BOMBARDIER

- Notice of Annual Meeting of Shareholders

- Management Proxy Circular

2009

Bombardier Inc.

Notice of Annual Meeting of Shareholders 2009

Date: Wednesday, June 3, 2009

Time: 9:30 a.m. (Montréal time)

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

The holders of Class A shares (multiple voting) and/or Class B shares (subordinate voting) of Bombardier Inc. whose names appear on the list of shareholders of Bombardier Inc. on Friday, April 17, 2009, at 5:00 p.m. (Montréal time) will be entitled to receive this notice of the meeting of shareholders and to vote at the meeting.

By order of the Board of Directors,

"Roger Carle"
(signed)

Roger Carle
Corporate Secretary

Montréal, Québec, Canada, April 17 2009

Business on the agenda of the meeting:

1. Receipt of the consolidated financial statements of Bombardier Inc. for the financial year ended January 31, 2009 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 advisable, approval of the four shareholder proposals set out in Schedule "A" to the Management Proxy Circular; and
5. Consideration of such other business as may properly come before the meeting.

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

Any registered shareholder wishing to vote by proxy has to complete the accompanying form of proxy and return it either in the envelope provided for this purpose or by fax to the transfer agent for all the shares of Bombardier Inc., Computershare Investor Services Inc., no later than 4:00 p.m. (Montréal time) on Tuesday, June 2, 2009. Registered shareholders may also submit a proxy by telephone or over the Internet, by following the instructions provided for in the Management Proxy Circular.

Non-registered shareholders should refer to page 5 of the Management Proxy Circular for information on how to submit a proxy.

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This Management Proxy Circular is furnished in connection with the solicitation by the management of Bombardier Inc. of proxies for use at the annual meeting of the holders of Class A shares (multiple voting), or the Class A shares, and/or Class B shares (subordinate voting), or the Class B subordinate shares, of the Corporation to be held on Wednesday, June 3, 2009, at 9:30 a.m. (Montréal time) at the Centre Mont-Royal, Auditorium – level 1, 2200 Mansfield Street, Montréal, Québec, Canada, and at any and all adjournments thereof.

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

ALL DOLLAR AMOUNTS ARE IN US DOLLARS, UNLESS OTHERWISE SPECIFIED.

Section 1: Voting Information

Who is soliciting my proxy?

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

What will I be voting on?

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

- the election of the directors of the Corporation (see pages 6 to 12 and 14 to 18);
- the appointment of Ernst & Young, LLP, chartered accountants, as the external auditors of the Corporation (see pages 13 and 14); and
- each of the four shareholder proposals set out in Schedule "A" attached to this Management Proxy Circular (see pages 48 to 51).

How will these matters be decided at the meeting?

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

How many votes do I have?

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

In the event of a ballot, each Class A share carries the right to ten votes and each Class B subordinate share carries the right to one vote. In the aggregate, all of the voting rights associated with the Class B subordinate shares represented, as at January 31, 2009, 31.23% of the voting rights attached to all of the issued and outstanding voting shares of Bombardier.

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

The holders of Class A shares and the holders of Class B subordinate shares, whose names appear on the list of shareholders prepared as of the close of business at 5:00 p.m. (Montréal time) on the record date, being Friday, April 17, 2009, will be entitled to vote at the meeting and any adjournment thereof if present or represented by proxy.

How many shares are entitled to be voted?

As at April 1, 2009, there were 316,582,537 Class A shares and 1,437,520,360 Class B subordinate shares of Bombardier issued and outstanding.

To the knowledge of the directors and officers of the Corporation, the only persons who, as at April 1, 2009, beneficially owned or exercised control or direction directly or indirectly over shares carrying 10% or more of the voting rights attached to any class of its issued and outstanding voting shares were Mrs. Janine Bombardier and Mr. J.R. André Bombardier, both directors of the Corporation, and Mrs. Claire Bombardier Beaudoin and Mrs. Huguette Bombardier Fontaine. These four persons indirectly controlled, through holding companies, 249,199,909 Class A shares, and 1,118,275 Class B subordinate shares, representing in the aggregate 78.72% of the outstanding Class A shares and 0.08% of the outstanding Class B subordinate shares of the Corporation and 54.16% of all the voting rights attached to all of its issued and outstanding voting shares.

As at April 1, 2009, the directors of Bombardier (with the exception of Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and officers of Bombardier as a group, beneficially owned, directly or indirectly, 17,688,275 Class A shares and 1,508,717 Class B subordinate shares, representing 5.59% and 0.11%, respectively, of the outstanding shares of each such class.

How do I vote?

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

If your shares are not registered on a share certificate of Bombardier in your own name but are rather held in the name of a nominee usually a bank, trust company, securities dealer or broker or other financial institution, please see the instructions below under the headings "As a non-registered shareholder, how do I vote?" and "As a non-registered shareholder, how do I vote in person at the meeting?" at page 5.

Voting by proxy

Whether or not you attend the meeting, you may appoint someone else to vote for you as your proxyholder. Your vote will thus be counted at the meeting. You may use the enclosed form of proxy, or any other proper form of proxy, in order to appoint your proxyholder. The persons named in the enclosed form of proxy, namely Messrs. Laurent Beaudoin, Pierre Beaudoin, J.R. André Bombardier and Jean-Louis Fontaine are directors and officers of Bombardier. **However, you may choose another person to act as your proxyholder, including someone who is not a holder of shares of the Corporation, by deleting the names printed on the enclosed form of proxy and inserting another person's name in the blank space provided, or by completing another proper form of proxy.**

How will my proxyholder vote?

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

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

Proxy Voting Options

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

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

Mail or Fax

Registered shareholders electing to submit a proxy by mail must complete, date and sign the form of proxy. It must then be returned to the transfer agent for the shares of Bombardier, Computershare Investor Services Inc., or Computershare, either in the postage prepaid return envelope provided or by fax at 1-866-249-7775 no later than 4:00 p.m. (Montréal time) on Tuesday, June 2, 2009.

Telephone

Registered shareholders electing to submit a proxy by telephone must do so by using a touchtone telephone. The telephone number to call for shareholders in Canada and in the United States is 1-866-732-VOTE (8683). For shareholders outside Canada and the United States, the telephone number to call is 312-588-4290. Shareholders must follow the instructions, use the form of proxy received from Bombardier and provide the 6-digit Control Number, the 11-character Holder Account Number and the 5-digit Access Number located on the form of proxy. Instructions are then conveyed by use of the touchtone selections over the telephone.

Internet

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

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

Non-registered shareholders, that is persons whose shares are not registered on a share certificate of Bombardier in their own names, but are rather held in "nominee" name, usually banks, trust companies, securities dealers or brokers or other financial institutions, will be provided with voting instructions by their nominee. Please see further instructions below under the heading "As a non-registered shareholder, how do I vote?" (page 5).

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

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

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

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

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

Who counts the proxies?

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

Is my vote confidential?

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

How are proxies solicited?

The management of Bombardier requests that you sign and return the form of proxy to ensure your votes are exercised at the meeting.

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

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

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

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

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

FOR the election of all the nominees proposed as directors;

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

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

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

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

You are a non-registered shareholder if your shares are not registered on a share certificate of Bombardier in your own name, and, as a result, they are held in the name of a "nominee", usually a bank, trust company, securities dealer or broker or other financial institution.

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

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

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

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

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

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

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

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

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

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

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

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

Section 2 : Business of the Meeting

Election of the Directors of Bombardier

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

It is proposed that 13 directors be elected until the next annual meeting of the shareholders of Bombardier.

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

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying form of proxy will vote for the election of the 13 nominees whose names are hereinafter set forth, all of whom are currently directors of Bombardier.

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

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

Chairman of the Board of Directors of Bombardier
Westmount, Québec, Canada
Age: 70
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	13,052,944	812,500	1,465,458 (C)
2008	13,052,944	812,500	887,205 (C)
Change	—	—	578,253 (C)

Mr. Laurent Beaudoin is a Chartered Accountant as well as a Fellow Chartered Accountant. He began his career in 1961 with Beaudoin, Morin, Dufresne & Associés, Chartered Accountants. In 1963, he joined Bombardier Limited as Comptroller. He was appointed General Manager in 1964 and, in 1966, became President. In 1979, he was appointed Chairman and Chief Executive Officer of Bombardier. On February 1, 1999, he became Chairman of the Board and of the Executive Committee until June 10, 2003, when he was appointed Executive Chairman of the Board. From December 13, 2004 to June 4, 2008, he assumed the responsibilities of Chairman of the Board and Chief Executive Officer of Bombardier. Since June 4, 2008, he is Chairman of the Board of Directors of Bombardier. 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 June 2000, he has been on the Advisory Board of Lazard Canada. Since 2002, he has been a member of the International Business Council of the World Economic Forum based in Geneva, Switzerland. Since December 2003, he is the Chairman of the Board of Bombardier Recreational Products Inc.

PIERRE BEAUDOIN

President and Chief Executive Officer of Bombardier
Westmount, Québec, Canada
Age: 46
Director since 2004
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	512,859	1,312	0
2008	512,859	1,312	0
Change	—	—	—

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

ANDRÉ BÉRARD

Corporate Director
Montréal, Québec, Canada
Age: 68
Director since 2004
Lead Director
Chairman of the Finance and Risk Management Committee
Member of the Audit Committee and the Human Resources and Compensation Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	5,000	169,563
2008	0	5,000	135,981
Change	—	—	33,582

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

J.R. ANDRÉ BOMBARDIER

Vice Chairman of Bombardier
Montréal, Québec, Canada
Age: 66
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	(D)	265,774	0
2008	(D)	265,774	0
Change	—	—	—

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

JANINE BOMBARDIER (E)

President and Governor,
J. Armand Bombardier Foundation,
charitable organization
Westmount, Québec, Canada
Age: 75
Director since 1984
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	(F)	40,001	143,554
2008	(F)	40,001	121,841
Change	—	—	21,713

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

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

Corporate Director
Ottawa, Ontario, Canada
Age: 65
Director since 2003
Chairman of the Audit Committee
Member of the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	10,000	85,968
2008	0	6,500	69,620
Change	—	3,500	16,348

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

THIERRY DESMAREST

Chairman of the Board of Directors of Total S.A., a multi-national energy (oil, gas and chemicals) corporation
Paris, France
Age: 63
Director since 2009
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	0	0
2008	0	0	0
Change	—	—	—

Mr. Thierry Desmarest has been Chairman of the Board of Directors of Total since 2007. He joined Total in 1981 as Managing Director of Total Algeria. He held various positions within Total Exploration Production ultimately becoming its President and a member of Total's Executive Committee in 1989. He became President of the Upstream segment in January 1995, and Chairman and Chief Executive Officer of Total a few months later. Following the merger with PetroFina in 1999, he became Chairman and Chief Executive Officer of TotalFina. In 2000, he was appointed Chairman and Chief Executive Officer of TotalFinaElf, and in 2003, he became Chairman and Chief Executive Officer of Total. He is also a member of the Board of Directors of Sanofi-Aventis, Air Liquide and Renault and a member of the Supervisory Board of Areva.

JEAN-LOUIS FONTAINE (G)

Vice Chairman of Bombardier
Westmount, Québec, Canada
Age: 69
Director since 1975
Not independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	4,097,472	6,465	0
2008	4,097,472	6,465	0
Change	—	—	—

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

DANIEL JOHNSON

Counsel, McCarthy Tétrault LLP, barristers and solicitors
Montréal, Québec, Canada
Age: 64
Director since 1999
Member of the Audit Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	1,200	101,726
2008	0	1,200	100,180
Change	—	—	1,546

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

JEAN C. MONTY

Corporate Director
Montréal, Québec, Canada
Age: 61
Director since 1998
Chairman of the Human Resources and Compensation Committee
Member of the Corporate Governance and Nominating Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	25,000	175,000	202,262
2008	25,000	175,000	172,666
Change	—	—	29,596

On April 24, 2002, Mr. Jean C. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.), following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President and Chief Executive Officer in March 1993. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. In recognition of his achievements, he was named Canada's Outstanding CEO of the Year for 1997. He is Vice Chairman of the Board of Directors of Centria Inc. Since December 2008, he is a Director of Alcatel-Lucent SA and Chairman of its Audit and Finance Committee.

CARLOS E. REPRESAS

Chairman of the Board, Nestlé Group Mexico, a food and beverage company
Mexico City, Mexico
Age: 63
Director since 2004
Member of the Human Resources and Compensation Committee and the Finance and Risk Management Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	0	91,712
2008	0	0	73,109
Change	—	—	18,603

Mr. Carlos E. Represas has been Chairman of Nestlé Group Mexico since 1983. He is a member of the Board of Directors of Merck & Co., Inc. since February 2009. He is a member of the Latin American Business Council (CEAL). He is Chairman of the Board of Trustees of the National Institute of Genomic Medicine of Mexico and President of the Mexico Chapter of the Latinamerican Chamber of Commerce in Zurich, Switzerland. From 1994 to 2004, he was Executive Vice President and also President of the Americas of Nestlé, S.A. In July 2004, he retired from his executive responsibilities at Nestlé where he worked during 36 years (1968-2004) in seven different countries.

JEAN-PIERRE ROSSO

Chairman, World Economic Forum USA Inc., an independent non-profit organization affiliated to the World Economic Forum, a non-profit foundation based in Geneva, Switzerland
New York, New York, United States
Age: 68
Director since 2006
Chairman of the Corporate Governance and Nominating Committee
Member of the Audit Committee
Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	0	84,090
2008	0	0	48,727
Change	—	—	35,363

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

HEINRICH WEISS

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

Dusseldorf, Germany
Age: 66

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

Independent

	Class A shares	Class B subordinate shares	Deferred Stock Units (B)
2009	0	0	135,475
2008	0	0	101,092
Change	—	—	34,383

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

NOTES

(*) The information appearing on pages 7 to 11 of this Management Proxy Circular is determined as at January 31, 2009 and January 31, 2008, respectively.

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

(B) "Deferred Stock Units" are : (i) in the case of the non-executive directors of Bombardier, namely Mrs. Janine Bombardier and Messrs. André Bérard, L. Denis Desautels, Thierry Desmarest, Daniel Johnson, Jean C. Monty, Carlos E. Represas, Jean-Pierre Rosso and Heinrich Weiss, the Director Deferred Stock Units credited to each one of them pursuant to the Director Deferred Stock Unit Plan which is more fully explained on page 16 of this Management Proxy Circular; and (ii) in the case of the Chairman of the Board of Directors of Bombardier, Mr. Laurent Beaudoin, the Deferred Stock Units awarded to him pursuant to the Deferred Stock Unit Plan for Senior Officers which is more fully explained on page 23 of this Management Proxy Circular. The number of Deferred Stock Units for each non-executive director and for Mr. Laurent Beaudoin has been determined as at January 31, 2009 and January 31, 2008, respectively.

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

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

(E) The normal retirement age for the directors of Bombardier is 72 years of age, unless otherwise determined by the Board of Directors of the Corporation. Although Mrs. Janine Bombardier has attained the prescribed retirement age, the Board of Directors, upon the recommendation of the Corporate Governance and Nominating Committee, has deemed it appropriate to propose to the shareholders of Bombardier to re-elect Mrs. Bombardier as a director of the Corporation during their annual meeting to be held on Wednesday, June 3, 2009.

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

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

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

The following table sets forth the number of meetings of the Board of Directors of Bombardier and its Committees held between February 1, 2008 and January 31, 2009 and the record of attendance at these meetings of the 13 nominees for election to the Board of Directors who are the current directors of the Corporation.

Nominees	Board of Directors [1]	Audit Committee Chairman: L. Denis Desautels	Corporate Governance and Nominating Committee Chairman: Jean-Pierre Rosso	Human Resources and Compensation Committee Chairman: Jean C. Monty	Finance and Risk Management Committee Chairman: André Bérard	Individual Attendance Rate
Laurent Beaudoin	10/10	[2]	[2]	[2]	[2]	100%
Pierre Beaudoin	10/10	[2]	[2]	[2]	[2]	100%
André Bérard	10/10	6/6	—	5/5	6/6	100%
J. R . André Bombardier	10/10	—	—	—	—	100%
Janine Bombardier	10/10	—	—	—	—	100%
L. Denis Desautels	10/10	6/6	—	—	6/6	100%
Thierry Desmarest [3]	—	—	—	—	—	—
Jean-Louis Fontaine	10/10	—	—	—	—	100%
Daniel Johnson	10/10	6/6	—	—	6/6	100%
Jean C. Monty	10/10	—	4/4	5/5	—	100%
Carlos E. Represas	10/10	—	—	5/5	6/6	100%
Jean-Pierre Rosso	10/10	6/6	4/4	—	—	100%
Heinrich Weiss	10/10	—	4/4	5/5	—	100%
Overall Attendance Rate	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Two special sessions for the review of the strategic orientation and the operating plans and budgets of the Corporation were held during the year.
(2) The Chairman of the Board of Directors, Mr. Laurent Beaudoin, and the President and Chief Executive Officer, Mr. Pierre Beaudoin, are not members of any of the Committees of the Board of Directors of Bombardier; however, they are entitled to attend and to participate in all the meetings of the Committees but not to vote.
(3) Mr. Thierry Desmarest became a member of the Board of Directors on January 21, 2009.
(4) Mrs. Jane F. Garvey was a member of the Board of Directors between February 1, 2008 and November 18, 2008 and attended all the nine meetings of the Board of Directors during that period. Mr. André Navarri was a member of the Board of Directors between February 1, 2008 and September 3, 2008 and attended six out of the seven meetings of the Board of Directors during that period.

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

(a) is, as at the date of this Management Proxy Circular, or has been, within ten years before the date of this Management Proxy Circular, a director or executive officer of any company (including Bombardier) that:

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

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

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

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

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

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

Appointment of the External Auditors of Bombardier

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

For each of the financial years ended January 31, 2009 and 2008, Ernst & Young, LLP, billed Bombardier the following fees for their services:

Fees	Financial Year Ended January 31, 2009 ($)	Financial Year Ended January 31, 2008 ($)
Audit fees	14,057,000	13,901,000
Audit-related fees	4,215,000	1,444,000
Tax fees	4,454,000	3,202,000
All other fees	394,000	147,000
Total Fees	**23,120,000**	**18,694,000**

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

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

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

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

Audit Committee Information

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

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

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

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

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

All Other Compensation

The following table describes the elements of other compensation paid to Messrs. J.R. André Bombardier and Jean-Louis Fontaine. They are entitled to these compensation elements as former senior executives of Bombardier. Details about pension benefits and perquisites are provided in Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 19 to 39 of this Management Proxy Circular.

Director [1]	Pension Benefits [2] ($)	Total of Other Compensation Excluding Pension Benefits [3] ($)
J.R. André Bombardier	257,800	43,780
Jean-Louis Fontaine	375,800	44,880

(1) All amounts paid were converted from Canadian dollars to US dollars based on an average exchange rate of $0.8534.
(2) Mr. J.R. André Bombardier was entitled to an annual pension of CAN $300,000 until June 30, 2008. As of July 1, 2008, his annual pension was increased to CAN $303,570 pursuant to an ad hoc indexation to compensate for cost of living increases. Mr. Jean-Louis Fontaine was entitled to an annual pension of CAN $437,330 until June 30, 2008. As of July 1, 2008, his annual pension was increased to CAN $442,534 pursuant to an ad hoc indexation to compensate for cost of living increases. Details of the pension plans for executives of Bombardier are provided in Section E. "Pension Plans" on page 35 of this Management Proxy Circular.
(3) Represents the estimated costs to Bombardier to provide car rental and maintenance and premium paid for group insurance. The actual rental costs were added to an estimated maintenance cost assuming a personal use of the car of 10 000 km per year.

Director Deferred Stock Unit Plan

To encourage the non-executive directors of Bombardier to better align their interests with those of the shareholders by having an investment in the Corporation, a Director Deferred Stock Unit Plan, or the DDSU Plan, was implemented on April 1, 2000; it was amended in 2003, 2006, 2007 and 2008. The DDSU Plan provides that the non-executive directors of Bombardier are required to receive the entirety of their annual Board retainer fees in the form of Director Deferred Stock Units, or DDSUs, until the minimum shares and/or DDSUs holding requirement (as further explained on page 17 of this Management Proxy Circular) is met. Thereafter, they have the option to be paid their annual Board retainer fees in cash or to keep receiving 50% or more of such fees in the form of DDSUs. In addition, the non-executive directors may elect to receive 50% or more of any other remuneration (i.e., attendance fees and fees received by Committee chairs and members and travel fees) in the form of DDSUs.

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

Stock Option Plan for the Benefit of the Non-Executive Directors of Bombardier

Effective October 1, 2003, the stock option plan for the benefit of the non-executive directors of Bombardier, or the Directors' Plan, was abolished. It provided for the granting of non-transferable and non-assignable options to purchase a maximum of 2,000,000 of the Class B subordinate shares of Bombardier. Despite the fact that the Directors' Plan was abolished, it continues to apply to outstanding, unexercised options. As at January 31, 2009, options for a total of 25,000 Class B subordinate shares, which had been previously granted, were still outstanding. The purchase price for the Class B subordinate shares, in respect of any outstanding option granted under the Directors' Plan, is the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the date on which such option was granted. The purchase price is payable in full at the time the option is exercised.

Each option is first exercisable at any time following the date of granting such option until the expiration of the tenth year following the date of granting of such option, unless the Human Resources and Compensation Committee decides otherwise. As of January 31, 2009, all remaining stock options were 100% vested. However, a non-executive director who, upon the date of his/her mandatory retirement, will have been a director of Bombardier for at least five years, will then be entitled, during the period of twelve months following such retirement, to exercise his/her option with respect to all the shares for which such option will not then have been exercised.

Options Exercised in the Most Recently Completed Financial Year

During the financial year ended January 31, 2009, no options were exercised by the non-executive directors of Bombardier to acquire Class B subordinate shares under the Directors' Plan and 20,000 options were cancelled or expired, as the case may be.

Outstanding Option-Based Awards for the Financial Year Ended January 31, 2009

Director	Number of Shares Acquired on Exercise	Aggregate Value Realized [1] ($)	Number of Securities underlying Unexercised Options at Financial Year End [2]		Option Expiration Date	Option Exercise Price (CAN$)	Value of Unexercised in-the-Money Options at Financial Year-End [1]	
			Exercisable	Unexercisable			Exercisable ($)	Unexercisable ($)
Janine Bombardier	—	—	5,000	—	March 27, 2012	14.58	—	—
Daniel Johnson	—	—	10,000	—	June 23, 2009	11.55	—	—
	—	—	5,000	—	March 27, 2012	14.58	—	—
Jean C. Monty	—	—	5,000	—	March 27, 2012	14.58	—	—
J.R. André Bombardier [2]	—	—	200,000	—	April 17, 2010	18.745	—	—
Jean-Louis Fontaine [2]	—	—	200,000	—	April 23, 2009	10.605	—	—
	—	—	200,000	—	March 27, 2012	14.58	—	—

(1) The value is calculated on the basis of the January 31, 2009 closing price of the Class B subordinate shares on the Toronto Stock Exchange of CAN $3.80 converted from Canadian dollars to US dollars based on an exchange rate of $0.8088.

(2) Messrs. J.R. André Bombardier and Jean-Louis Fontaine were granted the stock options shown above as former senior executives of Bombardier during their years of active service with the Corporation. These options were granted under the Stock Option Plan for executives as described on page 25 to 27 of this Management Proxy Circular.

Minimum Shares and/or DDSUs Holding Requirement

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

On February 1, 2008, the Board of Directors implemented a minimum shares and/or DDSUs holding requirement pursuant to which each non-executive director has to hold shares and/or DDSUs having a minimum value of CAN $400,000 (which is equal to US $323,520 based on an exchange rate of $0.8088 as of January 31, 2009) throughout his/her tenure as a director.

Until a non-executive director meets this minimum shares and/or DDSUs holding requirement, his/her Board annual retainer fees will be entirely credited to him/her in the form of DDSUs. Once the prescribed threshold is met, the non-executive director will have the option to receive his/her annual Board retainer in cash or in DDSUs.

Director Shares and/or DDSUs/DSUs Holding Table

The following table provides information on the number and value of the Class A shares and/or Class B subordinate shares of Bombardier and/or DDSUs/DSUs held by the nominees for election to the Board of Directors of Bombardier, excluding Mr. Pierre Beaudoin who is a Named Executive Officers (in his case, please refer to page 30 of this Management Proxy Circular).

Non-executive Director	Year [1]	Number of Class A Shares	Number of Class B Subordinate Shares	Total Value of Shares ($)	Number of DDSUs	Total Value of DDSUs [2] ($)	Total Number of Shares and DDSUs [2]	Total Value of Shares and DDSUs [2] ($)
André Bérard	2009	—	5,000	15,400	169,563	521,100	174,563	536,500
Janine Bombardier	2009	61,973,490	40,001	193,101,000	143,554	441,200	62,157,045	193,542,200
L. Denis Desautels	2009	—	10,000	30,700	85,968	264,200	95,968	294,900
Thierry Desmarest [3]	2009	—	—	—	—	—	—	—
Daniel Johnson	2009	—	1,200	3,700	101,726	312,600	102,926	316,300
Jean C. Monty	2009	25,000	175,000	615,700	202,262	621,600	402,262	1,237,300
Carlos E. Represas	2009	—	—	—	91,712	281,900	91,972	281,900
Jean-Pierre Rosso	2009	—	—	—	84,090	258,400	84,090	258,400
Heinrich Weiss	2009	—	—	—	135,475	416,400	135,475	416,400
Other Nominees	**Year [1]**	**Number of Class A Shares**	**Number of Class B Subordinate Shares**	**Total Value of Shares ($)**	**Number of DSUs [4]**	**Total Value of DSUs [2] ($)**	**Total Number of Shares and DSUs [2]**	**Total Value of Shares and DSUs [2] ($)**
Laurent Beaudoin	2009	13,052,944	812,500	43,142,000	1,465,458	4,504,000	15,330,902	47,646,000
J.R. André Bombardier	2009	65,401,042	265,774	204,467,800	—	—	65,666,816	204,467,800
Jean-Louis Fontaine	2009	4,097,472	6,465	12,778,900	—	—	4,103,937	12,778,900

(1) The number of the Class A shares and/or Class B subordinate shares and/or DDSUs/DSUs held by each director for 2009 is determined at January 31, 2009.
(2) The total value is calculated on the basis of the January 31, 2009 closing prices of the Class A shares and the Class B subordinate shares on the Toronto Stock Exchange of CAN $3.85 and CAN $3.80 respectively converted from Canadian dollars to US dollars based on an exchange rate of $0.8088
(3) Mr. Thierry Desmarest became a non-executive director on January 21, 2009.
(4) Mr. Laurent Beaudoin was awarded Deferred Stock Units (DSUs) pursuant to the Deferred Stock Unit Plan for Senior Officers as more fully explained in Notes (B) and (C) on page 11 of this Management Proxy Circular.

Section 4: Remuneration of the Executive Officers of Bombardier

A. Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee of the Board of Directors of Bombardier, or the HRCC, is comprised of the following four independent directors:

– Mr. Jean C. Monty (Chairman)

– Mr. André Bérard

– Mr. Carlos Represas

– Mr. Heinrich Weiss.

None of them is an active chief executive officer with a publicly-traded entity. They each have experience in executive compensation either as a former chief executive officer of a publicly-traded corporation, a senior executive officer who had executive responsibility for very sizeable businesses or the current owner and chief executive officer of an international private holding corporation.

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

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

The HRCC held five meetings during the financial year ended January 31, 2009; the table below outlines the main activities of the HRCC during the last financial year.

Meeting	Main activities of the HRCC
February, 2008	• Approval of the salary increases for the senior executive officers of the Corporation other than the President and Chief Executive Officer • Approval of the 2008-2009 annual incentive plans
April, 2008	• Appointment of (1) the new President and Chief Operating Officer of Bombardier Aerospace and (2) the Presidents of the Bombardier Commercial Aircraft Division and the Bombardier Business Aircraft Division • Approval of the annual incentive payments for the 2007-2008 financial year • Approval of the mid- and long-term incentive programs for the 2008-2009 financial year • Approval of the executive compensation section of the 2008 management proxy circular • Review of the proposed total compensation package of (1) Mr. Pierre Beaudoin who was appointed President and Chief Executive Officer and (2) Mr. Laurent Beaudoin who was appointed Chairman of the Board of Directors, on June 4, 2008.
June, 2008	• Approval of the stock option and performance stock unit grants pursuant to the 2008-2009 mid- and long-term incentive programs • Review of the report on health and safety matters • Review of the proposed incentive compensation plan of the President and Chief Executive Officer, Mr. Pierre Beaudoin
September, 2008	• Review of the new regulatory requirements on executive compensation disclosure • Review of the report of Towers Perrin with respect to their independence • Review of the incentive compensation plan of the President and Chief Executive Officer, Mr. Pierre Beaudoin, and recommendation to the Board of Directors for its approval • Review of the report from Towers Perrin assessing the executive compensation programs and practices of the Corporation against best corporate practices
December, 2008	• Review of the total executive compensation policy competitiveness and approval of any proposed modifications • Review of the proposed salary scales and budget increases for the 2009-2010 financial year • Review of a proposed new approach with respect to the mid- and long-term incentive programs • Review of the report on health and safety matters • Review of the succession planning program results
On-going	• Appointments (total compensation and other terms and conditions) and terminations (settlements) • Pension plans: amendments to current pension plans and creation of new ones

B. Mandate of the Human Resources and Compensation Committee

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

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

B.1 Independent Consultant

The HRCC has the authority to retain any independent consultants of its choice to advise its members on total executive compensation policy matters, and to determine the fees and the terms and conditions of the engagement of these consultants. In 2007, the HRCC conducted a search to select an outside consulting firm and as a result, Towers Perrin was retained for a mandate of three years.

During the financial year ended January 31, 2009, Towers Perrin conducted a comprehensive review of senior executive compensation relative to best market practices. They also provided their assessment with respect to the trends and practices on executive compensation to the HRCC. Towers Perrin reported directly to the HRCC on these matters. The HRCC did not direct Towers Perrin to perform its services in any particular manner.

The HRCC reviewed both the mandate and performance of Towers Perrin and found them satisfactory. However, the decisions made by the HRCC are the responsibility of the Committee and may reflect factors and considerations other than information and recommendations provided by Towers Perrin.

In accordance with the policy adopted at its meeting of April 1, 2008, the HRCC has to pre-approve additional work of a material nature assigned to Towers Perrin. The HRCC will not approve any such work that, in its view, could compromise the independence of Towers Perrin as advisor to the HRCC. The HRCC received from Towers Perrin formal confirmation that they remained independent irrespective of the other mandates performed by Towers Perrin. Towers Perrin earned the following fees during each of the financial years ended January 31, 2009 and 2008:

Towers Perrin's Mandates and Fees [1]	Financial Year Ended January 31, 2009 ($)	Financial Year Ended January 31, 2008 ($)
HRCC Mandates (executive compensation)	224,000	205,500
Bombardier Mandates (mainly actuarial valuation for funding and accounting purposes related to pension and benefit plans)	3,652,500	3,804,600
Total Fees	**3,876,500**	**4,010,100**

(1) Fees were converted from Canadian dollars to US dollars based on the exchange rates of $0.9978 as of January 31, 2008 and $0.8088 as of January 31, 2009.

B.2 Leadership Development and Management Succession Planning

Bombardier is fully committed to the continued development of leaders at all levels of its organization to drive its long term business success. Its efforts are anchored by the performance management process (PMP) which directly links the achievement of business objectives with the personal development of leaders across the organization. The feedback and performance evaluation that leaders receive as part of the PMP become key discussion points for subsequent leadership development review and management succession sessions which identify overall leadership quality and depth, succession candidates for key positions, review of high potential employees and progress on development plans. The management succession plan process originates in each operating group, that is Bombardier Aerospace and Bombardier Transportation and, after a series of escalating reviews, culminates in a detailed and integrated assessment of the leadership status by Bombardier senior management. This program is further reinforced by quarterly talent reviews by the President and Chief Executive Officer, the respective Group Presidents and Chief Operating Officers and the respective Group Vice Presidents for Human Resources, of the development plans of the organization's top leaders. Talent review sessions were held for each operating group during the financial year ended January 31, 2009 in conjunction with regularly scheduled operational reviews. A summary of the full management succession plan was presented to the Board of Directors in February 2009. The HRCC monitors progress on the action plans identified in this plan.

C. Compensation Discussion and Analysis

The HRCC has ensured that the Bombardier executive compensation disclosure and analysis presented hereunder complies with the rules of the Canadian Securities Administrators as provided for in Form 51-102 F6 "Statement of Executive Compensation".

C.1 Compensation Policy

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

During the financial year ended January 31, 2009, the HRCC reviewed and confirmed the current executive compensation policy applicable to senior executives. This confirmation was made on the recommendation of Towers Perrin based on its review of best market practices.

Bombardier's executive compensation policy focuses on total compensation: base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites. Each of these elements is discussed below.

C.1.1 Compensation Objectives and Target Weightings

The objective of the executive compensation policy of Bombardier is to position the total compensation package at the median of local markets (50th percentile). Each of the element of the compensation package (base salary, short-term incentives, mid-term and long-term incentives, pension, benefits and perquisites) are separately considered in the benchmarking in order to be in line with general market practices. The HRCC approves the formula and target amount for each element of compensation separately based on Bombardier financial goals. Each element by itself could be slightly below or above the median. However, the total target value of the compensation package comprised of all elements is positioned at the median of the benchmark results. The table below shows the key components of compensation and their respective form and performance period:

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

The following table sets forth the percentage of each component of the total compensation package for (1) the President and Chief Executive Officer, Mr. Pierre Beaudoin, (2) the Senior Vice President and Chief Financial Officer, Mr. Pierre Alary, and (3) the three most highly compensated senior management executive officers of Bombardier, namely the President and Chief Operating Officer of Bombardier Aerospace, Mr. Guy C. Hachey, the President and Chief Operating Officer of Bombardier Transportation, Mr. André Navarri, and the Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment, Mr. Richard Bradeen, (all of whom are collectively referred to as the "Named Executive Officers" or "NEOs" of Bombardier (or individually "NEO") in this Management Proxy Circular) in accordance with the above stated compensation policy and the effect of the assumed achievement of target performance on the compensation programs for the financial year ended January 31, 2009. Mr. Laurent Beaudoin, though he is considered a Named Executive Officer for having acted as Chief Executive Officer of Bombardier from February 1, 2008, until June 4, 2008, did not receive any compensation whatsoever for acting in that capacity.

The target weightings of each component intend to put more emphasis on the at-risk compensation of each senior executive to ensure his/her alignment with shareholders' interests. The relative weighting of each component of direct compensation is aligned with each senior executive's ability to influence the short- and long-term performance of Bombardier.

Target Weighting of Compensation Components Based on Compensation Policy

Named Executive Officers	Base Salary	Short-term Incentive	Mid-term Incentive	Long-term Incentive	Other Compensation (1)	Total Direct Compensation (2)	Total at-risk Compensation
Laurent Beaudoin	0%	0%	0%	0%	100%	100%	0%
Pierre Beaudoin	21%	27%	26%	26%	0%	100%	79%
Pierre Alary	36%	32%	16%	16%	0%	100%	64%
Guy C. Hachey	32%	28%	20%	20%	0%	100%	68%
André Navarri	32%	28%	20%	20%	0%	100%	68%
Richard Bradeen	37%	33%	15%	15%	0%	100%	63%

(1) Mr. Laurent Beaudoin is only entitled to his Bombardier retirement pension benefits and his fees as Chairman of the Board of Directors. Please refer to the table D.2 "Summary Compensation Table" on page 31 of the Management Proxy Circular.

(2) Excluding value of pension (except for Mr. Laurent Beaudoin), benefits and perquisites.

C.1.2 Benchmarking

Benchmarking is performed annually by Towers Perrin, the independent executive compensation consultant 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 also reviewed and approved every year by the HRCC to ensure its continued relevance.

In addition to market benchmarking reviews, the HRCC validates the introduction of new compensation programs or any significant modifications to existing ones through stress-testing processes. Since no new compensation programs were introduced nor any significant changes were made to existing compensation programs, during the financial year ended January 31, 2009, the HRCC did not request that any stress-testing be performed.

Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, a comparator group including large Canadian companies with international operations is used for Canadian-based positions. A US comparator group may be used for some Canadian-based positions in Bombardier Aerospace and Bombardier Transportation when the Canadian market does not provide an appropriate comparison base. For US-based positions, a relevant US comparator group is used. European positions are benchmarked using a combination of relevant European countries and companies.

The 2008-2009 comparator group used for the Named Executive Officers of Bombardier is provided in the table below. The companies represent the market in which Bombardier competes for senior management talent. The compensation data for these companies come from reliable sources.

	Comparator Group for Messrs. Pierre Beaudoin, Pierre Alary and Richard Bradeen	**Comparator Group for Mr. Guy C. Hachey**	**Comparator Group for Mr. André Navarri**
Names of Comparator Companies	AbitibiBowater Alcan BCE Canadian National Railway Celestica Nortel Networks Quebecor Royal Bank of Canada Thomson Reuters Corporation	*Same as for Messrs Pierre Beaudoin, Pierre Alary and Richard Bradeen plus the following companies:* Bell Helicopter-Textron CAE Inc. CGI Group General Electric Canada Inc. IBM Canada Pratt & Whitney SNC-Lavalin	Bilfinger Berger BMW Daimler Deutsch Bahn Druckmaschinen EADS (Airbus) GEA Heidelberger Henkel Klöckner & Co Linde MAN Salzgitter Siemens ThyssenKrupp

C.1.3 Base Salary

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

The actual base salary paid to any executive officer takes into consideration his/her responsibilities, current and sustained performance, skills and potential to ensure that the base salary reflects his/her actual contribution. Annual individual salary increase, if granted, is based on the individual performance of the executive. A base salary higher than the appropriate mid-point can only be paid if justified by sustainable higher level of individual performance.

C.1.4 Short-term Incentive Plans

Eligible management employees of Bombardier participate in short-term incentive plans designed specifically for each of its two operating groups namely, Bombardier Aerospace and Bombardier Transportation, as well as for the Corporate Office. The objective of these plans is to motivate eligible employees to achieve, and even surpass, the financial performance objectives approved by the Board of Directors of Bombardier at the beginning of each financial year for Bombardier Aerospace, Bombardier Transportation and the Corporate Office.

At its meeting of February 19, 2008, the HRCC approved the financial metrics for the short-term incentive plans for the financial year ended January 31, 2009. These financial metrics are not benchmarked with similar metrics from the comparator group used for the compensation policy. They are based on Bombardier's operating plans for the year as approved by the Board. The Corporation estimates that the results of these metrics are attainable provided that the operating plans are essentially complied with and achieved by the senior management. These metrics were set in order to maximize shareholder return.

The plans specify the target and maximum annual bonus as a percentage of base salary. These percentages vary based on the level of the position held. The metrics used for these plans are essentially based on quarterly financial results. If quarterly targets are not met, the portion of the short-term incentive award in respect of that quarter is forfeited. If financial targets are exceeded, the payout potential can reach twice the target amount.

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

The plans also restrict the total bonus envelope to a predetermined percentage of Earnings before Interest and Taxes (EBIT) for Bombardier Aerospace and Bombardier Transportation

respectively. Bonus payments are proportionally reduced if the EBIT target is not reached. No bonus is paid if EBIT for the year is null or negative.

At its meeting of March 31, 2009, the HRCC reviewed the financial results achieved against the targets of the plans and approved the bonus payable for the financial year ended January 31, 2009.

The following table provides a qualitative description of the objectives of the plans and their results. Quantitative results are not provided because they contain sensitive information that is not in Bombardier's interest to publicly disclose.

Group	Target Objectives [1] Based on:	Results Versus Target
Bombardier Aerospace	Earnings before Interest and Taxes (EBIT) (50% of target bonus)	112% of target attained
	Average Net Utilized Assets [2] (50% of target bonus)	
Bombardier Transportation	Earnings before Interest and Taxes (EBIT) ($66^2/_3$% of target bonus)	95% of target attained
	Free Cash Flow ($33^1/_3$% of target bonus)	
Corporate Office	Aerospace objectives (50% of target bonus)	104% of target attained
	Transportation objectives (50% of target bonus)	
President and Chief Executive Officer (Mr. Pierre Beaudoin since June 4, 2008 only)	Aerospace objectives (40% of target bonus)	89% of target attained
	Transportation objectives (40% of target bonus)	
	Strategic developments as defined by the Board of Bombardier (20% of target bonus)	

(1) EBIT, Free Cash Flow and Average Net Utilized Assets were selected as measures for the short-term incentive plans to ensure that they would reflect Bombardier's success in achieving its targets for profitability and return for shareholders.

(2) Net Utilized Assets is defined as:
Receivables, plus aircraft financing, plus inventories, plus property, plant and equipment, plus intangible assets, plus other assets, minus advances on Bombardier Aerospace programs, minus accounts payable and accrued liabilities, minus fractional ownership deferred revenues, minus other post-employment obligations.

The following table provides the minimum, target and maximum bonus payable to the Named Executive Officers according to the short-term incentive plans as well as the actual payout earned for the financial year ended January 31, 2009 expressed as a percentage of salary.

Named Executive Officers	Minimum	Target	Maximum	Actual Results
Laurent Beaudoin [1]	0%	0%	0%	0%
Pierre Beaudoin [2]	0%	90%	180%	101%
[3]	0%	120%	240%	107%
Pierre Alary	0%	90%	180%	93%
Guy C. Hachey	0%	90%	180%	99%
André Navarri	0%	90%	180%	86%
Richard Bradeen	0%	90%	180%	93%

(1) Mr. Laurent Beaudoin, though he acted as Chief Executive Officer from February 1, 2008, until June 4, 2008, did not receive any compensation whatsoever for acting in that capacity.

(2) As President and Chief Operating Officer of Bombardier Aerospace until June 3, 2008.

(3) As President and Chief Executive Officer of Bombardier since June 4, 2008.

C.1.5 Deferred Stock Unit Plan for Senior Officers

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

Upon the senior officer ceasing to be a senior officer (as a result of retirement, death, permanent disability or termination), the DSUs are automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the last trading day preceding the date on which the senior officer ceases to be a senior officer.

C.1.6 Mid-term and Long-term Incentive Plans

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

a combination of performance shares units, or PSUs, and stock options as mid-term and long-term incentives. These plans are described below.

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

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

– they recognize and reward the impact of longer-term strategic actions undertaken by the executives;
– they promote management retention since the grants vest over a certain number of years (as later described in the plan rules);
– the value of the grants depends on the future value of the Bombardier Class B subordinate shares, whether paid in cash or by distribution of shares;
– it limits the dilution of shares since the performance stock units are purchased on the secondary market; and
– the cost to Bombardier is known in advance since the target level of PSUs granted each year are acquired up front.

The HRCC determines the size of grants to be awarded by the Board of Directors to executives. Mid-term and long-term incentives are granted on an annual basis, based on benchmark data of the comparator group. The number of PSUs and stock options granted to each participant is based on a grant guideline that is related to the employee's management level within Bombardier. The executive individual performance is considered to determine the grant. Eligibility to participate in the mid-term and long-term incentive plans does not confer an automatic right to receive a grant.

Since the grants of mid-term and long-term incentives are determined annually based on the target global compensation level for the year, grants made in previous years are not considered to determine the actual grant made to an executive in any subsequent financial year.

C.1.6.1 2008-2009 Financial Year Grants

At its meeting of April 2, 2008, the Board of Directors, upon the recommendation of the HRCC, approved (1) the parameters of the Stock Option Plan and Performance Share Unit Plan for the 2008-2009 financial year and also (2) the aggregate number of stock options and PSUs to be granted.

At its meeting of June 3, 2008, the Board of Directors, upon the recommendation of the HRCC, approved the stock options and PSUs to be granted to each executive. These stock options and PSUs were granted on June 10, 2008.

C.1.6.2 Performance Share Unit Plan

The objective of the Performance Share Unit Plan, or PSU Plan, is to reward key employees of the Corporation who make a particular contribution to the creation of economic value for Bombardier and its shareholders. The plan is designed to motivate them to exceed the financial targets of the Corporation. However, they are penalized if the targets are not met. Only key employees, as approved by the HRCC or senior management, depending on the management level of the employees, may be granted PSUs.

The main PSU Plan rules are summarized below:

– a grant of PSUs represents the right to receive an equal number of Class B subordinate shares of Bombardier (or an equivalent amount of cash) on the vesting date if the pre-determined Return on Equity, or ROE, targets are attained during the vesting period;
– the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
– the ROE targets are determined at the date of the grant by the HRCC and shall not be modified during the vesting period;
– the number of Class B subordinate shares which may be delivered on the vesting date could be eliminated, reduced or increased depending on the actual results of the average ROE during the vesting period:
  • vesting is 100% if the ROE targets are met;
  • vesting is 70% if the ROE results are below the ROE targets by less than 2% for the 2006 and 2007 grants and by less than 4% for the 2008 grants;
  • vesting is 0% if the minimum ROE results are not met;
  • vesting is increased to 150% if the ROE results exceed the ROE targets by 5%; and
  • graded vesting is interpolated between these minimum and maximum ROE results;
– the PSU Plan confers the right to receive dividends to be paid either in the form of additional PSUs or in cash at the same rate as the dividend paid on Class B subordinate shares of Bombardier; the form of payment of these dividends is determined by the HRCC; these dividends are paid at the end of the three-year vesting period in accordance with the vesting rules;
– the PSU Plan is not dilutive because PSUs are settled in Class B subordinate shares of Bombardier purchased on the secondary market;
– please refer to Section F. "Termination and Change of Control Provisions" on pages 37 and 38 of this Management Proxy Circular for the treatment of PSUs in such cases.

The following table shows the impact of the financial results of Bombardier on the PSUs grants earned by senior executives during the financial year ended January 31, 2009:

Three-year Vesting Based on Three-year Average ROE	Results
For PSUs granted in 2006-2007	ROE exceeded the target for the full three years of the grant cycle (vesting is 150%)
For PSUs granted in 2007-2008	ROE exceeded the target for the first two years of the grant cycle (1)
For PSUs granted in 2008-2009	ROE exceeded the target for the first year of the grant cycle (1)

(1) May change depending on results at the end of full three-year cycle

C.1.6.3 Restrictions on PSUs Trading and Share Ownership

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

There is no share ownership requirement at the end of the vesting period.

C.1.6.4 Stock Option Plan

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

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

- The granting of non-assignable options to purchase Class B subordinate shares may not exceed 133,782,688;
- the annual grant of stock options is made within a 1% dilution limit;
- the number of shares reserved for issuance shall not exceed 10% of all the issued and outstanding Class A shares and Class B subordinate shares combined;
- no single person may hold options to acquire more than 5% of all issued and outstanding Class A and Class B subordinate shares combined;
- in any given one-year period, insiders and their associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class A and Class B subordinate shares combined; and
- as of April 30, 2003, the number of Class B subordinate shares reserved for issuance to insiders was fixed at 26,910,324.

As of April 1, 2009, 33,877,271 Class B subordinate shares had been issued and 56,534,596 Class B subordinate shares remained issuable under future option grants. These numbers represent respectively 1.93% and 3.22% of all issued and outstanding Class A shares and Class B subordinate shares combined. In addition, 43,370,821 Class B subordinate shares are issuable under options already granted (i.e. unexercised options that have neither expired nor been cancelled), representing 2.47% of all issued and outstanding Class A shares and Class B subordinate shares combined.

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

- a grant of stock options represents the right to purchase an equal number of Class B subordinate shares of Bombardier at the determined exercise price;
- the exercise price equals the weighted average trading price of the Class B subordinate shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the day on which an option is granted;
- stock options granted prior to June 2003 are conventional options with a term of ten years vesting at the rate of 25% at the end of the second, the third, the fourth and the fifth anniversary of the date of grant;
- all remaining stock options granted prior to June 2003 are 100% vested;
- stock options granted since June 2003 are performance options with a term of seven years; they vest at a rate of 25% at the end of the first, second, third and fourth anniversary of the date of grant if the performance vesting criteria are met;
- the performance criteria for the stock options granted since June 2003 are based on the price of the Bombardier Class B subordinate shares; the weighted average trading price of these shares has to reach the target price established at the time of the grant for at least 21 consecutive trading days in each year following the grant date. If the target price is not reached in a given year, the exercise of the grant is carried forward to the following year at the target price of the following year;
- please refer to Section F. “Termination and Change of Control Provisions” on pages 37 and 38 of this Management Proxy Circular for the treatment of stock options in such cases.

The following table shows the impact of the financial performance of Bombardier on the stock option grants to the senior executives during the financial year ended January 31, 2009:

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

C.1.6.5 Restrictions on the Exercise of Stock Options and Share Ownership

Upon exercise, the stock options holder shall remain the direct owner of at least 25% of the number of shares acquired for a period of at least one year following the date of exercise.

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

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

C.1.6.6 Right to Amend the Stock Option Plan

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

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

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

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

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

- the cancellation of options for the purpose of issuing new options;
- the grant of financial assistance for the exercise of options;
- an increase in the number of Class B subordinate shares reserved for issuance under the Stock Option Plan; and
- any amendment to the method for determining the purchase price for the Class B subordinate shares, in respect of any option.

C.1.7 Share Purchase Plan

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

C.1.8 Pension Plans, Benefits and Perquisites

The objective of Bombardier is to provide pension, benefits and perquisites at the median of the comparator group. External consultants are used to benchmark the pension, benefits and perquisites offered by Bombardier to its senior executives with those of the comparator groups.

Bombardier offers a limited number of perquisites such as car rental, complete medical check-up and financial counselling. Benefits programs for senior executives are, as a general rule, similar to those of non-unionized employees, except however that higher limits would apply to life insurance, long-term disability, medical services and dental care coverage; these higher limits reflect competitive practices. The amount allocated for the rental of a company provided car depends on the level of responsibility of senior executives; they are allowed to exceed it but they then have to contribute through payroll deductions. The Corporation reimburses reasonable expenses for the use and maintenance of the car. All senior executives are entitled to have an annual complete medical check-up. In addition, the Corporation assumes the annual fees incurred by senior executives for financial counselling generally up to a maximum amount of CAN $3,000. As a general rule, Bombardier does not reimburse any fitness club, sport club or business club membership fees. Only the President and Chief Executive Officer, the President and Chief Operating Officer of Bombardier Aerospace and the President and Chief Operating Officer of Bombardier Transportation are allowed to use the Bombardier corporate aircraft for personal reasons. The Corporation does not generally assume all of the costs of corporate aircraft incurred by senior executives for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental cost to Bombardier and the costs so reimbursed by the Named Executive Officer is included in the amounts required to be disclosed as perquisites, as applicable, under the column "All Other Compensation", in the table D.2 "Summary Compensation Table" on page 31 of this Management Proxy Circular.

More details about the executive pension plans are provided in Section E. "Pension Plans" on pages 35 and 36 of this Management Proxy Circular.

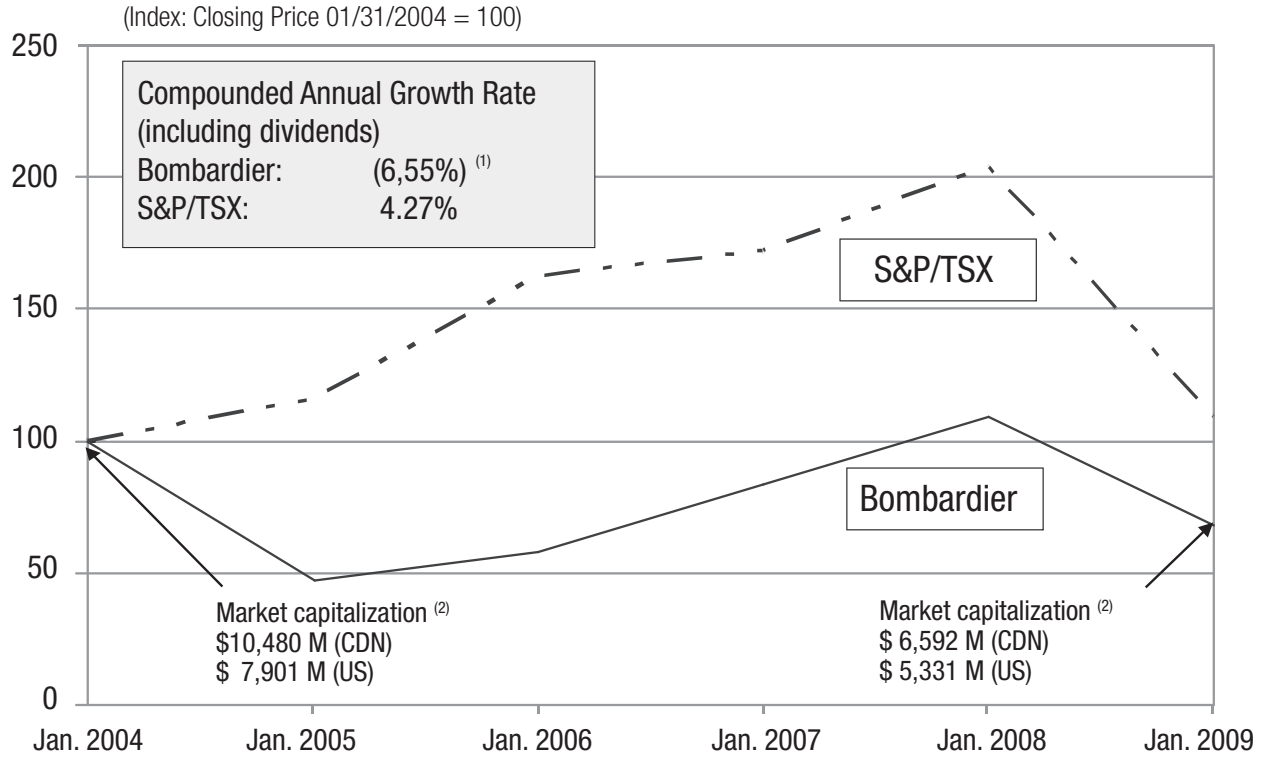
C.1.9 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no outstanding loan for the financial year ended January 31, 2009.

C.2 Performance Graphs

The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years assuming that an amount of $100 was invested on January 31, 2004 in the class B subordinate shares of Bombardier and in the S&P/TSX Composite Index.

Performance of the Class B Subordinate Shares of Bombardier
From January 31, 2004 to January 31, 2009



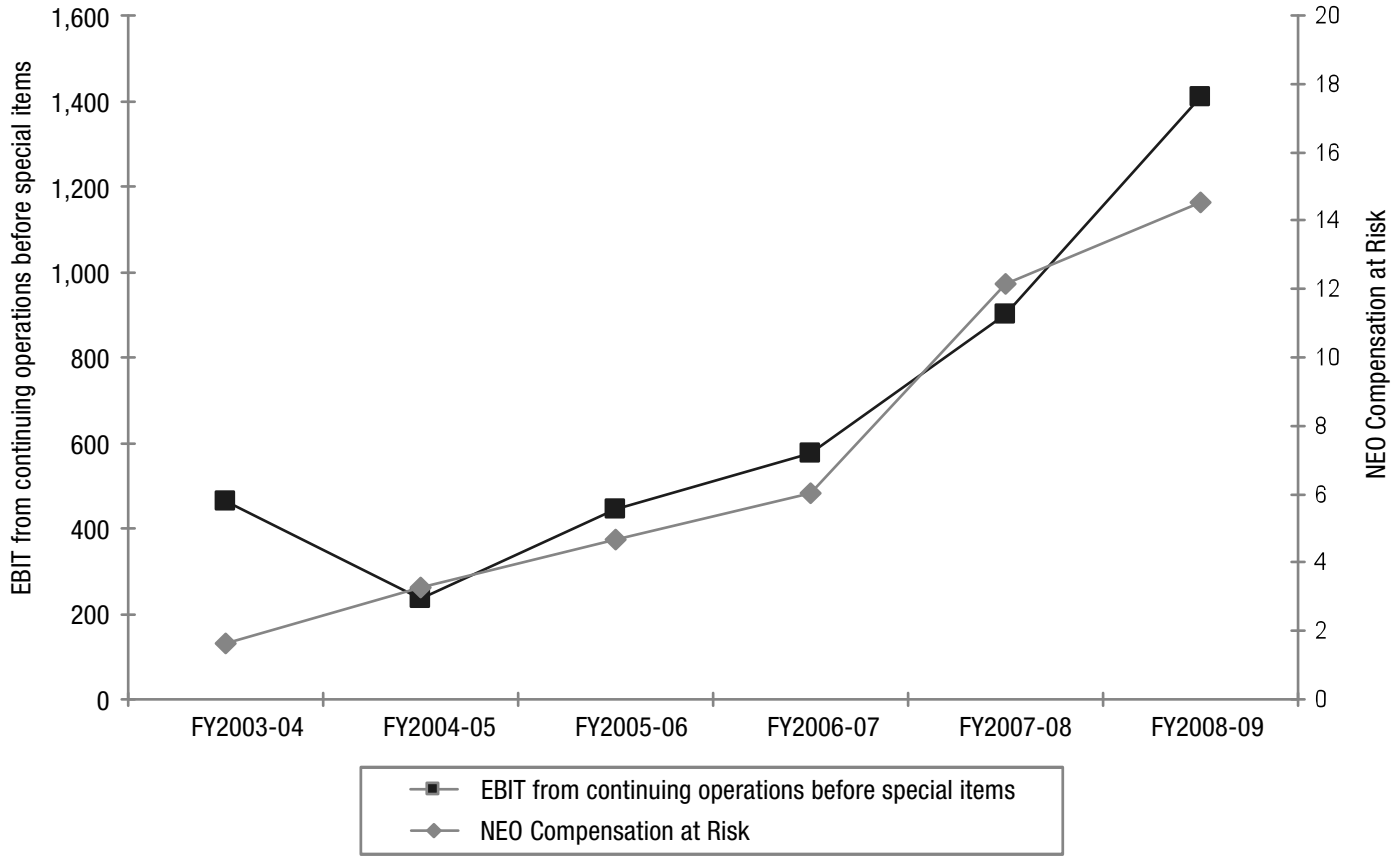
(1) Return on Class B subordinate shares.

(2) Market capitalization is based on 342,018,248 Class A shares and 1,407,566,670 Class B shares as at January 31, 2004 and on 316,582,537 Class A shares and 1,413,866,601 Class B shares as at January 31, 2009.

Bombardier's incentive compensation (that is the short-term incentive plans and the mid-term and long-term incentive plans referred to in pages 22 to 27 of this Management Proxy Circular) is linked to the achievement of targeted results and the evolution of the Class B subordinate shares on the Toronto Stock Exchange. Earnings before interest and taxes (EBIT) being a common key performance indicator for Bombardier Aerospace and Bombardier Transportation, it was determined that EBIT is the better measurement on a consolidated basis to represent the total performance of the Corporation. The graph below clearly shows the direct link between the compensation at risk of the Named Executive Officers (NEOs) and Bombardier's performance, as measured by EBIT. While it is important to align pay and performance, the recent Class B subordinate shares price performance has been affected by trends unrelated to the fundamentals of Bombardier and as such, Bombardier has chosen to compare the NEOs' compensation at risk with EBIT.

The following performance graph illustrates the trend in the compensation at risk of the NEOs of Bombardier over the same five most recently completed financial years of Bombardier.

Bombardier EBIT vs NEOs' Compensation at Risk
January 31, 2004 to January 31, 2009
(in millions of U.S. dollars)



D. Executive Compensation

D.1 Total Compensation Value Table

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, as established by the HRCC for the financial year ended January 31, 2009. It also provides a summary of the aggregate holdings of shares, PSUs and stock options held by him as at January 31, 2009.

Total Compensation Value Table

Pierre Beaudoin **President and Chief Executive Officer**

Mr. Beaudoin was named President and Chief Executive Officer of the Corporation on June 4, 2008. This table includes also his compensation as President of Bombardier Aerospace prior to that date.

Compensation for the year ended January 31, 2009	**($)**
Salary [1]	1,049,000
Performance Share Units (PSUs) [2]	1,853,400
Stock Options [3]	2,251,900
Annual Incentive [1]	1,104,300
Pension Value [4]	1,486,100
All Other Compensation [5]	81,200
Total Compensation	**7,825,900**

Aggregate Holding and Value of Shares, PSUs and Stock Options

As at January 31, 2009

	(#)	**($)**
Shares [6]		
• Class A	512,859	1,597,000
• Class B Subordinate	1,312	4,000
PSUs [7]	490,000	1,505,900
Stock Options [8]		
• Exercisable	1,287,500	328,700
• Unexercisable	1,882,500	172,200
Total	**4 174 171**	**3,607,800**

(1) Please refer to the table D.2 “Summary Compensation Table” on page 31 of this Management Proxy Circular.
(2) Please refer to the table D.3 “Granting of PSUs to the Named Executive Officers of Bombardier during the Financial Year ended January 31, 2009” on page 32 of this Management Proxy Circular.
(3) Please refer to the table D.4 “Granting of Stock Options to the Named Executive Officers of Bombardier during the Fnancial Year ended January 31, 2009” on page 32 of this Management Proxy circular.
(4) Please refer to the table E.1 “Supplemental Pension Disclosure”on page 36 of this Management Proxy circular.
(5) Please refer to note (7) of the table D.2 “Summary Compensation Table” on page 31 of this Management Proxy Circular.
(6) The market value of shares was determined with a closing price for Class A shares of CAN $3.85, a closing price for Class B subordinate shares of CAN $3.80 converted from Canadian dollars to US dollars based on an exchange rate of $0.8088 as of January 31, 2009.
(7) Please refer to the table D.6 “Exercised and Unexercised PSUs and/or DSUs for the Financial Year ended January 31, 2009” on page 34 of this Management Proxy Circular.
(8) Please refer to the table D.5“Outstanding Option-Based Awards for the Financial Year ended January 31, 2009” on page 33 of this Management Proxy Circular.

D.2 Summary Compensation Table

The Summary Compensation Table shows the annual compensation information for each of the Named Executive Officers of Bombardier for the financial year ended January 31, 2009:

Name and Principal Position	Financial Year Ended January 31	Salary [1] ($)	Share-based Awards (PSUs) [2] ($)	Option-based Awards [3] ($)	Non-equity Incentive Plan Compensation		Pension Value [5] ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plan [4] ($)	Long-term Incentive Plan ($)			
Laurent Beaudoin [6] Chairman of the Board of Directors	2009	0	0	0	0	0	437,700	1,459,600	1,897,300
Pierre Beaudoin [1] President and Chief Officer	2009	1,049,000	1,853,400	2,251,900	1,104,300	0	1,486,100	81,200 [7]	7,825,900
Pierre Alary Senior Vice President and Chief Financial Officer	2009	520,300	347,500	422,200	486,000	0	166,400	39,900	1,982,300
Guy C. Hachey [1] President and Chief Operating Officer of Bombardier Aerospace	2009	556,100	1,544,500	1,876,600	548,200	0	294,600	53,100	4,873,100
André Navarri President and Chief Operating Officer of Bombardier Transportation	2009	1,312,400	965,300	1,016,500	1,126,100	0	361,500	23,200	4,805,000
Richard Bradeen Senior Vice President, Strategy and Corporate Audit Services and Risk Assessment	2009	469,100	308,900	312,800	438,200	0	171,900	35,000	1,735,900

(1) The annual base salary rate for Mr. Pierre Beaudoin following his appointment as President and Chief Executive Officer on June 4, 2008 is CAN $1,300,000. The annual base salary rate for Mr. Guy C. Hachey following his appointment as President and Chief Operating Officer of Bombardier Aerospace on May 12, 2008 is CAN $900,000.

(2) Please refer to the table D.3 "Granting of PSUs to the Named Executive Officers of Bombardier during the Financial Year ended January 31, 2009" on page 32 of this Management Proxy Circular.

(3) Please refer to the table D.4 "Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Year ended January 31, 2009" on page 32 of this Management Proxy Circular.

(4) The bonus amounts are paid in cash in the year following the financial year in respect of which they are earned.

(5) Please refer to the table E.1 "Supplemental Pension Disclosure" on page 36 of this Management Proxy Circular.

(6) Mr. Laurent Beaudoin was Chairman of the Board and Chief Executive Officer until June 4, 2008 when he was appointed Chairman of the Board of Directors of Bombardier and Mr. Pierre Beaudoin was appointed President and Chief Executive Officer. For the financial year ended January 31, 2009, Mr. Laurent Beaudoin was only entitled to his pension benefits, his fees as Chairman of the Board, the use of a company car and group insurance premiums. His annual fees as Chairman of the Board were CAN $300,000 for the first four months of the year and CAN $600,000 for the next eight months. His annual pension benefits were CAN $1,115,703 until July 1st, 2008 and CAN $1,163,455 thereafter pursuant to indexation rules to compensate for cost of living increases. These amounts were converted from Canadian dollars to US dollars as described in note 8 below.

(7) Included in this amount is the sum of $40,665 which represents the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Mr. Pierre Beaudoin and the costs that he reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.

(8) All compensation amounts are paid in Canadian dollars to Messrs. Laurent Beaudoin, Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen and in Euros to Mr. Navarri. The salary and annual incentive plan amounts are converted from Canadian dollars and Euros to US dollars based on the average exchange rates of CAN $0.8534 and Euro 1.2428 respectively. The exchange rates used for the share-based awards, option-based awards, and all other compensation amounts are provided in the notes to the tables D.3, D.4 and D.5. The exchange rates used for the pension value are provided in the notes to the table E.1.

D.3 Granting of PSUs to the Named Executive Officers of Bombardier during the Financial Year Ended January 31, 2009

The following table provides information with respect to the PSUs granted to each of the Named Executive Officers of Bombardier during the financial year ended January 31, 2009:

Named Executive Officers	Number of PSUs Granted [1]	% of Total PSUs Granted to Employees in the Financial Year	Performance Period ending on	Estimated Future Market Value of Grants under the PSU Plan [2]		
				At Threshold Level of 70% of Target [3] ($)	Target [3] ($)	At Maximum Level of 150% of Target [3] ($)
Laurent Beaudoin	—	—	—	—	—	—
Pierre Beaudoin	240,000	4.10%	June 10, 2011	1,297,400	1,853,400	2,780,100
Pierre Alary	45,000	0.77%	June 10, 2011	243,300	347,500	521,300
Guy C. Hachey	200,000	3.41%	June 10, 2011	1,081,200	1,544,500	2,316,800
André Navarri	125,000	2.13%	June 10, 2011	675,700	965,300	1,448,000
Richard Bradeen	40,000	0.68%	June 10, 2011	216,200	308,900	463,400

(1) The PSU grants to each of the NEOs in the above table were made on June 10, 2008, on which date the closing price of the Class B subordinate shares on the Toronto Stock Exchange was CAN $7.91. The value of the grant was determined with the closing price on the grant date and converted from Canadian dollars to US dollars based on an exchange rate of $0.9763 as of June 10, 2008. The closing price of the Class B subordinate shares on the Toronto Stock Exchange on January 31, 2009 was $3.80. The value of the PSU grants as of January 31, 2009 is shown in the table D.6 "Exercised and Unexercised PSUs and/or PSUs for the Financial Year Ended January 31, 2009" on page 34 of this Management Proxy Circular.
(2) Following each grant, participants elect to receive payment of vested PSUs at the end of the performance period in cash or in Class B subordinate shares.
(3) The vesting of the 2008-2009 PSUs grants is conditional on meeting Bombardier's ROE targets. The target, threshold and maximum values are illustrated. The illustrations do not take into consideration possible future dividends payments.

D.4 Granting of Stock Options to the Named Executive Officers of Bombardier during the Financial Year Ended January 31, 2009

The following table provides information with respect to stock options granted to each of the Named Executive Officers of Bombardier during the financial year ended January 31, 2009:

Named Executive Officers	Granted Date	Number of Options Granted	% of Total Options Granted to Employees in the Financial Year	Option Exercise Price [1] (CAN $)	Global Market Value of Securities Underlying Options on the Date of Grant [2] ($)	Expiration Date
Laurent Beaudoin	—	—	—	—	—	—
Pierre Beaudoin	June 10, 2008	720,000	11.80%	8.53	2,251,900	June 10, 2015
Pierrre Alary	June 10, 2008	135,000	2.21%	8.53	422,200	June 10, 2015
Guy C. Hachey	June 10, 2008	600,000	9.84%	8.53	1,876,600	June 10, 2015
André Navarri	June 10, 2008	325,000	5.33%	8.53	1,016,500	June 10, 2015
Richard Bradeen	June 10, 2008	100,000	1.64%	8.53	312,800	June 10, 2015

(1) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate shares on the Toronto Stock Exchange on the five trading days before the grant was made. The exercise price is shown in Canadian dollars.
(2) Reflects the estimated fair value of the options granted as of the grant date using the Black-Scholes pricing model with the actual closing price of the Class B subordinate shares on the Toronto Stock Exchange on June 10, 2008 of CAN $7.91, a Black-Scholes value of 0.405 and a conversion from Canadian dollars to US dollars based on an exchange rate of $0.9763 as of June 10, 2008. The actual market values as of January 31, 2009 of all stock options held by the NEOs are shown in the table D.5 "Outstanding Option-Based Awards for the Financial Year Ended January 31, 2009" on page 33 of this Management Proxy Circular.

D.5 Outstanding Option-Based Awards for the Financial Year Ended January 31, 2009

Named Executive Officers	Number of Shares Acquired on Exercise	Aggregate Value Realized [1] ($)	Number of Securities Underlying Unexercised Options at Financial Year End [2]		Option Expiration Date	Option Exercise Price (CAN $)	Value of Unexercised in-the-Money Options at Financial Year-End [4]	
			Exercisable	Unexercisable [3]			Exercisable ($)	Unexercisable [3] ($)
Laurent Beaudoin	—	—	2,000,000	—	April 23, 2009	10.605	—	—
Pierre Beaudoin	—	—	200,000	—	April 23, 2009	10.605	—	—
	—	—	500,000	—	March 27, 2012	14.580	—	—
	—	—	62,500	187,500	June 10, 2010	3.930	—	—
	—	—	—	400,000	June 10, 2011	4.320	—	—
	—	—	225,000	75,000	June 10, 2012	2.510	234,800	78,300
	—	—	200,000	200,000	June 7, 2013	3.220	93,900	93,900
	—	—	100,000	300,000	June 5, 2014	5.510	—	—
	—	—	—	720,000	June 10, 2015	8.530	—	—
Pierre Alary	—	—	50,000	—	April 23, 2009	10.605	—	—
	—	—	50,000	—	May 2, 2011	22.580	—	—
	—	—	25,000	75,000	June 10, 2010	3.930	—	—
	—	—	—	250,000	June 10, 2011	4.320	—	—
	—	—	75,000	25,000	June 10, 2012	2.510	78,300	26,100
	—	—	62,500	62,500	June 7, 2013	3.220	29,300	29,300
	—	—	37,500	112,500	June 5, 2014	5.510	—	—
	—	—	—	135,000	June 10, 2015	8.530	—	—
Guy C. Hachey	—	—	—	600,000	June 10, 2015	8.530	—	—
André Navarri	—	—	—	238,000	February 24, 2011	6.850	—	—
	—	—	—	150,000	June 10, 2011	4.320	—	—
	225,000	788,500	—	75,000	June 10, 2012	2.510	—	78,300
	200,000	594,000	—	200,000	June 7, 2013	3.220	—	93,900
	—	—	100,000	300,000	June 5, 2014	5.510	—	—
	—	—	—	325,000	June 10, 2015	8.530	—	—
Richard Bradeen	—	—	25,000	75,000	June 10, 2010	3.930	—	—
	—	—	40,000	—	August 30, 2010	24.200	—	—
	—	—	—	150,000	June 10, 2011	4.320	—	—
	—	—	20,000	—	March 27, 2012	14.580	—	—
	—	—	75,000	25,000	June 10, 2012	2.510	78,300	26,100
	—	—	55,000	55,000	June 7, 2013	3.220	25,800	25,800
	—	—	31,250	93,750	June 5, 2014	5.510	—	—
	—	—	—	100,000	June 10, 2015	8.530	—	—

(1) Represents the closing price of the Bombardier Class B subordinate shares on the Toronto Stock Exchange on the date of exercise, less the exercise price of the options converted from Canadian dollars to US dollars using an average exchange rate of $0.8534.

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

(3) Stock options may only be exercised when the weighted average trading price of the Class B subordinate shares shall have reached the set target price thresholds as described on page 26 of this Management Proxy Circular.

(4) The value of unexercised in-the-money options as of January 31, 2009 is the difference between the closing price and the exercise price of the underlying shares as of that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of the shares on the date of exercise. The values of the options as of January 31, 2009 held by each NEO are based on the closing price of the Class B subordinate shares on January 31, 2009 of CAN $3.80 converted from Canadian dollars to US dollars using an exchange rate of $0.8088 as of January 31, 2009.

D.6 Exercised and Unexercised PSUs and/or DSUs for the Financial Year Ended January 31, 2009

					Market Value of PSUs that Have Not Vested at the End of the Financial Year		
Named Executive Officers	**Number of PSUs exercised**	**Aggregate Value Realized [1] ($)**	**Number of PSUs that Have Not Vested at the End of the Financial Year**	**Expiration Date**	**at 70% of Target [2] ($)**	**at 100% of Target [2] ($)**	**at 150% of Target [2] ($)**
Laurent Beaudoin [3]	—	—	—	—	—	—	—
Pierre Beaudoin	127,000	980,800	—	June 10, 2008	—	—	—
	—	—	100,000	June 7, 2009	215,100	307,300	461,000
	—	—	150,000	June 5, 2010	322,700	461,000	691,500
	—	—	240,000	June 10, 2011	516,300	737,600	1,106,400
Pierre Alary	63,500	490,400	—	June 10, 2008	—	—	—
	—	—	50,000	June 7, 2009	107,600	153,700	230,500
	—	—	60,000	June 5, 2010	129,100	184,400	276,600
	—	—	45,000	June 10, 2011	96,800	138,300	207,500
Guy C. Hachey	—	—	200,000	June 10, 2011	430,300	614,700	922,000
André Navarri	127,000	987,000	—	June 10, 2008	—	—	—
	—	—	100,000	June 7, 2009	215,100	307,300	461,000
	—	—	150,000	June 5, 2010	322,700	461,000	691,500
	—	—	125,000	June 10, 2011	268,900	384,200	576,300
Richard Bradeen	50,800	392,300	—	June 10, 2008	—	—	—
	—	—	45,000	June 7, 2009	96,800	138,300	207,500
	—	—	50,000	June 5, 2010	107,600	153,700	230,500
	—	—	40,000	June 10, 2011	86,100	122,900	184,400

(1) Either the cash amount paid to the NEOs on June 10, 2008 calculated on the value of the Class B subordinate shares as determined pursuant to the fiscal laws applicable to each NEO or the market value of the Class B subordinate shares actually remitted to each NEO. See pages 23 to 25 of this Management Proxy Circular for more information on the settlement of PSUs on the vesting date. The aggregate value realized was converted from Canadian dollars to US dollars based on an exchange rate of $0.9763 on June 10, 2008.

(2) Based on the closing price of the Class B subordinate shares on January 31, 2009 of CAN $3.80 assuming 70%, 100% or 150% of target of plan reached and converted from Canadian dollars to US dollars based on an exchange rate of $0.8088 as of January 31, 2009.

(3) As part of his compensation for the financial years ended January 31, 2006, 2007 and 2008, Mr. Laurent Beaudoin, as then Chief Executive Officer of the Corporation, received an annual incentive of CAN $1,400,000, CAN $2,285,000 and CAN $3,675,000, respectively, which he elected to be paid to him in the form of 400,000 Deferred Stock Units (DSUs) (CAN $3.50 per DSU), 487,205 DSUs (CAN $4.69 per DSU) and 555,975 DSUs (CAN $6.61 per DSU), pursuant to the Deferred Stock Unit Plan for Senior Officers. In addition, with the reinstatement of the payment of dividends on the Class A shares and the Class B subordinate shares of Bombardier since June 3, 2008, Mr. Laurent Beaudoin is credited with additional DSUs if and when dividends are declared by the Board of Directors. As of January 31, 2009, Mr. Laurent Beaudoin holds 1,465,458 DSUs. Based on a closing price of CAN $3.80 for the Class B subordinate shares converted in US dollars based on an exchange rate of $0.8088, the market value of the DSUs is $4,504,000. Please refer the description of the Deferred Stock Unit Plan for Senior Officers on page 23 of this Management Proxy Circular for more details.

D.7 Incentive Plan Awards – Value Vested or Earned during the Financial Year Ended January 31, 2009

Named Executive Officers	**Option-based Awards – Value Vested during the Year [1] ($)**	**Share-based Awards – Value Vested during the Year [2] ($)**	**Non-equity Incentive Plan Compensation – Value Earned during the Year [3] ($)**
Laurent Beaudoin	—	—	—
Pierre Beaudoin	1,261,800	980,800	1,104,300
Pierre Alary	423,000	490,400	486,000
Guy C. Hachey	—	—	548,200
André Navarri	1,261,800	987,000	1,126,100
Richard Bradeen	382,300	392,300	438,200

(1) The value is determined assuming the stock options would have been exercised on the vesting date of each relevant grant. The value is equal to the difference between the closing market price of the Class B subordinate shares on the vesting date and the exercise price. The closing market prices are CAN$8.84 on June 5, 2008, CAN$8.72 on June 7, 2008 and CAN$7.91 on June 10, 2008. Values are converted from Canadian dollars to US dollars based on the exchange rate as of the vesting dates namely, on June 5, 2008, $0.9806, on June 7, 2008, $0.9816, and on June 10, 2008, $0.9763.

(2) The value is equal to the aggregate realized value of PSUs as disclosed in the table D.6 “Exercised and Unexercised PSUs and/or DSUs for the Financial Year ended January 31, 2009” above.

(3) The value is the amount of annual incentive plan for financial year ended on January 31, 2009 disclosed in the table D.2 "Summary Compensation Table" on page 31 of this Management Proxy Circular.

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

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights (CAN $)	(c) Number of securities remaining available for further issuance under equity compensation plans [excluding securities reflected in column (a)]
Equity compensation plans approved by security holders	44,280,821	7.19	55,624,596
Equity compensation plans not approved by security holders	—	—	—
Total	44,280,821	7.19	55,624,596

E. Pension Plans

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

Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the executives are paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2009 is CAN $122,222) multiplied by the number of years of credited service.

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

– 2% of average base salary up to CAN $122,222 plus 1.75% of average base salary in excess of that amount, or
– 2.25% of average base salary, or
– 2.50% of average base salary,

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

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

Messrs. Pierre Beaudoin, Pierre Alary, Guy C. Hachey, André Navarri and Richard Bradeen are entitled to an accrual rate of pension of 2.50%. Upon employment, Mr. Guy C. Hachey was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each year of service completed for his first seven years of employment.

Benefits are reduced by 1/3 of 1% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age plus his years of service total 85.

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

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

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

E.1 Supplemental Pension Disclosure

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the pension benefits payable to each of the Named Executive Officers of Bombardier between February 1, 2008 and January 31, 2009:

Name	Number of Years of Credited Service		Annual Benefits Payable [2]		Accrued Obligation as of January 31, 2008 [3] ($)	Change in Obligation During Year		Accrued Obligation as of January 31, 2009 [6] ($)
	January 31, 2009	Age 65 [1]	January 31, 2009 ($)	Age 65 ($)		Compensatory Changes [4] ($)	Non Compensatory Changes [5] ($)	
Laurent Beaudoin [7]	—	—	941,000	—	12,737,900	437,700 [8]	(3,826,700)	9,348,900
Pierre Beaudoin	23.4	40.0	533,800	912,300	7,960,400	1,486,100	(3,198,500)	6,248,000
Pierre Alary	10.4	23.8	122,900	282,300	1,628,400	166,400	(606,700)	1,188,100
Guy C. Hachey	0.7	12.0	25,900	346,200	—	294,600	(85,100)	209,500
André Navarri	4.9	14.1	135,700	387,900	1,363,800	361,500	(151,800)	1,573,500
Richard Bradeen	11.6	23.9	122,900	254,000	1,690,300	171,900	(597,200)	1,265,000

(1) Credited service is limited to 40 years.
(2) Based on the average base salary over the last three years and credited service on January 31, 2009 and upon attainment of age 65 converted from Canadian dollars (for Messrs. Laurent Beaudoin, Pierre Beaudoin, Pierre Alary, Guy C. Hachey and Richard Bradeen) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of $0.8088 and € 1.2803 respectively as of January 31, 2009.
(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of $0.9978 and € 1.4840 respectively as of January 31, 2008.
(4) Includes the employer service cost plus changes in compensation in excess of the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of $0.9294 and € 1.4695 respectively.
(5) Impact of all other changes including interest on prior year's obligation plus changes in discount rate used to measure the obligations, changes in other assumptions and experience gains or losses other than compensation related gains or losses and variations in exchange rates. The values shown are based on the assumption used for the valuation of pension obligations as disclosed in the Corporation's financial statements.
(6) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of $0.8088 and € 1.2803 respectively as of January 31, 2009.
(7) Mr. Laurent Beaudoin reached the age of 65 in May 2003. Since October 1, 2003, he received, pursuant to the Corporation's basic and supplemental pension plans for the executives, an annual pension of CAN $1,115,703. As of July 1, 2008, the annual pension was increased to CAN $1,163,455 as a result of adjustments reflecting cost of living increases between January 1 of the year follwing his date of retirement and January 1, 2008.
(8) Represents the cost of an ad hoc adjustment of pension granted during the financial year ended January 31, 2009.

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

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

F. Termination and Change of Control Provisions

Pursuant to the current employment practices of Bombardier, the compensation of each of the Named Executive Officers is revised and set on an annual basis by the HRCC as described in the Section C. "Compensation Discussion and Analysis" on pages 20 to 29 of this Management Proxy Circular.

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

However, Bombardier has an employment agreement with Mr. Navarri which is governed by French law. As a result, Mr. Navarri would be entitled to receive a separation allowance in an amount equal to 24 months of his basic salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Navarri's employment been terminated on January 31, 2009, he would have been entitled to a cash lump sum payment of $4,378,600 (1).

In the case of Mr. Hachey, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his basic salary and target bonus in the event that his employment is terminated by the Corporation. Had Mr. Hachey been terminated on January 31, 2009, he would have been entitled to a cash lump sum payment of $2,074,600 (1). In order to compensate Mr. Hachey for part of the loss of his accumulated pension with his previous employer, the following additional amount would be paid if his employment is terminated by Bombardier for reasons other than cause:

Age at Termination	Additional Amount (1)
54	$2,022,000
55	$1,779,400
56	$1,617,600
57	$1,455,800
58	$1,132,300

(1) Amounts are converted from Canadian dollars (for Mr. Guy C. Hachey) and Euros (for Mr. André Navarri) to US dollars based on an exchange rate of $0.8088 and € 1. 2803 respectively as of January 31, 2009.

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

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

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs assuming the event took place on January 31, 2009. As a general rule, no incremental benefits are paid. Only the accrued and vested benefits are paid under each of the compensation programs.

Type of termination from active employment	Severance payment	Bonus	Stock Options	Performance Share Units (PSUs)and Deferred Stock Units (DSUs) for Senior Officers	Pension plan	Benefits and Perquisites
Retirement	None	Entitled to pro-rata of bonus for portion of financial year prior to retirement date.	Upon normal retirement (in accordance with pension plan rules), stock options must be exercised in the following three years and regular vesting rules continue to apply during that period. Upon early retirement (in accordance with pension plan rules), only stock options already vested on retirement date could be exercised within the following year. (1) Exception for options granted before March 21, 2002: options already vested must be exercised within one year of retirement.	If retirement on or after age 55 with five or more years of service, PSUs 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. If retirement on or after age 60 with five or more years of service, the size of the grant is not affected and will be paid at the end of the vesting period. (2) DSUs will be automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the Toronto Stock Exchange on the last trading day preciding the date on which an individual ceases to be a Senior Officer.	Pension benefits start being paid according to plan rules.	Some benefits could continue up to age 65 depending on the number of years of service. Perquisites expire upon retirement.
Termination without cause	Will be based on common or civil law requirements (3)	None (3)	Stock options terminate immediately unless otherwise determined by the Board.	The PSUs 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. DSUs will be automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the Toronto Stock Exchange on the last trading day preciding the date on which an individual ceases to be a Senior Officer.	Value of pension benefits payable in accordance with local legal requirements (4)	All benefits and perquisites expire immediately or after a minimal period of a few months.
Death	None	Entitled to pro-rata of bonus for portion of financial year prior to the date of death.	Already vested stock options could be exercised within the following 60 days.	The size of the grant is not affected and will be paid at the end of the vesting period. DSUs will be automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the Toronto Stock Exchange on the last trading day preciding the date on which an individual ceases to be a Senior Officer.	Value of pension benefits payable in accordance with local legal requirements. (5)	All benefits expire immediately or after a minimal period of a few months (24 months if executive is survived by a spouse in Canada). Perquisites expire upon death.
Voluntary resignation or termination with cause.	None	None	All options expire immediately.	All PSUs expire immediately. DSUs will be automatically redeemed and converted to cash on the basis of the closing price of the Class B subordinate shares on the Toronto Stock Exchange on the last trading day preciding the date on which an individual ceases to be a Senior Officer.	Value of pension benefits payable in accordance with local legal requirements.	All benefits and perquisites expire immediately.
Change of control	Bombardier has no change of control agreement with any of its NEOs.					

(1) The same applies in the case of authorized leave of absence for sickness or other reasons.
(2) The same applies if the individual becomes disabled.
(3) Mr. André Navarri is entitled to 24 months of his base salary and target bonus. Mr. Guy C. Hachey is entitled to 18 months of his base salary and target bonus.
(4) To compensate Mr. Guy C. Hachey for part of the loss of his accumulated pension with his previous employer, Bombardier will pay him the additional amounts specified on page 37 of this Management Proxy Circular should his employment be terminated by Bombardier for reasons other than cause.
(5) Should Mr. Guy C. Hachey die before age 59, the additional amounts payable in respect of his lost accumulated pension with his previous employer as described in note 4 above would be paid to his spouse.

G. Summary

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

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

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

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the annual meeting of shareholders, on Wednesday, June 3, 2009.

Submitted on March 31, 2009, by the Human Resources and Compensation Committee of the Board of Directors of Bombardier.

Jean C. Monty, Chairman

André Bérard Carlos E. Represas Heinrich Weiss

Section 5: Additional Information

Statement of the Corporate Governance Practices of Bombardier

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

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

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

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

Board of Directors of Bombardier

Composition

- As of the date of this Management Proxy Circular, the Board of Directors of Bombardier is composed of 13 directors. Detailed information on each of the 13 nominees proposed to be re-elected as directors of the Corporation for the current year is found on pages 6 to 12 and 14 to 18 and their respective attendance records at Board and Committee meetings is found on page 12 of this Management Proxy Circular.
- The Chairman of the Board of Directors is Mr. Laurent Beaudoin.
- The Corporate Governance and Nominating Committee has determined that eight of the 13 current directors and nominees proposed for re-election as directors of the Corporation are independent, thus representing a majority of the members of the Board of Directors.

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

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

Responsibilities of the Board of Directors

- **Mandate of the Board of Directors** The mandate of the Board of Directors is reproduced at Schedule "B" to this Management Proxy Circular on pages 52 and 53 and also on the website of Bombardier at www.bombardier.com.
- **Stewardship of Bombardier** In accordance with the Canada Business Corporations Act (the "CBCA") and as stated in its mandate, the role of the Board of Directors of Bombardier is to supervise the management of the business and affairs of the Corporation with the objective of creating sustained profitability and, therefore, enhancing shareholder value.

  It is the role of the corporate management to conduct the day-to-day operations of Bombardier in a way that is consistent with the strategic plans, business plans and budgets approved by the Board of Directors. In this context, the President and Chief Executive Officer of Bombardier, Mr. Pierre Beaudoin, makes recommendations to the Board of Directors with respect to

matters of corporate strategy and policy. The Board of Directors then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews the results obtained.

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

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

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

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

- **Risk Management** Pursuant to its charter, the Finance and Risk Management Committee, created in May 2007, essentially assists the Board of Directors in fulfilling its oversight responsibilities with respect to

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

  More information on this Committee is provided on page 44 of this Management Proxy Circular.

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

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

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

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

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

- **Communications policy** The objective of the corporate disclosure policy is to ensure that communications to the investing public about Bombardier are (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 corporate senior executive for response, consideration or action. If and when significant issues are raised, corporate management will in a timely manner advise the Board of Directors of such matters.

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

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

Committees of the Board of Directors

- The Board of Directors of Bombardier has four Committees.

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

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

  Mr. L. Denis Desautels is its Chairman and Messrs. André Bérard, Daniel Johnson, and Jean-Pierre Rosso are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2008 and January 31, 2009 and the attendance records of its members.

  The Charter of the Audit Committee is reproduced at Schedule "C" attached to this Management Proxy Circular on pages 54 to 57 and also on the website of Bombardier at www.bombardier.com.

  Pursuant to its charter, the objectives of the 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 external auditors of Bombardier, Ernst & Young, LLP, (iii) to assist in maintaining the independence of Ernst & Young, LLP, (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 Committee.

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

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

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

  Mr. Jean C. Monty acts as its Chairman and Messrs. André Bérard, Carlos E. Represas and Heinrich Weiss are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by the Committee between February 1, 2008 and January 31, 2009 and the attendance records of its members.

  Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), this Committee has the mandate to oversee the succession planning for the President and Chief Executive Officer and senior executives' positions.

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

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

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

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

  Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 19 to 39 of this Management Proxy Circular provides more information on Bombardier's executive compensation policy.

- **Corporate Governance and Nominating Committee** It consists of three directors, all of whom are independent. Mr. Jean-Pierre Rosso chairs this Committee and Messrs. Jean C. Monty, and Heinrich Weiss are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2008 and January 31, 2009 and the attendance records of its members.

  The charter of this Committee (which is available on the website of Bombardier at www.bombardier.com) provides that

it has the responsibility to monitor the selection criteria for candidates as directors and the credentials of nominees for election or re-election as members of the Board of Directors, the composition of the Board of Directors and its Committees as well as their performance and the remuneration of the Chairman of the Board, Mr. Laurent Beaudoin, as well as of the non-executive directors.

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

- **Finance and Risk Management Committee** Created in May 2007, it consists of four directors, all of whom are independent. Mr. André Bérard is its Chairman and Messrs. L. Denis Desautels, Daniel Johnson and Carlos E. Represas are the other members. Please refer to page 12 of this Management Proxy Circular for the number of meetings held by this Committee between February 1, 2008 and January 31, 2009 and the attendance records of its members.

  Pursuant to its charter (which is available on the website of Bombardier at www.bombardier.com), the Committee reviews (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 Committee periodically reviews the fulfillment of Bombardier's obligations under its various retirement plans and the investment of the assets of such plans. It also monitors periodically environmental matters.

Lead Director

Since 2003, the Board of Directors has appointed an independent Lead Director, considering that the Chairman of the Board of Directors, Mr. Laurent Beaudoin, is not an independent director. The Lead Director chairs the meetings of the independent directors of Bombardier as further explained below.

Since May 2007, the current Lead Director is Mr. André Bérard.

Meetings of the independent directors

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

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

Between February 1, 2008, and January 31, 2009, the independent directors held a private meeting after each regular meeting of the Board of Directors.

Election and compensation of directors

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

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

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

The Corporate Governance and Nominating Committee adopted, in February 2007, a majority voting policy with respect to the election of the directors of the Corporation. It stipulates that if the votes in favour of the election of a director nominee at a shareholders' meeting represents less than a majority of the shares voted and withheld, the nominee would, as a result, submit his/her resignation promptly after the meeting, for the Corporate Governance and Nominating Committee's consideration. The Committee would then make a recommendation to the Board of Directors after reviewing the matter, and the Board's decision to accept or reject the resignation offer would be disclosed to the public through a press release. The nominee would not participate in any Committee or Board deliberations on the resignation offer. The policy would not, however, apply in circumstances involving contested director elections.

The Committee has the responsibility to review, at least once a year, the compensation of the directors, in light of both market conditions and practices as well as their risks and responsibilities. It reviews the types of compensation and the amounts paid to directors of comparable publicly traded companies in Canada and makes appropriate recommendations to the Board of Directors. Any such review covers the members of the Board who are not officers of the Corporation as well as the Committee members and Chairs.

The Committee also reviews each year director share ownership guidelines.

The compensation received by the directors between February 1, 2008 and January 31, 2009 is found in Section 3: "Remuneration of the Directors of Bombardier" on pages 14 to 18 of this Management Proxy Circular.

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 March or April, as the case may be, Board meeting to the Chairman of the Board of Directors , Mr. Laurent Beaudoin, and the members of the Corporate Governance and Nominating Committee. They then evaluate whether to accept this resignation depending on the needs of the Board and circumstances of Bombardier at that time. If the resignation is not accepted, each subsequent year, it will again be evaluated. If accepted, however, the resignation will become effective the day before the annual meeting of shareholders.

Assessment of the directors

Each year, the Corporate Governance and Nominating Committee conducts an evaluation of the performance and effectiveness of the Board of Directors and its Committees. Detailed questionnaires are submitted by the Corporate Secretary to the members of the Board of Directors and those of each Committee. A summary of the results of each evaluation is submitted to the review of the Corporate Governance and Nominating Committee and the Chairman of the Board of Directors.

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

Based on the results of these evaluations, the Corporate Governance and Nominating Committee then assesses with the Chairman of the Board of Directors, Mr. Laurent Beaudoin, the operation and strategic direction of the Board and its Committees, their respective size, composition and structure, the performance of the directors both as a group as well as individually, the adequacy of information given to the directors, the communication between the Board and the corporate management and the processes related to the Board and its Committees. The Corporate Governance and Nominating Committee presents its findings and conclusions to the Board of Directors. The members of the Board of Directors and those of each Committee also receive a summary of the results of their respective evaluations for their review.

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

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

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

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

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

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

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

Orientation and continuing programs

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

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

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

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

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

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

Ethical business conduct

- Bombardier has a Code of Ethics and Business Conduct which was translated in 13 languages. It is available on its website at www.bombardier.com and also at www.sedar.com.
- A Corporate Compliance Officer ensures full adherence to applicable laws and regulations and strict compliance with Bombardier's Code of Ethics and Business Conduct.
- The Code applies at all times, without exception, to all the members of the Board of Directors of Bombardier and to all of its employees and managers. Bombardier's suppliers and partners, as well as third parties (such as agents), are also expected to adhere to the Code when dealing with or acting on behalf of Bombardier.
- The Code explains the standards of behaviour expected from everyone to whom it applies in his/her daily activities and in dealings with others. It does not foresee every situation that might arise. Rather, it identifies guiding principles to help one make decisions consistent with Bombardier's values and reputation.
- The Code outlines the key responsibilities of leaders within Bombardier which are to provide a model of high standards of ethical conduct and to create a work environment reflecting both the content and the spirit of the Code.
- Senior managers are required to take part in a mandatory Code compliance certification process. The certification process is designed to provide management with additional assurance on public disclosures and required corporate officer certifications; this processals helps integrate the Code into Bombardier's governance system and ensures that the Code is a top priority with leadership and promote integrity as a core value.
- During 2008, in line with its commitment and strategic approach to corporate responsibility, Bombardier developed and deployed a Suppliers Code of Conduct. This Code essentially promotes adherence by suppliers to the ten principles in the area of human rights, labor standards, environment and anti-corruption of the United Nations Global Compact to which Bombardier is a signatory.

Hiring of outside advisors

With the prior authorization of the Corporate Governance and Nominating Committee, each director may, when needed, retain the services of outside advisors at the expense of Bombardier.

The Audit Committee, the Finance and Risk Management Committee and the Human Resources and Compensation Committee, each have the authority to do so.

Between February 1, 2008 and January 31, 2009, no outside advisor was retained by a director.

Ernst & Young, LLP, are the external auditors of Bombardier and work closely with the Audit Committee.

Towers Perrin provides various services on executive compensation matters to the Human Resources and Compensation Committee.

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

Directors' and Officers' Insurance

Bombardier has in place a Directors' and Officers' Liability program for the benefit of the Corporation, its directors and officers to indemnify them against certain liabilities incurred by them in their capacity as directors and officers of the Corporation, subject to all the terms, conditions and exclusions of the policy. The limit of insurance provided is US $240,000,000 per occurrence and in the aggregate per year, at a cost of US $1,937,005 per annum. The deductible applicable to the Corporation is US $2,500,000 for any insured occurrence.

Available Documentation

Copies of the 2009 Annual Information Form, the 2009 Management Proxy Circular and the 2009 Annual Report of Bombardier that includes its audited consolidated financial statements and its management's discussion and analysis thereon for the financial year ended January 31, 2009, as well as its quarterly financial statements filed since the date of its latest audited annual financial statements, may be obtained on request from the Public Affairs Department of Bombardier or at www.bombardier.com or www.sedar.com. Financial information related to Bombardier is provided in its comparative financial statements and management's discussion and analysis thereon for the financial year ended on January 31, 2009.

Shareholder Proposals

Schedule "A" attached to this Management Proxy Circular on pages 48 to 51 sets out the four shareholder proposals that have been submitted for consideration at the annual meeting of shareholders of Bombardier to be held on June 3, 2009.

Shareholders of Bombardier who will be entitled to vote at the 2010 annual meeting of shareholders and who wish to submit a proposal in respect of any matter to be raised at such meeting must submit their proposal(s) to the Corporate Secretary of Bombardier no later than January 15, 2010.

Approval of the Board of Directors of Bombardier

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

Montréal, April 17 2009

"Roger Carle"
(signed)

Roger Carle
Corporate Secretary

SCHEDULE "A"
Bombardier Inc.
SHAREHOLDER PROPOSALS

The following four shareholder proposals have been submitted by the Mouvement d'éducation et de défense des actionnaires (MÉDAC), 82 Sherbrooke Street West, Montréal, Québec H2X 1X3 for consideration at the annual meeting of shareholders of Bombardier on Wednesday, June 3, 2009. They have each been submitted in French and translated by Bombardier into English.

Proposal 1

Consultative vote by shareholders on the compensation policy for executive directors

It is proposed that the board of directors adopt a rule of governance stipulating that the compensation policy of their executive officers be submitted to a consultative vote by the shareholders.

Rationale

Currently, shareholders may not express their opinion on the compensation policies for executive officers (for example, on the percentage of their salary that is variable and its value according to various scenarios for growth of the security price, sales or profits, as the case may be). Moreover, executive compensation is reaching levels that astonish even the most hardened observers. According to a survey by McKinsey/HRI/CCGG (1) in Canada, about 40% of directors believe that CEO compensation is too high and 65% of investors share the same opinion. It is unacceptable for the members of our Mouvement and for many members of the public that the salaries of executive officers keep on growing exponentially, while the salaries of ordinary employees barely keep pace with inflation. We draw your attention to the results of a survey by the Canadian Centre for Alternative Policies published in early 2008 on the compensation of the 100 best-paid CEOs of listed corporations: the compensation of these CEOs is now 218 times the wages of the average employee, whereas a decade ago, it was only 104 times those wages. There is no justification for such a gap and everything demands that we reverse the trend of recent years.

We acknowledge that the board of directors is responsible for setting the salary of executive officers. That is why we recommend a consultative ("Say on Pay") vote so that the board can take the pulse of shareholders with respect to its policy. Our strategic watch on this issue has allowed us to observe that in a number of countries, rules have been adopted to give shareholders a say in basic executive compensation policies and mechanisms. Since 2003 in the United Kingdom and 2004 in Australia, the compensation policies of stock exchange listed corporations have been subject to a consultative vote, while the Netherlands (2004), Sweden (2005) and Norway (2007) have gone even further by making such votes enforceable. In addition, recognition of the authority of shareholders over compensation policy has been echoed in the *OECD's Principles of Corporate Governance*.

We might add that in Canada a similar proposal received the support of on average 40.3% of shareholders at the last annual general meetings of the banks in 2008. This presents a good opportunity for the Corporation to show its sensitivity to shareholders' concerns before such a policy is imposed on it by the regulatory authorities

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

The Board of Directors of Bombardier underlines that, **in 2006 and 2008**, MÉDAC presented a shareholder proposal seeking to obtain for the shareholders the right to give **their prior approval** (1) in 2006, on some specific executive compensation components and (2) in 2008, on the compensation policy for executive officers. In both cases, however, the shareholders decided to clearly reject these proposals (99.26% in 2006 and 99.33% in 2008).

In 2009, MÉDAC now asks for a **consultative vote** for the shareholders. The Board of Directors remains nevertheless convinced that its position expressed in the 2006 and 2008 Management Proxy Circulars is still valid with respect to the MÉDAC's latest proposal and, as a result, recommends to the shareholders to VOTE AGAINST it.

By electing each year the individuals who make up the Board of Directors of Bombardier, the shareholders give them a well-defined mandate to oversee the management of the business and affairs of Bombardier.

One key responsibility of the Board is to monitor the executive compensation policy of Bombardier. The objective of this policy is to reward the creation of shareholder value through an appropriate balance between the short-term and the long-term performance of Bombardier. Another key responsibility is to assess the performance of its executives and to determine their respective compensation in accordance with the executive compensation policy.

These responsibilities are delegated by the Board of Directors to its Human Resources and Compensation Committee. This Committee is composed of four independent directors. They hold meetings regularly throughout the year. They have retained Towers Perrin, a firm of independent external consultants, to assist them in their work. Towers Perrin provides advice on current trends and best practices with respect to executive compensation.

(1) Survey by McKinsey & Co and HRI Corporation of 280 corporate directors and members of the Canadian Coalition for Good Governance in the Fall 2004.

Section 4: "Remuneration of the Executive Officers of Bombardier" on pages 19 to 39 of this Management Proxy Circular provides a lot of meaningful information on the various elements of the executive compensation policy of Bombardier, the whole in accordance with the most recent regulatory requirements and consistent with current best practices.

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

The Board of Directors of Bombardier strongly believes that the proposal of MÉDAC restricts its flexibility and capacity to provide, as part of its responsibilities, competitive compensation packages in order to attract, retain and reward the most qualified and talented executives needed to create sustained profitability for Bombardier and, therefore, to enhance value for its shareholders.

The Board of Directors also emphasizes that, at Bombardier, there is a process to respond to questions with respect to any matter, **including executive compensation**, that shareholders or other stakeholders may want to raise with either the senior executive officers of Bombardier or the members of its Board of Directors. Bombardier is fully committed to this process because it focuses on open, responsive and meaningful communications with its shareholders or other concerned parties and because it generates much more tangible results for everyone involved.

In a final analysis, one has to wonder what could be the benefits of a general advisory vote of the shareholders on a question as complex, technical and detailed as executive compensation without identifying any specific points of disagreement. It would only create an unnecessary confusion. **An open dialogue on a specific item of concern or interest about executive compensation using the process outlined above is surely much more profitable.**

Proposal 2

Presence of women on boards of Directors

Since we now have just as large and diverse a pool of talented and experienced women who fit the desired profile of a corporate director as men, it is proposed that the board of directors adopt a policy stipulating that 50% of the new candidates nominated as directors be women until parity between men and women is achieved.

Rationale

In October 2007, a Catalyst survey (2) of the 500 largest US corporations revealed that those with the most women board members had better returns in terms of profitability and sales. Although for more than thirty years now the number of women graduating from our educational institutions has been continuously increasing, few organizations have achieved parity in the composition of their board of directors or senior management team. In fact the percentage of women directors has stagnated at about 10% for the past 20 years. However, women today form a critical mass of talent in such varied fields as finance, international trade, good governance, risk management, compensation, and other areas of board responsibility. We are thus depriving ourselves of a large pool of diversified resources and expertise, and a broader vision of the technological, financial or social issues that corporations must address now and even more in the future.

Certain corporations have adopted policies to encourage the nomination of women candidates to fill vacancies on their board of directors in order to achieve a better balance. However, these are the exception. While acknowledging this sensitivity to the under representation of women on boards of directors, we are asking the Corporation to make a greater commitment to equal representation by adopting the above policy.

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

The Board of Directors of Bombardier has no fundamental disagreement with the thrust of the shareholder proposal submitted by MÉDAC in 2009 and also never had, in 2007 and in 2008, when MÉDAC submitted proposals more or less to the same effect. The position taken by the Board of Directors in the two previous years was then recognized fully by the shareholders who voted against the MÉDAC proposals in the proportion of 96.97% in 2007 and 97.83% in 2008. Again in 2009, the Board of Directors reiterates the same position that it took in 2007 and 2008.

The members of the Board of Directors of Bombardier strongly support the objective of having women directors. Accordingly, when the opportunity will arise for the members of the Corporate Governance and Nominating Committee to assess a prospective candidate, they will definitely have this objective in mind. However, their focus will remain, as it has always been the case, to select the most qualified individual who will be able to adequately serve the interests of Bombardier and its shareholders, having regard to the circumstances and the requirements of Bombardier at that time.

Finally, both the Board of Directors and the Corporate Governance and Nominating Committee emphasize that seven of the 13 current directors who are nominated for re-election by the shareholders at their meeting on Wednesday, June 3, 2009, have been appointed at various dates since 2003. Under these circumstances, it would obviously be counterproductive to replace them in the near term solely to satisfy the proposal submitted by MÉDAC.

(2) Catalyst, The Bottom Line. Corporate Performance and Women's Representation on Board. October 2007. Catalyst is a US non-profit organization which aims to support women in achieving their professional goals.

Proposal 3

Independence of the members of the compensation committee and of outside compensation consultant

It is proposed that the board of directors adopt the same policy on independence for the members of the compensation committee and outside compensation consultants as for the members of the audit committee and the external auditors.

Rationale

This proposal echoes the best practices advocated by the Canadian Coalition for Good Governance and the Blue Ribbon Commission of the Institute of Corporate Directors (ICD). Such formal independence would reassure shareholders as to the independence of the committee in developing the executive compensation policy. Among other things, the policy should include the following items:

- the selection process for compensation consultants is the responsibility of the compensation committee and the committee is the client;
- the consultant(s) derive most of their fees earned from the corporation from their mandate to advise the compensation committee;
- all the fees so paid are disclosed in the management proxy circular;
- the CEO does not participate in the selection of the committee members and does not participate in the committee's work;
- two thirds of the committee members are not CEOs;
- discussions concerning the compensation of executive officers are held in the absence of the executive officers.

In addition, the management proxy circular should include a certificate by the members of the committee to the effect that the policy has been complied with and, in the event of a derogation, appropriate explanations should be given in the circular.

This proposal acknowledges the difficulty of developing an executive compensation policy that is motivating, effective and fair. That is why we want the compensation committee to have the same prerogatives as the audit committee. Thus, the compensation consultants retained for this mandate should have the same independence vis-à-vis the management as the external auditors. As the report of the Blue Ribbon Commission mentioned, "the executive compensation and board-related work actually represents a relatively small part of their overall fee from any given corporate client. Thus, our recommendation is a representation of best practice and calls for the separation of board work from pension and other work, to ensure independence" (3).

The subject of executive compensation is all the more critical as even the most hardened observers are astonished at the sums paid. If a significant change is to occur, the members of this committee must be given the necessary conditions to obtain real independence and access to consultants who are independent of management. We draw your attention to the fact that the steps taken to increase the independence of audit committees have borne fruit.

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

The Board of Directors of Bombardier invites the shareholders to examine the contents of the information appearing in Section 4: "Remuneration of the Executive Officers of Bombardier", and more specifically the information on pages 19 and 20 of this Management Proxy Circular.

They will readily see that Bombardier has already implemented the various practices covered by the MÉDAC's proposal: (1) the Human Resources and Compensation Committee has the sole authority (a) to hire any independent executive compensation consultants of its choice, (b) to monitor their performance and (c) to ensure their independence as advisor to the Committee; (2) all fees paid to the independent executive compensation consultants are fully disclosed in the Management Proxy Circular; (3) the members of the Committee are all independent directors and are appointed solely by the Board of Directors; (4) only one of the four members of the Committee is currently a chief executive officer; and (5) the Chairman of the Board, Mr. Laurent Beaudoin, the President and Chief Executive Officer, Mr. Pierre Beaudoin, and the Senior Vice President, Human Resources and Public Affairs, Mr. John Paul Macdonald attend the meetings of the Committee; however, they do not have the right to vote on any matter before the Committee, they do not participate in discussions concerning their own compensation and, when required by the members of the committee, they leave the meeting.

The Board of Directors underlines that if Bombardier already meets all the elements specified by MÉDAC in its proposal, it is because the Corporation continuously monitors the coming into effect of new regulatory requirements and the evolution of best practices so as to be able to quicly adjust its own policies and practices accordingly in light of its own specificity.

As a last word and also as a matter of interest, the practices and disclosure of Bombardier in matters of executive compensation were recognized in 2008 when it was awarded the "Governance Gavel Award For Excellence in Compensation Disclosure" by the "Canadian Coalition fo Good Governance".

(3) Institute of Corporate Directors, Blue Ribbon Commission on The Governance of Executive Compensation in Canada – Final Report. June 2007, p.40.

Proposal 4

Limit the number of directorships

It is proposed that the board of directors adopt a governance rule limiting to four (4) the number of boards on which any of its directors may serve.

Rationale

In order for directors to perform their role fully, they should be able to devote all the necessary time to that role. The crucial role of directors and the increasing complexity of the environment in which corporations operate are universally acknowledged. One way of ensuring that directors have the necessary time and energy available is to limit the number of directorships that a director may accept. Certain codes of good corporate governance fix a maximum number of directorships. For example, in the United States, the National Association of Corporate Directors (NACD) suggests that a CEO or other executive should not hold more than one or two directorships in addition to their directorship within the corporation. For professional directors (whose sole occupation is to serve as directors), the NACD recommends five or six directorships. In the United Kingdom, the Combined Code recommends that the chairman of a FTSE 100 company should not hold more than one other directorship. In France, a director cannot hold more than five directorships in joint stock companies that have their head offices on French territory. In Canada, the organization Share advises abstention from voting for directors who hold five or more directorships or who are members of the management of other corporations.

Moreover, since good governance practices recommend that there be a limited number of directors (from 9 to 11), the specialized board committees that are set up (governance, risk management, in addition to audit, human resources, compensation committees, etc.) increase the workload of every director accordingly. The growing complexity of the files also requires directors to devote more and more time to them.

It is important that the board of directors note these developments and adopt a policy to limit the number of directorships held by its members outside the Corporation so that it can ensure that its directors are effective.

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

The Board of Directors believes that Bombardier and its shareholders must, at all times, have the full benefit of the skills, experience and business judgment of any dedicated individual of talent who agrees to become a director of Bombardier, regardless of the number of other boards of which he/she is already a member to the extent that he/she will devote the time and attention needed to the affairs of Bombardier. Each case has to be evaluated on its own merits.

The Board of Directors also believes that it would not be in the best interests of Bombardier and its shareholders to adopt the strict governance rule proposed by MÉDAC considering the corporate governance process outlined below.

The members of the Corporate Governance and Nominating Committee, who are all independent directors, have the responsibility of monitoring the size, composition, performance of the Board and its Committees in order to ensure effective decision-making. Each year, they review the credentials and performance of the nominees for election or re-election as members of the Board of Directors. They also conduct an annual evaluation of the performance and effectiveness of the Board of Directors and its Committees. In addition, directors meet individually with both the Chairman of the Board, Mr. Laurent Beaudoin, and the Chairman of the Corporate Governance and Nominating Committee, Mr. Jean-Pierre Rosso, to discuss their respective performance throughout the past year. Based on the results of these evaluations, the members of the Committee then assess with the Chairman of the Board, Mr. Laurent Beaudoin, the operation and strategic direction of the Board and its Committees, their respective size, composition and structure and the performance of the directors both as a group as well as individually.

On the other hand, when a new director has to be recruited, the members of the Corporate Governance and Nominating Committee will determine, in consultation with the Chairman of the Board, Mr. Laurent Beaudoin, appropriate selection criteria, including any additional skill sets deemed to be beneficial in light of Bombardier's current circumstances and needs. In reviewing a candidacy, the various boards on which a candidate already sits will obviously be considered at their own merits as a potential asset for Bombardier. Finally, the members of the Committee wil ensure that prior to agreeing to join the Board of Directors of Bombardier, a candidate will be fully informed of the workload and time commitments expected from him/her.

If a Board member becomes unable to fulfill his/her commitments in terms of performance and/or availability, the corporate governance process in place is such that the matter will definitely be readily identified and addressed in a timely and appropriate manner to resolve the situation.

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

Mandate of the Board

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

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

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

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

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

A. Approving Bombardier's strategy

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

B. Monitoring financial matters and internal controls

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

C. Monitoring pension fund matters

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

D. Monitoring environmental matters

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

E. Monitoring occupational health and safety matters

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

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

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

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

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

H. The Lead Director

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

SCHEDULE "C"
CHARTER OF THE AUDIT COMMITTEE OF BOMBARDIER

Audit Committee

1.1 Membership and Quorum

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

1.2 Frequency and Timing of Meetings

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

1.3 Chairman of the Audit Committee

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

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

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

B. MANAGING THE AUDIT COMMITTEE

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

1.4 Mandate of the Audit Committee

A. PURPOSE

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

B. OBJECTIVES

The objectives of the Audit Committee are:

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

C. MEETINGS

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

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

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

D. DUTIES AND RESPONSIBILITIES

- As they relate to the Board and financial reporting

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

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

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

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

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

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

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

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

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

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

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

(l) Ensure that procedures are in place for

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

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

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

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

- As they relate to the external auditor

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.5 Miscellaneous

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

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

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