- (4) Included in this amount is (i) for Mr. Pierre Beaudoin, the sum of \$93,864 for the financial year ended December 31, 2014, and (ii) for Mr. Alain Bellemare, the sum of \$5,449 for the financial year ended December 31, 2015, which represents in each case the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Messrs. Beaudoin and Bellemare, respectively, and the costs that each of them reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies. Since January 1, 2016, Messrs. Beaudoin and Bellemare reimburse to Bombardier all of the incremental costs of corporate aircraft incurred for personal use.
- (5) Included in this amount is (i) for Mr. Alain Bellemare, the sum of \$238,261 for the financial year ended December 31, 2016 and of \$178,925 for the financial year ended December 31, 2015, (ii) for Mr. John Di Bert, the sum of \$80,175 for the financial year ended December 31, 2016 and of \$11,468 for the financial year ended December 31, 2015, (iii) for Mr. David Coleal the sum of \$102,415 for the financial year ended December 31, 2016 and of \$48,920 for the financial year ended December 31, 2015, (iv) for Mr. Frederick Cromer, the sum of \$94,801 for the financial year ended December 31, 2016 and of \$53,835 for the financial year ended December 31, 2015, and (v) for Mr. Laurent Troger the sum of \$206,712 for the financial year ended December 31, 2016, of \$154,123 for the financial year ended December 31, 2015 and of \$138,682 for the financial year ended December 31, 2014, which represents in each case the contribution to the Supplemental DC Plan except for Mr. Troger where it represents the contribution to his retirement savings account as explained in section C "Pension Plans" of Section 5 of this Circular. The contributions to the Supplemental DC Plan have been made on December 15, 2016 and December 21, 2015, respectively, at an exchange rate from Canadian dollars to US dollars of 0.7464 and 0.7148, respectively. The contributions to Mr. Troger's retirement savings account have been made on a monthly basis and converted at an average exchange rate from Euros to US dollars of 1.1072 for the financial year ended December 31, 2016, of 1.1092 for the financial year ended December 31, 2015, and of 1.0859 for the financial year ended December 31, 2014.
- (6) Reflects the estimated fair value of PSUs and stock options granted on August 12, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.97 Cdn and the exchange rate from Canadian dollars to US dollars was 0.7725. For the stock options, a Black-Scholes value of 0.4257 was used.
- (7) Based entirely on specific individual objectives set by the Board of Directors, namely managing the Board of Directors and its Committees, providing strategic orientation and managing certain stakeholder and customer relationships. The Board of Directors assessed Mr. Pierre Beaudoin's performance favorably in light of the foregoing objectives.
- (8) Since total value of all perquisites is less than \$50,000 or 10% of base salary, no value is reported.
- (9) Mr. Pierre Beaudoin was appointed as Executive Chairman of the Board of Directors on February 13, 2015. Prior to that date, he served as President and Chief Executive Officer of Bombardier since June 4, 2008.
- (10) For Messrs. Pierre Beaudoin, Alain Bellemare, David Coleal, Frederick Cromer and Laurent Troger, it reflects the estimated fair value of RSUs and stock options granted on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.52 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7621. For Mr. John Di Bert, it reflects the estimated fair value of RSUs and stock options granted on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.57 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7659. Furthermore, a Black-Scholes value of 0.33 was used to calculate the estimated fair value of the stock options. For Mr. Laurent Troger, in recognition of his new position as President, Transportation effective December 9, 2015, he also received 106,838 RSUs and 820,928 stock options valued in the aggregate at \$366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was of 0.7264. Considering that the specific objectives for the grant made on November 25, 2014 were no longer applicable to Mr. Troger's new position, 31,602 PSUs of the 94,788 PSUs granted to him on November 25, 2014 (please refer to [note \(36\)](#) below) were cancelled and taken into consideration to determine the value of the grants made on February 24, 2016.
- (11) Reflects the estimated fair value of the DSUs, for Mr. Pierre Beaudoin and PSUs, for Mr. Laurent Troger as well as stock options granted on November 6, 2014, on which date the closing price of the Class B subordinate voting shares was \$3.82 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8754. Furthermore, for stock options a Black-Scholes of 0.23 was used.
- (12) Based on the achievement of a combination of Corporate Office EBIT and FCF targets at 96% and 100%, respectively, and specific individual objectives, namely, de-risking the business through strategic initiatives, securing significant C Series contract orders, the certification of both C Series models with successful entry into service, as well as the successful completion of the first flight of the Global 7000, as adjusted following the favorable assessment by the Board of Directors of Mr. Alain Bellemare's individual performance, considering, among other factors, his role in the achievement of earnings at the high-end of the guidance, exceeding margin targets in all business segments and the significant progress achieved in the execution of the Corporation's turnaround plan.
- (13) Included in this amount is (i) for Mr. Alain Bellemare, the sum of \$336,784, (ii) for Mr. David Coleal the sum of \$186,650, and (iii) for Mr. Frederick Cromer, the sum of \$174,984 for the financial year ended December 31, 2016, which represents amounts specifically intended to offset the impact of the decrease in the Canadian dollar versus the US dollar on base salary and related pension contributions for the financial year ended December 31, 2016 (based on an average exchange rate from Canadian dollars to US dollars of 0.7549 during the financial year ended December 31, 2016) (the "Exchange Rate Allocations") considering that US-based executives typically assume significant currency risk due to ongoing USD-denominated expenses.
- (14) Included is an amount of \$202,500 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7549 for a total amount of \$152,900. This amount represents the difference between the aggregate incremental costs to Bombardier for the relocation of Mr. Alain Bellemare from the United States to Canada in comparison to the costs which would have otherwise been covered pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes the cost of household goods shipment and tax equalization payments.
- (15) Mr. Alain Bellemare was appointed as President and Chief Executive Officer of Bombardier effective February 13, 2015.
- (16) In recognition of his joining Bombardier, Mr. Alain Bellemare received a special grant of 1,846,836 stock options valued at \$1,098,700 on February 20, 2015, on which date the closing price of the Class B subordinate voting shares was \$2.40 Cdn, the Black-Scholes value was 0.31 and the exchange rate from Canadian dollars to US dollars was of 0.7996.
- (17) Guaranteed minimum bonus payout at target for the financial years ended December 31, 2015 as per their respective employment contract. For further details, please refer to section A.1.4, "Short-Term Incentive Plans" of Section 5 of this Circular. In order to reward extraordinary efforts in connection with the execution of the Corporation's transformation plan in 2015, which efforts were not contemplated in the design of the short-term incentive plans established at the beginning of that year, a minor discretionary bonus adjustment was approved by the Board of Directors in 2016 in respect of the financial year ended December 31, 2015. Amounts disclosed in respect of the financial year ended December 31, 2015 have been restated as a result of this adjustment for each of Messrs. John Di Bert, David Coleal and Frederick Cromer.
- (18) Included is an amount of \$435,400 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$341,300. This amount represents the difference between the aggregate incremental costs to Bombardier for the relocation of Mr. Alain Bellemare from the United States to Canada in comparison to the costs which would have otherwise been covered pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes the cost of household goods shipment and storage, home country housing services including vacant property management fees, home sale assistance and commuter and relocation allowances.
- (19) Based on the achievement of Corporate Office EBIT and FCF targets at 96% and 100%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. John Di Bert's individual performance, considering, among other factors, his role in the achievement of key financial milestones, including de-risking the business by strengthening the balance sheet and securing liquidity, negotiating the extension of Bombardier's credit facilities and refinancing of the 2018 maturity bonds, and effectively driving year over year improvement of FCF performance of over \$775 million.
- (20) In recognition of his joining Bombardier, Mr. John Di Bert was entitled to a cash lump sum payment of \$400,000 Cdn payable in two installments of \$200,000 Cdn each. On August 13, 2015, Mr. Di Bert received the first installment in an amount of \$152,920, converted from Canadian dollars to US dollars based on an exchange rate of 0.7646. On February 11, 2016, Mr. Di Bert received the second installment in an amount of \$143,580, converted from Canadian dollars to US dollars based on an exchange rate of 0.7179. If Mr. Di Bert resigns during his first 24 months of employment, he must refund all installments received.
- (21) Mr. John Di Bert was appointed as Senior Vice President and Chief Financial Officer of Bombardier effective August 10, 2015.
- (22) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 251,572 RSUs and 2,287,021 stock options valued in the aggregate at \$1,210,000 on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.57 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.7659.
- (23) Based on the achievement of EBIT (BBA), EBIT (Consolidated Aerospace), FCF (BBA) and FCF (Consolidated Aerospace) targets at 138%, 93%, 52% and 62%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. David Coleal's individual performance considering, among other factors, that under his leadership, aircraft deliveries exceeded publicly announced expectations and that the first flight of the Global 7000 was successfully completed.
- (24) In recognition of his joining Bombardier, Mr. David Coleal was entitled to a cash lump sum payment of \$1,000,000 Cdn payable in four installments of \$250,000 Cdn each. On June 15, 2015, Mr. Coleal received the first installment in an amount of \$202,875, converted from Canadian dollars to US dollars based on an exchange rate of 0.8115. On January 15, 2016 and May 13, 2016, Mr. Coleal received installments of \$ 172,075 and \$193,200, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.6883 and 0.7728, respectively. On January 13, 2017, Mr. Coleal received the fourth installment in an amount of \$190,325, converted from Canadian dollars to US dollars based on an exchange rate of 0.7613. If Mr. Coleal resigns during his first 24 months of employment, he must refund all installments received.

- (25) Mr. David Coleal was appointed as President, Business Aircraft effective June 1, 2015.
- (26) In recognition of his joining Bombardier, Mr. Coleal received a special grant of 1,836,547 stock options valued at \$702,100 on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.52 Cdn, the Black-Scholes value was 0.33, and the exchange rate from Canadian dollars to US dollars was of 0.7621.
- (27) Mr. Coleal received an amount of \$82,512 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$64,673, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses and commuter allowances.
- (28) Based on the achievement of EBIT (BCA), EBIT (Consolidated Aerospace), FCF (BCA) and FCF (Consolidated Aerospace) targets at 132%, 93%, 68% and 62%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. Frederick Cromer's individual performance, considering, among other factors, his efforts towards the certification of both C Series models with successful entry into service, securing two significant contract orders from Delta and Air Canada, and his role in the negotiation and successful closing of the investment by the Government of Québec in the C Series.
- (29) Included is an amount of \$525,400 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7549 for a total amount of \$396,600, which represents the difference between the aggregate incremental costs to Bombardier for Mr. Frederick Cromer commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses, tax equalization payments and commuter allowances.
- (30) Mr. Frederick Cromer was appointed as President, Commercial Aircraft effective April 9, 2015.
- (31) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options valued at \$879,900 on May 14, 2015, on which date the closing price of the Class B subordinate voting shares was \$2.68 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.8339.
- (32) In recognition of his joining Bombardier, Mr. Frederick Cromer was entitled to a cash lump sum payment of \$250,000 Cdn payable in two installments of \$125,000 Cdn each, the first installment having been paid on April 15, 2015 and the second having been paid on October 15, 2015. These amounts were converted from Canadian dollars to US dollars based on an exchange rate of 0.8078 and 0.7750 respectively for a total amount of \$197,850. In addition, Mr. Cromer received an amount of \$138,033 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$108,190, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses, tax equalization payments and commuter allowances.
- (33) Based on the achievement of Transportation EBIT and FCF targets at 79% and 122%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. Laurent Troger's individual performance, considering, among other factors, his role in the negotiation and successful closing of the investment in Transportation by the CDPQ and his rigorous and disciplined efforts towards the reduction of the financial risk associated with certain large projects and the significant progress achieved in executing the transformation of Transportation.
- (34) Mr. Laurent Troger was appointed as President, Transportation effective December 9, 2015.
- (35) In recognition of his new position as then Chief Operating Officer of Transportation effective September 11, 2015, Mr. Laurent Troger received a grant of 65,046 RSUs and 513,699 stock options valued at \$302,400 on November 5, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.53 Cdn, the Black-Scholes value was 0.38, and the exchange rate from Canadian dollars to US dollars was of 0.7595.
- (36) Further to his nomination as then Chief Technology Officer of Transportation, Mr. Laurent Troger received a special grant of 94,788 PSUs valued at \$370,400 on November 25, 2014, on which date the closing price of the Class B subordinate voting shares was \$4.40 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8880. These PSUs have a special vesting schedule of 33.3% after each of the first, second and third year subject to the attainment of certain performance conditions. Considering that the performance conditions for the grant made on May 16, 2013 were no longer applicable to this position, 87,720 PSUs of the 109,650 PSUs then granted to him were cancelled and taken into consideration to determine the grant made to him on November 25, 2014.
- * All compensation amounts were paid in Canadian dollars to Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, David Coleal and Frederick Cromer, and in Euros to Mr. Laurent Troger. The base salary and annual incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of (i) 0.7549 and 1.1072 respectively for the financial year ended December 31, 2016, (ii) 0.7838 and 1.1092 respectively for the financial year ended December 31, 2015, and (iii) 0.9061 and 1.3297 respectively for the financial year ended December 31, 2014. The exchange rates used for the share-based awards are provided in the [notes to table B.2](#), for option-based awards are provided in the [notes in the above table B.1](#) and for the pension value are provided in the [notes to tables C.1 and C.2](#).

B.2 Outstanding Share-Based Awards and Option-Based Awards

NEO	Option-Based Awards					Share-Based Awards		
	Grant Date	Number of Securities Underlying Unexercised Options at Financial Year-End ⁽¹⁾	Option Exercise Price (\$Cdn) ⁽²⁾	Option Expiration Date ⁽³⁾	Value of Unexercised in-the-money Options at Financial Year End (\$) ⁽⁴⁾	Number of PSUs/RSUs/DSUs that Have Not Vested at the End of the Financial Year ⁽⁵⁾	Market Value of PSUs/RSUs/DSUs that Have Not Vested at the End of the Financial Year (\$) ^{(6) (7)}	Market Value of Vested Share-Based Awards not Paid or Distributed (\$) ⁽⁸⁾
Pierre Beaudoin	June 9, 2010	663,000	4.71	June 9, 2017	–	–	–	1,400,900
	June 8, 2011	602,000	7.01	June 8, 2018	–	–	–	
	August 16, 2012	1,012,883	3.63	August 16, 2019	–	–	–	
	August 9, 2013	776,981	4.88	August 9, 2020	–	–	–	
	November 6, 2014	1,395,598	3.78	November 6, 2021	–	641,975	1,030,300	
	August 7, 2015	4,636,037	1.65	August 7, 2022	1,756,700	294,118	472,000	
	August 12, 2016	2,384,643	1.97	August 12, 2023	336,600	1,015,228	1,629,300	
Alain Bellemare	February 20, 2015	1,846,836	2.62	February 20, 2022	–	–	–	–
	August 7, 2015	5,189,594	1.65	August 7, 2022	1,966,500	565,611	907,700	
	August 12, 2016	4,041,970	1.97	August 12, 2023	570,600	1,720,812	2,761,700	
John Di Bert	August 10, 2015	4,362,858 ⁽⁹⁾	1.59	August 10, 2022	1,847,700	477,817 ⁽⁹⁾	766,800	–
	August 12, 2016	1,788,482	1.97	August 12, 2023	252,500	761,422	1,222,000	
David Coleal	August 7, 2015	4,223,760 ⁽¹⁰⁾	1.65	August 7, 2022	1,600,500	260,181	417,600	–
	August 12, 2016	1,788,482	1.97	August 12, 2023	252,500	761,422	1,222,000	

Option-Based Awards					Share-Based Awards			
NEO	Grant Date	Number of Securities Underlying Unexercised Options at Financial Year-End ⁽¹⁾	Option Exercise Price (\$Cdn) ⁽²⁾	Option Expiration Date ⁽³⁾	Value of Unexercised in-the-money Options at Financial Year End (\$) ⁽⁴⁾	Number of PSUs/RSUs/ DSUs that Have Not Vested at the End of the Financial Year ⁽⁵⁾	Market Value of PSUs/RSUs/ DSUs that Have Not Vested at the End of the Financial Year (\$) ^{(6) (7)}	Market Value of Vested Share-Based Awards not Paid or Distributed (\$) ⁽⁸⁾
Frederick Cromer	May 14, 2015	1,193,033 ⁽¹¹⁾	2.54	May 14, 2022	–	–	–	
	August 7, 2015	2,387,213	1.65	August 7, 2022	904,600	260,181	417,600	–
	August 12, 2016	1,788,482	1.97	August 12, 2023	252,500	761,422	1,222,000	
Laurent Troger	June 9, 2010	70,000	4.71	June 9, 2017	–	–	–	
	June 8, 2011	70,000	7.01	June 8, 2018	–	–	–	
	August 16, 2012	139,133	3.63	August 16, 2019	–	–	–	
	August 9, 2013	98,190	4.88	August 9, 2020	–	–	–	
	November 6, 2014	172,533	3.78	November 6, 2021	–	79,365	127,400	
	November 25, 2014	–	–	November 25, 2021	–	54,760 ⁽¹²⁾	87,900	–
	August 7, 2015	674,647	1.65	August 7, 2022	255,600	73,529	118,000	
	November 5, 2015	513,699	1.42	November 5, 2022	282,400	65,046	104,400	
	February 24, 2016	820,928 ⁽¹³⁾	1.17	February 24, 2023	603,900	106,838 ⁽¹³⁾	171,500	
August 12, 2016	1,788,482	1.97	August 12, 2023	252,500	761,422	1,222,000		

(1) As of December 31, 2016, only stock options granted on June 9, 2010, June 8, 2011, August 16, 2012 and August 9, 2013 were vested.

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

(3) In accordance with the terms of the Stock Option Plan, (i) if the expiration date of an option falls during, or within 10 business days following the expiration of a Blackout period, such expiration date shall automatically be extended for a period of 10 business days following the end of the Blackout period, (ii) upon retirement, vested stock options must be exercised within three years from the retirement date and at the end of this period, all stock options are cancelled.

(4) The value of unexercised in-the-money options as of December 31, 2016 is the difference between the closing price of the underlying shares as of that date and the exercise price. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. Based on the closing price of the Class B subordinate voting shares of \$2.16 Cdn and an exchange rate from Canadian dollars to US dollars of 0.7430 as of December 31, 2016.

(5) In year 2014, Messrs. Pierre Beaudoin and Laurent Troger received grants of DSUs and RSUs, respectively. From January 1, 2015 to February 24, 2016, all NEOs received grants of RSUs. Following February 24, 2016, all NEOs received grants of PSUs.

(6) Based on the closing price of the Class B subordinate voting shares on December 31, 2016 of \$2.16 Cdn, assuming 100% of target of plan reached (in the case of PSUs and DSUs), and converted from Canadian dollars to US dollars based on an exchange rate of 0.7430 as of December 31, 2016.

(7) All RSU grants vest only based on time. The vesting of all PSUs and DSU grants is conditional on the attainment of the applicable performance targets. The PSUs and DSUs may also vest at 0% as mentioned in [Sub-section A.1.5.1](#) of this Circular. These estimates do not take into consideration possible future dividend payments.

(8) Participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier. Please refer to the table B.3 "Vested DSUs Total Holding Table for NEOs" of Section 5 of this Circular.

(9) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 2,287,021 stock options and 251,572 RSUs.

(10) In recognition of his joining Bombardier, Mr. David Coleal received a special grant of 1,836,547 stock options.

(11) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options.

(12) 94,788 PSUs were originally granted to Mr. Laurent Troger on November 25, 2014 based on certain performance conditions. Of this number, (i) 31,584 PSUs vested after the first year; (ii) 23,176 PSUs vested and 8,426 PSUs were cancelled after the second year based on the partial attainment of the applicable performance conditions; and (iii) 31,602 PSUs were cancelled since the performance conditions for these PSUs were no longer applicable in light of his new position as President, Transportation effective December 9, 2015.

(13) 820,928 stock options and 106,838 RSUs were granted to Mr. Laurent Troger on February 24, 2016 in recognition of his new position (valued in the aggregate at \$366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was 0.7264). The 31,602 PSUs cancelled, as explained in note (12), were considered to determine the size of these grants.

B.3 Vested DSUs Total Holding Table for NEOs

NEO	Number of Vested DSUs as of December 31, 2015	Number of Additional Vested or Credited DSUs During the Year ⁽¹⁾	Number of Vested DSUs as of December 31, 2016	Market Value of Vested DSUs as of December 31, 2016 ⁽²⁾ (\$)
Pierre Beaudoin	872,896	–	872,896	1,400,900

(1) No additional DSUs were credited nor vested during the financial year ended December 31, 2016 since the DSUs vested at 0% on August 8, 2016 and no cash dividends were paid on the Class B subordinate voting shares during the period from January 1, 2016 to December 31, 2016.

(2) Based on the closing price of the Class B subordinate voting shares on December 31, 2016 of \$2.16 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 0.7430 as of December 31, 2016.

B.4 Incentive Plan Awards – Value Realized on Exercise and Value Vested or Earned during the Financial Year Ended December 31, 2016

NEO	Option-Based Awards – Value Realized on Exercise During the Year ⁽¹⁾ (\$)	Option-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Share-Based Awards – Value Vested During the Year ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽⁴⁾ (\$)
Pierre Beaudoin	–	–	–	943,600
Alain Bellemare	–	–	–	2,360,900
John Di Bert	–	–	–	900,000
David Coleal	–	–	–	900,000
Frederick Cromer	–	–	–	900,000
Laurent Troger	–	–	16,700 ⁽⁵⁾	900,000

(1) During 2016, no stock options were exercised by NEOs.

(2) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. No value is reported since the closing price of the Class B subordinate voting shares on the TSX on the vesting date was less than the exercise price.

(3) With the exception of Mr. Laurent Troger, no RSUs, DSUs or PSUs vested during the financial year ended December 31, 2016. Please refer to Section A.1.5.1 “Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)” of Section 5 of this Circular.

(4) The value is the amount of the short-term incentive plan payout for the financial year ended December 31, 2016 as disclosed in table B.1 “Summary Compensation Table” of Section 5 of this Circular.

(5) 10,965 PSUs which were part of a special grant made on November 25, 2014 to Mr. Laurent Troger, vested on May 13, 2016 on which date the closing price of the Class B subordinate voting shares was \$1.97 Cdn and the exchange rate from Canadian dollars to US dollars was 0.7728.

B.5 Securities Authorized for Issuance under the Stock Option Plan and the 2010 DSUP

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (Cdn\$)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	Stock options ⁽¹⁾ 97,039,186 DSUs ⁽²⁾ 2,805,551	2.38 N/A	Stock options 84,334,328 DSUs 20,542,693
Equity compensation plans not approved by security holders	–	–	–
Total	99,844,737	2.38	104,877,021

(1) Please refer to Section A.1.5.3 “Stock Option Plan” of Section 5 of this Circular for a description of the principal terms of the Stock Option Plan.

(2) Please refer to Section A.1.5.1 “Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)” of Section 5 of this Circular for a description of the principal terms of the 2010 DSUP.

B.6 Indebtedness of directors and executive officers under securities purchase and other programs

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During Financial Year Ended December 31, 2016 (\$)	Amount Outstanding as at March 14, 2017 (\$)	Financially Assisted Securities Purchases During Financial Year Ended December 31, 2016 (#)	Security for Indebtedness	Amount Forgiven During Financial Year Ended December 31, 2016 (\$)
Securities Purchase Programs						
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Programs						
David Coleal President, Business Aircraft	Lender	91,500	122,000	N/A	N/A	N/A

Pursuant to a relocation agreement entered into between the Corporation and Mr. David Coleal, in recognition of the cash flow misalignment in connection with Mr. Coleal’s U.S. and Canadian tax payments for the year ended December 31, 2016,

Bombardier agreed to make cash advances to Mr. Coleal in an aggregate amount of \$145,000 over three instalments, one of which was paid in 2016 and the rest being paid in 2017. The outstanding cash advances must be repaid in full, without interest, by Mr. Coleal no later than December 31, 2017.

C. PENSION PLANS

The NEOs, except Mr. Laurent Troger, participate either in two defined benefit pension plans or in two defined contribution pension plans. Mr. Troger participates in a defined benefit pension plan for service up to December 31, 2013 and in a defined contribution pension plan for service after that date. All these plans are non-contributory.

Mr. Pierre Beaudoin participates in two defined benefit pension plans where i) benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which he was paid his highest salary (up to the maximum earnings according to the *Income Tax Act* (Canada) which for 2016 is \$144,500 Cdn) multiplied by the number of years of credited service and ii) the supplemental plan provides for additional benefits of 2.5% of average base salary, multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan.

Since August 1, 2016, Mr. Beaudoin is entitled to an unreduced pension as his age plus years of service total 85.

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

Messrs. Alain Bellemare, John Di Bert, David Coleal and Frederick Cromer participate in the base defined contribution pension plan (Base DC Plan) and the supplemental defined contribution pension plan (Supplemental DC Plan). Bombardier contributes a total of 25% of the base salary for Mr. Bellemare and 20% of the base salary for Messrs. Di Bert, Coleal and Cromer (in each case, the "Contribution"). The vesting under the Base DC Plan and the Supplemental DC Plan is immediate.

Under the Base DC Plan, Bombardier contributes, on a monthly basis, an amount up to the Contribution, subject to the limit that can be contributed under the *Income Tax Act* (Canada) for tax-registered pension plans. The contribution limit is \$26,010 Cdn for the year 2016. The NEOs have a choice of investment funds and are responsible for the investment of the contributions in their respective account. As the earnings in each investment fund are credited based on the market conditions, there is no above-market or preferential earnings credited on the contributions.

Under the Supplemental DC Plan, Bombardier contributes the amount, if any, representing the difference between the Contribution and the contribution limit in the Base DC Plan. Contributions are made in December of each year. The contributions to the Supplemental DC Plan constitute a taxable benefit in kind to the NEOs. Hence, an amount, after tax deductions, is deposited in a non-registered account for the benefit of the NEOs. As the account is non-registered, the NEOs can withdraw any amount from their respective account at their own discretion.

Mr. Troger participates in a defined contribution pension plan to which Bombardier contributes 27% of his base salary since January 1, 2014. Contributions are subject to taxation and social charges. Hence an amount, after applicable deductions, is deposited in a retirement savings account and the vesting is immediate. Mr. Troger has a choice of different investment funds and he is responsible for the investment of the contributions in his account. He can withdraw any amount from his retirement savings account at his own discretion. As the earnings in each investment fund are credited based on the market conditions, there is no above-market or preferential earnings credited on the contributions. Under his defined benefit pension plan, Mr. Troger is entitled to a benefit that corresponds to 1.5% of his average base salary over the three consecutive years in which his base salary was the highest out of the last 10 years multiplied by the number of years of service up to December 31, 2013.

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

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

C.1 Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2016

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the defined pension benefits payable to NEOs participating in a defined benefit pension plan between January 1, 2016 and December 31, 2016.

NEO	Number of Years of Credited Service		Annual Benefits Payable ⁽²⁾		Opening Present Value of Defined Benefit Obligation as of December 31, 2015 ⁽³⁾ (\$)	Change in Obligation During the Year		Closing Present Value of Defined Benefit Obligation as of December 31, 2016 ⁽⁶⁾ (\$)
	December 31, 2016	Age 65 ⁽¹⁾	December 31, 2016 (\$)	Age 65 (\$)		Compensatory Changes ⁽⁴⁾ (\$)	Non Compensatory Changes ⁽⁵⁾ (\$)	
Pierre Beaudoin	31.3	40.0	814,800	1,040,200	13,398,700	463,000	1,448,400	15,310,100
Laurent Troger ⁽⁷⁾	9.2	9.2	81,300	81,300	2,090,300	508,100	107,000	2,705,400

(1) Credited service is limited to 40 years. For Mr. Laurent Troger, the credited service is at December 31, 2013.

(2) For Mr. Pierre Beaudoin, based on the average base salary in the three continuous years of service during which he was paid his highest salary and for Mr. Laurent Troger, based on the average base salary over the last three years and, (i) credited service on December 31, 2016 and, (ii) upon attainment of age 65 converted from Canadian dollars (for Mr. Beaudoin) and Euros (for Mr. Troger) to US dollars based on an exchange rate of 0.7430 and 1.0541 respectively as of December 31, 2016.

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.7202 and 1.0887, respectively, as of December 31, 2015.

(4) Includes the employer service cost plus changes in compensation compared to the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of 0.7549 and 1.1072 respectively as of December 31, 2016.

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

(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.7430 and 1.0541 respectively as of December 31, 2016.

(7) Since January 1, 2014, Mr. Laurent Troger participates in a defined contribution pension plan. His credited service in the defined benefit pension plan ended on December 31, 2013.

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

C.2 Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2016

The following table sets forth the reconciliation of the accumulated value of the Base DC Plan for each of the NEOs participating in a defined contribution pension plan between January 1, 2016 and December 31, 2016. The Supplemental DC Plan and the retirement savings account contributions under Mr. Laurent Troger's defined contribution pension plan are reported under the column "All Other Compensation" in the table B.1 "Summary Compensation Table" of Section 5 of this Circular.

NEO	Accumulated Value as of January 1, 2016 (\$)	Compensatory Changes (\$ ⁽¹⁾)	Accumulated Value as of December 31, 2016 (\$ ⁽²⁾)
Alain Bellemare	18,000	19,600	41,300
John Di Bert	15,900	19,600	38,600
David Coleal	18,600	19,600	41,200
Frederick Cromer	18,600	19,600	41,600

(1) Compensatory changes represent the contributions made by Bombardier. Contributions are converted from Canadian dollars to US dollars based on the average exchange rate of 0.7549 during the financial year ended December 31, 2016.

(2) The accumulated value includes the investment earnings of the financial year ended December 31, 2016. The values were converted from Canadian dollars to US dollars based on the exchange rate of 0.7430 as of December 31, 2016.

D. TERMINATION AND CHANGE OF CONTROL PROVISIONS

Bombardier's policy is to request the inclusion of non-solicitation, non-disclosure and non-compete provisions in any termination or severance agreements or arrangements with the NEOs, and a separation allowance is paid only if the employment is terminated by the Corporation for any reason other than just cause.

In the case of Mr. Alain Bellemare, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 24 months of his base salary and target bonus if his employment is terminated by the Corporation after the first 12 months of employment but prior to age 60, and 12 months of his base salary and target bonus if his employment is terminated by the Corporation after age 60.

In the case of Mr. John Di Bert, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 12 months of his base salary if his employment is terminated by the Corporation during his first 12 years of service. The separation allowance will be equal to one month of his base salary per completed year of service if he has completed more than 12 years of service up to a maximum of 18 months of base salary.

In the case of Messrs. David Coleal and Frederick Cromer, there is an agreement pursuant to which they would be entitled to receive a separation allowance in an amount equal to 15 months of their base salary if their employment is terminated by the Corporation.

In the case of Mr. Laurent Troger, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount not to exceed 18 months of his base salary and bonus if his employment is terminated by the Corporation.

The following table sets forth estimates of the incremental amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on December 31, 2016. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees.

Estimated Incremental Amounts Payable upon the Following Events Assumed to Occur on December 31, 2016 *			
NEO	Retirement (\$)	Termination without Cause (\$)	Death (\$)
Pierre Beaudoin	–	– ⁽¹⁾	–
Alain Bellemare	–	9,027,700 ⁽²⁾⁽³⁾	3,444,800 ⁽³⁾
John Di Bert	–	520,100 ⁽⁴⁾	–
David Coleal	–	765,300 ⁽⁵⁾	–
Frederick Cromer	–	717,500 ⁽⁵⁾	–
Laurent Troger	–	2,253,100 ⁽⁶⁾	–

(1) Would be based on civil law requirements.

(2) Included is the lump sum amount equal to 24 months of base salary and target bonus

(3) Included is the lump sum amount equal to the value of the RSUs and the unexercised in-the-money stock options as of December 31, 2016 that will vest immediately. The value of the stock options is the difference between the closing price of the underlying shares as of that date and the exercise price. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. Based on the closing price of the Class B subordinate voting shares of \$2.16 Cdn and an exchange rate from Canadian dollars to US dollars based of 0.7430 as of December 31, 2016.

(4) Lump sum amount equal to 12 months of base salary.

(5) Lump sum amount equal to 15 months of base salary.

(6) Lump sum amount not to exceed 18 months of base salary and bonus.

* All incremental amounts would be paid in Canadian dollars except for Mr. Laurent Troger where the incremental amount would be paid in Euros. The base salary and short-term incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates of 0.7430 and 1.0541 respectively during the financial year ended on December 31, 2016.

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs assuming the event took place on December 31, 2016. As a general rule, only the accrued and vested benefits are paid under each of the compensation plans.

Retirement	
Severance Payment	None for voluntary retirement
Bonus	Entitled to pro-rata of bonus for portion of financial year prior to retirement date
Stock Options	If retirement on or after age 55 with 5 or more years of service, the size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. ⁽¹⁾ If retirement on or after age 60 with 5 or more years of service, stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. ⁽¹⁾
Restricted Share Units	If retirement on or after age 55 with 5 or more years of service, RSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period and will be paid at the end of the vesting period. ⁽²⁾ If retirement on or after age 60 with 5 or more years of service or unreduced early retirement eligible under an approved Bombardier retirement plan, the size of the grant is not affected and will be paid at the end of the vesting period. ⁽²⁾⁽³⁾
Performance Share Units	If retirement on or after age 55 with 5 or more years of service, PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period and will be paid at the end of the vesting period, subject to meeting the applicable performance objectives. ⁽⁴⁾ If retirement on or after age 60 with 5 or more years of service or unreduced early retirement eligible under an approved Bombardier retirement plan, the size of the grant is not affected and will be paid at the end of the vesting period, subject to meeting the applicable performance objectives. ⁽³⁾⁽⁴⁾
Deferred Share Units	Upon retirement, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of retirement. All unvested DSUs expire immediately.
Pension Plan	Pension benefits start being paid according to plan rules.
Benefits and Perquisites	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement.
Termination Without Cause	
Severance Payment	Will be based on common or civil law requirements, except as described in Section D “Termination and Change of Control Provisions” of Section 5 of this Circular.
Bonus	None, except as described in Section D “Termination and Change of Control Provisions” of Section 5 of this Circular.
Stock Options	The size of the grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period. The reduced number of stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. ⁽¹⁾
Restricted Share Units	The RSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period and will be paid at the end of the vesting period. ⁽²⁾
Performance Share Units	The PSU grant is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period and will be paid at the end of the vesting period, subject to meeting the applicable performance objectives. ⁽⁴⁾
Deferred Share Units	Upon termination, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of termination. All unvested DSUs expire immediately.
Pension Plan	Value of pension benefits payable in accordance with local legal requirements
Benefits and Perquisites	All benefits and perquisites expire immediately or after a minimal period of a few months.
Death	
Severance Payment	None
Bonus	Entitled to pro-rata of bonus for portion of financial year prior to the date of death
Stock Options	Already vested stock options could be exercised within the following 12 months. ⁽¹⁾⁽⁵⁾
Restricted Share Units	The RSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period and will be paid at the end of the vesting period. ⁽²⁾
Performance Share Units	The PSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period and will be paid at the end of the vesting period, subject to meeting the applicable performance objectives. ⁽⁴⁾
Deferred Share Units	Upon death, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of death. All unvested DSUs expire immediately.
Pension Plan	Value of pension benefits payable in accordance with local legal requirements.
Benefits and Perquisites	All benefits expire immediately. Perquisites expire upon death.

Voluntary Resignation or Termination with Cause	
Severance Payment	None
Bonus	None
Stock Options	All options expire immediately. ⁽⁶⁾
Restricted Share Units	All RSUs expire immediately. ⁽⁶⁾
Performance Share Units	All PSUs expire immediately. ⁽⁶⁾
Deferred Share Units	Upon termination, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of termination. However, vested DSUs may be cancelled by the HRCC if the termination of employment is due to a breach of the Code of Ethics. All unvested DSUs expire immediately.
Pension Plan	Value of pension benefits payable in accordance with local legal requirements
Benefits and Perquisites	All benefits and perquisites expire immediately.
Change of Control	
	Bombardier has no change of control arrangements or agreement with any of its NEOs.

- (1) In the case of the President and Chief Executive Officer, the size of the grant is not affected and vesting is immediate. In the event of termination without cause, the stock options must be exercised before the earlier of the date which is three years following the termination date or their original expiration date. In the event of death, the stock options must be exercised by the estate before the earlier of the date which is one year following the date of death or their original expiration date and in any event not later than the earlier of one year following the date of death or three years after the resignation date, in case of death following a voluntary resignation.
- (2) In the case of the President and Chief Executive Officer, the RSU grants are not affected and, provided he is at least 59 years old, vesting is immediate. The same applies if the President and Chief Executive Officer becomes disabled at any age.
- (3) The same applies if the individual takes a leave of absence resulting from sickness, disability, maternity, paternity, parental leave or adoption.
- (4) In the case of the President and Chief Executive Officer, the PSU grants are not affected. The same applies if the President and Chief Executive Officer becomes disabled.
- (5) Provided however that no stock option shall be exercised after the earlier of their original expiration date, and if applicable, three years from the retirement, voluntary authorized leave of absence or disability leave of absence date.
- (6) In the case of a voluntary resignation of the President and Chief Executive Officer on or after February 13, 2018 but prior to June 13, 2020, the size of the grants is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period subject to a six-month prior notice and the presentation of a succession plan to the HRCC.

E. SUMMARY

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

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

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

The Chair of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the Meeting, on Thursday, May 11, 2017.

Submitted on February 14, 2017, by the Human Resources and Compensation Committee of the Board of Directors.

Jean C. Monty, Chair
August W. Henningsen
Patrick Pichette
Carlos E. Represas

DIRECTORS' AND OFFICERS' INSURANCE

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to the terms, conditions and exclusions of the policy. The limit of insurance provided is \$240,000,000 per occurrence and in the aggregate per year, at a cost of \$1,086,799 per annum. The deductible applicable to the Corporation is \$2,500,000 for any insured occurrence.

AVAILABLE DOCUMENTATION

Copies of the [Annual Information Form](#) for the financial year ended December 31, 2016, the 2017 Circular and the [2016 Financial Report](#) of Bombardier, which includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended December 31, 2016, and copies of its quarterly financial reports, which include its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on December 31, 2016.

SHAREHOLDER PROPOSALS

Shareholders of Bombardier who will be entitled to vote at the 2018 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Senior Vice President, General Counsel and Corporate Secretary of Bombardier no later than December 20, 2017.

[Exhibit "B"](#) attached to this Circular sets out the three shareholder proposals that have been submitted for consideration at the Meeting by the Mouvement d'éducation et de défense des actionnaires (MÉDAC).

ADVANCE NOTICE REQUIREMENT FOR DIRECTOR NOMINATIONS

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

APPROVAL OF THE BOARD OF DIRECTORS OF BOMBARDIER

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

Montréal, March 14, 2017



Daniel Desjardins
Senior Vice President, General Counsel and Corporate Secretary

EXHIBIT "A"

BOMBARDIER INC.

MANDATE OF THE BOARD OF DIRECTORS OF BOMBARDIER INC.

MANDATE OF THE BOARD

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

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

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

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

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

A. APPROVING BOMBARDIER'S STRATEGY

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

B. MONITORING FINANCIAL MATTERS AND INTERNAL CONTROLS

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

C. MONITORING PENSION FUND MATTERS

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

D. MONITORING ENVIRONMENTAL MATTERS

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

E. MONITORING OCCUPATIONAL HEALTH AND SAFETY MATTERS

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

F. OVERSEEING THE SUCCESSION PLANNING OF THE CHIEF EXECUTIVE OFFICER AND A NUMBER OF SELECTED SENIOR EXECUTIVE POSITIONS THROUGH THE APPROPRIATE MECHANISMS PUT IN PLACE BY THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

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

G. MONITORING CORPORATE GOVERNANCE ISSUES THROUGH THE WORK AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

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

H. THE LEAD DIRECTOR

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

EXHIBIT "B"

BOMBARDIER INC.

SHAREHOLDER PROPOSALS

The following shareholder proposals have been submitted for consideration at the Meeting by the MÉDAC.

1. SEPARATE DISCLOSURE OF VOTING RESULTS BY CLASS OF SHARES

It is proposed that the company disclose voting results by class of shares, namely those shares carrying one voting right and those carrying multiple voting rights.

At last year's annual meeting, this proposal garnered 12.23% of the voting rights covered by the proxies received and cast at the annual meeting. If expressed solely in terms of Class B shareholders (limited voting rights), this result would mean that that one in three Class B shareholders supported our proposal.

As a reminder, voting results are currently disclosed without any distinction. Our experience in recent years shows that holders of the two types of shares may not share the same concerns. Cases in point include the institution of an advisory vote on executive compensation, the renewal of the term(s) of office of one or more directors and a better gender balance on boards of directors.

As stated in our recent proposals, multiple voting shares offer attractive benefits to both controlling and minority investors as long as the legal framework and governance principles ensure adequate protection of minority shareholders. To ensure such adequate protection, minority shareholders need quick and direct access to the results of their votes so they can be sure that their voices have been heard and will lead to actions better aligned with their expectations.

Such information would enable minority shareholders to better monitor the actions taken by the corporation to meet their expectations and would promote a more sustained dialogue between the two classes of shareholders. It could even result in greater minority shareholder loyalty and thereby build the type of consensus and mutual trust that can prove very useful when organizations go through difficult times.

In conclusion, we would like to revisit one of your arguments to the effect that the Board of Directors "is concerned that if the proposed disclosure measures were implemented, holders of Class B subordinate voting shares may be misled into believing that their vote has a separate impact, as a class, on the outcome of voting results." We contend, however, that such disclosure would have the advantage of bringing to light the various perspectives among the shareholders, which, like the presence of independent directors on the Board of Directors, could lead to more informed Board decisions.

BOMBARDIER'S RESPONSE

Pursuant to applicable provisions of the CBCA, being the corporate law under which Bombardier is incorporated, except with respect to specified matters where class votes are required, matters put to a shareholder vote are determined by the majority of votes cast by the holders of Class A shares and by the holders of Class B subordinate voting shares, present or represented by proxy at a meeting of shareholders of the Corporation, voting together as a single class. Even in respect of matters requiring the approval of the holders of each class of shares, voting separately as a class, at least a majority of votes cast by the holders of such class of shares is required for any such matter to be approved.

The Board of Directors does not share MÉDAC's view that access to the results of minority shareholder votes is necessary to ensure adequate protection of minority shareholders under the applicable legal framework and governance principles.

The Board of Directors and the Corporation's shareholders determined over 35 years ago that a dual-class share structure was most appropriate in light of market conditions, the Corporation's shareholder base and the Corporation's needs, and the Board of Directors continues to believe that this shareholding structure is the most suitable for the Corporation. As expressed in the Corporation's responses to the MÉDAC's recent proposals, the Board of Directors is of the view that the proposed disclosure measures fail to recognize the reality inherent to companies with a group of controlling shareholders, which controlling shareholders will necessarily cast a majority of the votes in respect of matters put to a shareholder vote, except as otherwise prescribed by law. Furthermore, in light of the Corporation's current shareholding structure, the Board of Directors does not believe that providing disclosure of shareholder voting results on a class-by-class basis would provide investors with any meaningful or relevant information. Moreover, as the Class B subordinate voting shares are generally characterized by significantly greater turnover as compared to the Class A shares, isolating the results of the votes expressed solely by the holders of Class B subordinate voting shares could be misleading and would not necessarily be indicative of the votes expressed by shareholders with a long-term perspective.

As previously stated, the Board of Directors continues to believe that the Corporation's governance practices and track record reflect a consistent regard for the interests of all shareholders, notwithstanding the different voting rights inherent in its capital structure. The Corporation ensures that the voices of all shareholders are heard and lead to actions aligned with their expectations, consistent with, and to the extent provided under, the Corporation's restated articles of incorporation, applicable Canadian law and regulations of the TSX.

For these reasons, Bombardier therefore recommends shareholders vote AGAINST the proposal.

2. FORMATION OF A STRATEGIC OPPORTUNITIES COMMITTEE

It is proposed that the Board of Directors establish a Strategic Opportunities Committee to provide a forum for presenting ideas or planning on strategic opportunities or proposed material acquisitions and for developing recommendations for consideration by the Board.

Bombardier's difficulties over the last few years make us fear for the future. We could eventually be confronted with an acquisition or, quite simply, the business's gradual dismemberment.

In light of this, we are asking the Board to form a strategic opportunities committee, like the one established at Cogeco Inc., with the following mission:

- to provide a forum in which the President and Chief Executive Officer, alone or with other members of senior management, can present ideas or planning on strategic opportunities or proposed material acquisitions and receive advice and counsel from the Committee in the formative stages of developing recommendations for consideration by the Board;
- on request by management, to establish tentative parameters and guidelines for considering strategic opportunities or proposed material acquisitions;
- to consider and assess on its own initiative strategic opportunities and provide suggestions and inputs to management.

The existence of such a committee would reassure us as to the sustainability of our investment within the context of a strong, innovative Quebec company.

BOMBARDIER'S RESPONSE

The oversight of strategic planning and direction and assessing strategic opportunities at Bombardier falls within the purview of the Board of Directors. As provided for under its mandate, the duties of the Board of Directors include adopting a strategic plan presented by management and updating it, at least annually, by taking into account, among other things, the opportunities and risks of the business of Bombardier and emerging trends. The Board of Directors' duties also include monitoring the implementation of the strategic plan by management.

In addition, on an annual basis, the President and Chief Executive Officer together with the President of each business segment, namely Transportation, Business Aircraft, Commercial Aircraft and Aerostructures and Engineering Services, and senior executive officers from the Corporate Office present, during special sessions, the strategic orientation, operating plans and budgets of Bombardier for the review and approval of the Board of Directors. Such special strategic sessions are also held during quarterly meetings of the Board of Directors on an as needed basis, or to consider specific issues that may arise from time to time.

These special strategic sessions facilitate discussion in relation to strategic opportunities or material acquisitions being considered, as applicable, and provide a forum in which the President and Chief Executive Officer and other members of senior management can present preliminary thinking or planning on strategic opportunities or proposed material acquisitions and receive advice and counsel from the Board of Directors in the formative stages of developing proposals for consideration by the Board of Directors. This enables the Board of Directors to express its views and provide guidance, suggestions and input to senior management on strategic opportunities and the type of analysis and information that it will ultimately require in order to consider approval of a strategic opportunity or acquisition, should such an opportunity or acquisition be pursued further.

In addition, consistent with the Corporation's past practice, whenever specific strategic matters warrant particular attention and time, the Board of Directors may create ad hoc committees charged with the consideration and review of any such particular matters.

For these reasons, Bombardier believes that the special strategic review sessions regularly conducted by the Board of Directors or the ad hoc committees, if required, already achieve the objectives sought by a strategic opportunities committee and therefore recommends shareholders vote AGAINST the proposal.

3. DISCLOSURE OF THE VOTING RESULTS AS NUMBERS AND NOT ONLY AS PERCENTAGES

It is proposed that all voting results be disclosed as numbers and not only as percentages.

Contrary to current practice among the vast majority of the largest exchange-listed companies – including all of the large banks – the Corporation limits itself to disclosing, in the Report of Voting Results that it is required to file each year on SEDAR, the results of voting held at the annual meeting only as percentages.

As a result, it is impossible to know the level of participation in each of the questions voted on or in the election of each director. There is no need to demonstrate just how extremely valuable such information would be.

Complete disclosure of the voting results as numbers and not just percentages in that document is a perfect of example of a measure that would cost nothing at all and would provide only benefits for all stakeholders.

BOMBARDIER'S RESPONSE

Bombardier would like to clarify that in respect of the election of directors, it already discloses the results of voting held at its annual meeting shareholders in terms of numbers, since this information is provided each year as part of the Corporation's news release announcing the results of director elections. Bombardier agrees that this represents valuable information for shareholders, and as such will add same to its reports of voting results, and will also disclose voting results in numbers in respect of each of the other questions voted on.

For these reasons, Bombardier recommends shareholders vote FOR the proposal.

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