

## TO OUR SHAREHOLDERS,

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

Bombardier experienced major changes in 2015, starting with the appointment of a new President and Chief Executive Officer in February. This was followed by the implementation of a new organizational structure and the appointment of a new leadership team, which is composed of leaders with deep industry knowledge, strong functional expertise and turnaround experience. Bombardier has launched a five-year strategic roadmap, which includes the following objectives:

- de-risking of liquidity, programs and platforms;
- rebuilding earnings and free cash flow; and
- deleveraging the balance sheet.

This strategic roadmap is expected to be realized through the implementation of the transformation plan which is more fully described in Bombardier’s management’s discussion and analysis for the financial year ended December 31, 2015. Launched at the end of 2015, this plan focuses on four priorities that are essential to unleash the full potential of Bombardier:

Drive performance

Improve cash generation

Reduce costs

Strengthen engagement with stakeholders

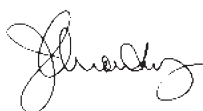
This transformation plan is intended to drive financial and operational performance and sustain Bombardier’s reputation as a ground-breaking innovator.

As part of this strategic roadmap, Bombardier began a comprehensive de-risking exercise with, as a first step, the in-depth review of its major programs. Bombardier made significant progress towards its goal of strengthening its liquidity position through the completion of a public offering of approximately Cdn \$1.1 billion of subscription receipts, the completion of an issuance of US\$2.25 billion of unsecured senior notes, the completion of a \$1.5 billion convertible share investment by Caisse de Dépôt et Placement du Québec in Bombardier Transportation, and the announcement of an agreement with the Québec government for an investment in the *C Series* subject to applicable closing conditions.

The HRCC is confident that each performance target under the short-term incentive plans is set at an ambitious level in light of Bombardier’s operating plans and business objectives, taking into account prevailing economic conditions. These plans provide payouts to employees based on the achievement of pre-determined performance targets, with higher payouts when targets are exceeded, and forfeiture of the relevant portions of incentive awards when targets are not met. In 2015, the short-term incentive plans for the Aerospace business segments included a non-financial key performance indicator that measured the earned value linked to the development of new programs, including but not limited to the *C Series* aircraft. Relating to the achievement of this performance indicator, the certification of the *C Series* program was one of the main highlights for 2015.

Bombardier strives to link its incentive plans to the creation of long-term value for its shareholders. In 2015, executive officers received 75% of their long-term incentive grants in the form of stock options which will only have value to the extent that Bombardier’s share price increases. The remaining 25% was delivered under a newly developed Restricted Share Unit (“RSU”) Plan, designed to reinforce attraction and retention of key employees, particularly in light of the recently launched transformation plan. RSUs also serve as an incentive for executives to deliver long-term performance and drive shareholder value growth as the ultimate value of awards is tied to the market value of the Class B subordinate voting shares of Bombardier. Building on this approach, 40% to 64% of the Named Executive Officers’ or NEOs’ (as hereinafter defined) targeted total compensation consists of long-term incentives.

The HRCC believes that Bombardier’s current executive compensation policies, plans, and total compensation levels are aligned with Bombardier goals of increasing long-term shareholder value and making meaningful progress in its transformation plan.



**Jean C. Monty**

Chairman  
Human Resources and Compensation Committee

## A. COMPENSATION DISCUSSION AND ANALYSIS

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

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

The HRCC validates the introduction of new compensation plans, any significant modifications to existing ones and target setting through stress-testing processes. During the financial year ended December 31, 2015, a RSU Plan was adopted to promote executive retention while motivating executives to increase shareholder value. Details are provided in section A.1.5 Long-Term Incentive Plans.

Overall, the HRCC is satisfied that the compensation of executives supports the objectives of the policy.

### A.1.1 Compensation Objectives

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

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

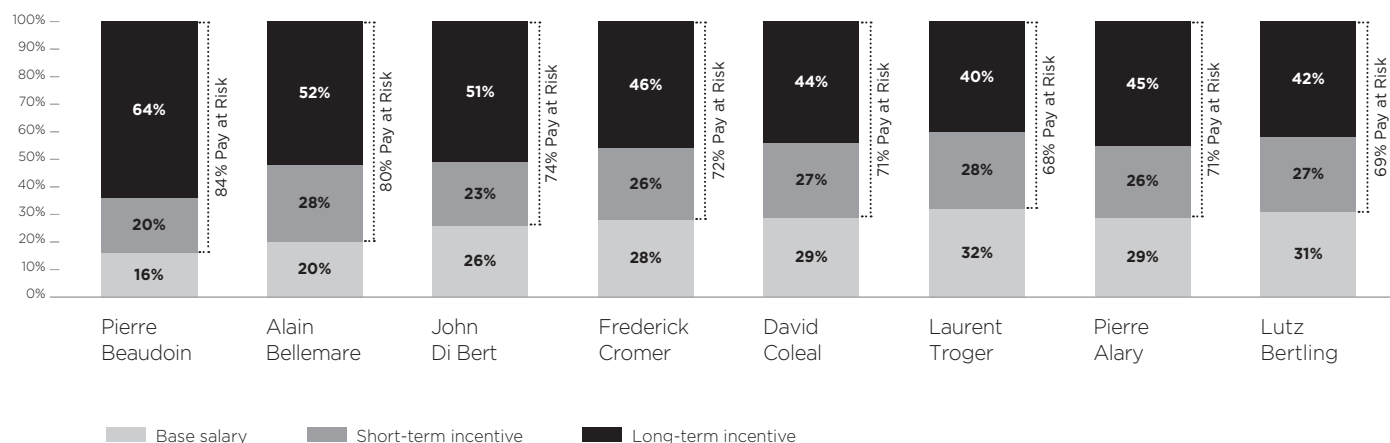
The table below shows the key elements of compensation and their respective form and performance period:

	Base Salary	Short-Term Incentives	Long-Term Incentives		
			RSUs	PSUs / DSUs	Stock Options
<b>Term</b>	One year	One year	Three years	Three years	Seven years
<b>Purpose</b>	Compensation based on responsibilities, performance, skills and potential	Rewards achievement and surpassing of specific financial and non-financial key performance indicators	Rewards for creating shareholder value and promotes retention	Rewards for creating shareholder value and achieving specific performance objectives	Links the interests of executives to those of shareholders by rewarding executives for creating shareholder value
<b>Performance Criteria</b>	-	Financial and non-financial key performance indicators	-	Three-year average: <ul style="list-style-type: none"> <li>- ROE (as defined herein) for grants prior to August 2013</li> <li>- ROIC (as defined herein) for August 2013 and November 2014 grants <sup>(1)</sup></li> </ul>	Have value only if the price of the Class B subordinate voting share is above exercise price
<b>Vesting</b>	-	-	Vesting after three years	Vesting after three years if performance conditions are met	Vesting after three years
<b>Payout</b>	Cash	Cash	RSUs are settled at the end of the three-year period: <ul style="list-style-type: none"> <li>- For share eligible participants, in Class B subordinate voting shares (secondary market) or cash equivalent according to choice made at grant</li> <li>- For non-share eligible participants, in cash</li> </ul>	<ul style="list-style-type: none"> <li>- PSUs settled in Class B subordinate voting shares (secondary market) or cash equivalent at the end of the three-year period according to choice made at grant</li> <li>- DSUs granted before 2010 can be settled in Class B subordinate voting shares (secondary market) or cash equivalent. DSUs granted under the 2010 DSUP can only be settled in Class B subordinate voting shares (treasury or secondary market). DSUs can only be settled upon termination of the executive's employment</li> </ul>	Class B subordinate voting shares acquired at an exercise price determined at grant

<sup>(1)</sup> For the 2014 grants, the performance is based on a weighted average: 20% for 2014, 30% for 2015 and 50% based on the average of 2015 and 2016.

The following graph illustrates the percentage of each component of the total direct compensation package, for (i) the Executive Chairman of the Board of Directors (and former President and Chief Executive Officer) (the “Executive Chairman of the Board of Directors”), Mr. Pierre Beaudoin; (ii) the President and Chief Executive Officer, Mr. Alain Bellemare; (iii) the Senior Vice President and Chief Financial Officer, Mr. John Di Bert; (iv) the three other most highly compensated executive officers of Bombardier, namely the President of Bombardier Commercial Aircraft, Mr. Frederick Cromer, the President of Bombardier Business Aircraft, Mr. David Coleal, the President of Bombardier Transportation, Mr. Laurent Troger; (v) the former Senior Vice President and Chief Financial Officer, Mr. Pierre Alary; and (vi) the former President of Bombardier Transportation, Mr. Lutz Bertling (all of whom are collectively referred to as the “Named Executive Officers” of Bombardier or “NEOs” (or individually “NEO”) in this Circular), in accordance with the above stated executive compensation policy assuming that applicable performance goals have been achieved at target for the financial year ended December 31, 2015. The target weightings of each element emphasize the at-risk compensation of each executive officer to ensure his/her alignment with shareholders’ interests. The relative weighting of each element of direct compensation is aligned with each executive officer’s ability to influence the short-term and long-term performance of Bombardier.

### TARGET WEIGHTING OF COMPENSATION ELEMENTS BASED ON COMPENSATION POLICY



#### A.1.2 Benchmarking of Compensation for Senior Executive Positions

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

Bombardier benchmarks executive compensation in alternate years: the compensation for most of the Corporation’s senior executive North American positions was benchmarked during 2014, while the compensation for most of the Corporation’s senior executive European positions was benchmarked during 2015. Senior executive positions are benchmarked with positions of similar responsibility in their respective markets. According to the executive compensation policy, the comparator group for North American-based positions is composed of US-based companies. For positions in Asia, the United Kingdom and Europe, the comparator group is composed of global companies with a significant presence at the location of the position being benchmarked. The grant value guidelines for RSUs/PSUs/DSUs and stock options are anchored on Canadian market practices for all executives based on Willis Towers Watson’s study (refer to Human Resources and Compensation Committee on pages 36 and 37 of this Circular).

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

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

3M Company Alliant Techsystems Inc. The Boeing Company Caterpillar Inc. Cummins Inc. Eaton Corporation	Ford Motor Company General Dynamics Corporation General Electric Company Honeywell International Inc. Illinois Tool Works Inc. ITT Corporation	Johnson Controls, Inc. L-3 Communications Corporation Lockheed Martin Corporation Northrop Grumman Corporation Paccar Inc. Parker Hannifin Corporation	Raytheon Company Rockwell Automation Inc. Rockwell Collins Inc. SPX Corporation Textron Inc. The Timken Company United Technologies Corporation
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**Comparator Group for Messrs. Laurent Troger and Lutz Bertling**

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

In setting the base salary for the NEOs, reference is made to the results of the benchmarking for positions of similar responsibility in the country relevant for the position. The actual base salary paid to each NEO is typically targeted at the market median. Each NEO's base salary is based on the benchmarking results, and is adjusted to take into consideration his responsibilities, current and sustained performance, skills and overall potential to ensure that the base salary reflects his actual contribution. An annual individual salary increase, if granted, is based on the review of the individual performance which includes, without limitation, his contribution, experience, business segment results, leadership, quality of management and competencies.

**A.1.4 Short-Term Incentive Plans**

Eligible management employees of Bombardier participate in short-term incentive plans designed for each of its four business segments, namely, Bombardier Business Aircraft, Bombardier Commercial Aircraft, Bombardier Aerostructures and Engineering Services 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 key performance indicators approved by the Board of Directors at the beginning of each financial year. Each plan specifies the target and maximum annual bonus as a percentage of base salary. These percentages vary based on the level of the position held. Starting in 2016, management may adjust short-term incentive payouts, based on individual performance, within a set budget based on the Corporation's financial results. For the President and Chief Executive Officer, the HRCC will make a recommendation of the individual performance adjustment for Board of Directors approval. For the President and Chief Executive Officer's direct reports, the President and Chief Executive Officer will make recommendations of the individual performance adjustment for HRCC approval.

The HRCC sets key performance indicators and targets in relation to incentive plans for management employees. The HRCC may adjust such key performance indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC. While the HRCC makes a qualitative assessment of certain aspects of the incentive plans (e.g. assessment of non-financial goals), the discretionary assessment of performance does not form part of the design of incentive plans. During the financial year ended December 31, 2015, the HRCC did not make discretionary adjustments to the key performance indicators, targets or results of incentive plans.

At its meeting of January 13, 2015, the HRCC approved the key performance indicators listed in the table below and their respective quantitative targets for the short-term incentive plans for the financial year ended December 31, 2015. Also included in the table is the rationale for the key performance indicators.

Key Performance Indicator	Rationale	Measure Frequency	Corporate Office	Business Segments of Aerospace	Bombardier Transportation
<b>EBIT<sup>(1)</sup></b>	Industry wide measure of in-year operational profitability. Commonly used as a valuation measure for companies in the industry.	Quarterly		✓	✓
<b>FCF<sup>(2)</sup></b>	Measures the cash generated by the business after paying short-term operating costs and making long-term investments. Commonly used as a valuation measure for companies in the industry.	Monthly		✓	✓
<b>Product Development Engineering Aerospace Execution ("PDEA" Execution)</b>	One element that represents the ability to execute plans with respect to development of new aircraft programs through quarterly milestone monitoring. Recognizes the contribution and fosters the engagement of employees.	Quarterly		✓	
<b>Specific Financial and Value Added Projects<sup>(3)</sup></b>	Linked to the success of certain key specific projects that have strategic importance for Bombardier. While usually long-term in nature, key milestones are measured and the advancement and realization of these projects are monitored.	Annually	✓		
<b>Bonus Payable Limited to a Percentage of EBIT</b>			<sup>(4)</sup>	5%	5%

- (1) Earnings before financing expense, financing income and income taxes, before special items, intercompany management, guarantee and stewardship fees.
- (2) Free cash flow, before interest and taxes, intercompany management, guarantee and stewardship fees. For business segments of Aerospace, excluding the accounts receivable and payable intercompany transfers.
- (3) The Executive Chairman of the Board of Directors and the President and Chief Executive Officer were the only NEOs with individual objectives in the short-term incentive plan. These objectives were linked to financial and value added projects for both the Executive Chairman of the Board of Directors and the President and Chief Executive Officer.
- (4) Combination of the consolidated Aerospace business segments and Transportation.

The financial performance indicator targets are set at a challenging level based on Bombardier's operating and strategic plans for the year as approved by the Board of Directors. The financial performance indicator targets are aligned with the strategic plan and are attainable with significant management effort and provided that the operating plans are substantially complied with and achieved by management. For PDEA Execution, quarterly milestones are determined to ensure the development of new aircraft programs within a specific timeframe. All non-financial performance indicator targets are also set at a challenging level.

If targets are not met, the portion of the short-term incentive award in respect of that target is forfeited. If targets are exceeded at year-end, the payout potential can reach twice the target amount (subject to the achievement of at least the EBIT target for non-financial performance indicators).

In addition, these plans also limit, for the financial year ended December 31, 2015, the total aggregate amounts payable under the short-term incentive plans to 5% of EBIT as stated in the table above. Short-term incentive plan payments are proportionally reduced if the EBIT limit is reached. Finally, no amount is paid under the short-term incentive plans if EBIT for the year is zero, even if the FCF target and/or the other key performance indicators are met. In 2016, this EBIT limit will not apply, in light of the key transformational initiatives to be implemented in 2016.

During the year, a periodic review of the activities of each business segment was made by corporate management in order to monitor their financial and operational performance against the objectives that they had to meet for the year.

The following table provides the key performance indicators of the plans and the respective results of Bombardier Business Aircraft, Bombardier Commercial Aircraft, Bombardier Aerostructures and Engineering Services, Bombardier Transportation, as well as the Corporate Office. Quantitative targets are not provided because they contain commercially sensitive information, the public disclosure of which would seriously prejudice Bombardier's interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which Bombardier operates. The disclosure of some quantitative key performance indicator targets and results would provide highly sensitive data to competitors, as well as key strategic information that are not publicly disclosed and that could also potentially be interpreted inappropriately as market guidance. The HRCC assesses the actual results compared with the pre-established targets to determine the quantum of the payout.

Group	Key Performance Indicators	Target Weight	Actual Results (\$)	Realized Weight	Total Realized Weight
<b>Bombardier Business Aircraft</b>	EBIT	35.00%	299.6 million <sup>(1)</sup>	7.94%	19.58%
	FCF	35.00%	(766.0) million <sup>(1)</sup>	2.12%	
	PDEA Execution	30.00%	Not publicly disclosed <sup>(2)</sup>	9.52%	
<b>Bombardier Commercial Aircraft</b>	EBIT	35.00%	(179.3) million <sup>(1)</sup>	11.91%	51.26%
	FCF	35.00%	(831.0) million <sup>(1)</sup>	25.40%	
	PDEA Execution	30.00%	Not publicly disclosed <sup>(2)</sup>	13.95%	
<b>Bombardier Aerostructures and Engineering Services</b>	EBIT	50.00%	102.3 million <sup>(1)</sup>	45.36%	90.73%
	FCF	50.00%	46.0 million <sup>(1)</sup>	45.37%	
<b>Bombardier Transportation</b>	EBIT	37.50%	418.8 million <sup>(1)</sup>	23.44%	75.00%
	FCF	62.50%	349.0 million <sup>(1)</sup>	51.56%	
<b>Corporate Office</b>	Bombardier Business Aircraft objectives	32.00%	Stated above	6.26%	56.15%
	Bombardier Commercial Aircraft objectives	10.00%	Stated above	5.13%	
	Bombardier Aerostructures and Engineering Services objectives	8.00%	Stated above	7.26%	
	Bombardier Transportation objectives	50.00%	Stated above	37.50%	
<b>Executive Chairman of the Board of Directors</b>	Corporate Office	12.67%	Stated above	7.12%	94.44%
	The Board of Directors has defined a specific value-added project: Conclusion of long term partnerships to maximize value	87.33%	Not publicly disclosed <sup>(2)</sup>	87.32%	
<b>President and Chief Executive Officer</b>	Corporate Office	78.57%	Stated above	44.11%	65.54%
	The Board of Directors has defined specific value-added projects with strategic targets: - Optimized year-end cash position and development of a three-year financial plan - Strengthen leadership team - Strategic initiatives (strategic partnerships)	21.43%	Not publicly disclosed <sup>(2)</sup>	21.43%	

(1) As stated in Bombardier's financial statements as at December 31, 2015. The calculation of the short-term incentive plans results excludes corporate expense/cash allocations and special items.

(2) Would provide, if disclosed, highly sensitive data to competitors and could be interpreted inappropriately as market guidance.

The following table provides the minimum, target and maximum bonus payable to the NEOs pursuant to the short-term incentive plans as well as the actual payout earned for the financial year ended December 31, 2015 expressed as a percentage of base salary.

NEO	Minimum	Target	Maximum	Actual Payout	% of Total Compensation
<b>Pierre Beaudoin</b> <sup>(1)</sup>	0%	125%	125%	120.29%	25.66%
<b>Alain Bellemare</b> <sup>(2)</sup>	0%	140%	280%	140.00%	18.83%
<b>John Di Bert</b> <sup>(2)</sup>	0%	90%	180%	90.00%	5.84%
<b>Frederick Cromer</b> <sup>(2)</sup>	0%	90%	180%	90.00%	11.60%
<b>David Coleal</b> <sup>(2)</sup>	0%	90%	180%	90.00%	11.08%
<b>Laurent Troger</b> <sup>(3)</sup>	0%	90%	180%	52.98%	12.45%
<b>Pierre Alary</b>	0%	90%	180%	50.54%	9.24%
<b>Lutz Bertling</b>	0%	90%	180%	67.50%	8.03%

(1) Mr. Pierre Beaudoin's target bonus was 140% of his base salary as former President and Chief Executive Officer until February 12, 2015, and 125% of his base salary as Executive Chairman of the Board of Directors thereafter.

(2) Guaranteed target bonus payout for the financial year ended December 31, 2015 as per respective employment contract.

(3) Mr. Laurent Troger's target bonus was 60% of his base salary as Chief Technology Officer until September 10, 2015, and 90% of his base salary as Chief Operating Officer and President of Bombardier Transportation thereafter.

### A.1.5 Long-Term Incentive Plans

The objectives of the Bombardier RSU, PSU, DSU and stock option plans are to align its executives' interests with shareholder value growth and to retain key talent. Bombardier uses a combination of these plans as long-term incentives.

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

For the financial year ended December 31, 2015, the HRCC decided to provide 75% of the value of long-term incentive grants to the NEOs in the form of stock options and 25% in the form of RSUs to focus executives' efforts on share price improvement and to retain key executives during the execution of the current transformation plan of Bombardier.

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

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

The HRCC determines the size of grants to be awarded to the NEOs, and reports to the Board of Directors for approval or information, as applicable. Long-term incentives are granted on an annual basis, based on benchmark data. The value of RSUs/PSUs/DSUs and stock options granted to each participant is based, among other considerations, on a grant guideline that is related to the employee's management level within Bombardier. The value granted to a participant can vary from 0% to 150% of the grant guideline based on the employee's potential to contribute to the future success of Bombardier. For 2015, a special pool was approved by the HRCC to allow the President and Chief Executive Officer to grant awards with values in excess of the grant guidelines in order to attract, ensure retention and recognize the exceptional performance of key contributors and to ensure Bombardier's success during the execution of its current transformation plan. Eligibility to participate in the long-term incentive plans does not confer an automatic right to receive a grant. As a general rule, grants made in previous years are not considered to determine the grant made to a NEO in any subsequent financial year.

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

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

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

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

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

Only key employees, as approved by the Board of Directors, the HRCC or senior management, depending on the management level of the employees, may be granted RSUs/PSUs. Only a limited number of these employees, including the NEOs, as approved either by the HRCC or by senior management, as the case may be, depending, in each case, on their respective salary grade level, may elect to receive DSUs instead of PSUs, provided DSUs are offered at the relevant time. This election must be made on the date of the grant and the choice is irrevocable. For executives subject to Stock Ownership Guidelines (please refer to A.1.5.7 "Stock Ownership Guidelines" of Section 5 of this Circular for further details on Stock Ownership Guidelines), DSUs constitute the default selection in countries where DSUs are offered. No DSUs were offered in the financial year ended December 31, 2015.

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

- a grant of RSUs represents the right to receive:
  - an equal number of Class B subordinate voting shares, or a cash payment equal to the value of the RSUs, for share eligible participants; or
  - a cash payment equal to the value of the RSUs for non-share eligible participants;
- a grant of PSUs or DSUs represents the right to receive an equal number of Class B subordinate voting shares or, in the case of DSUs granted prior to June 2010 and PSUs, a cash payment equal to the value of the PSUs or DSUs, if the pre-determined performance targets are attained;
- refer to A.1.5.2 "RSUs/PSUs/DSUs Settlement" of Section 5 of this Circular for more details on the settlement method and timing of RSUs/PSUs/DSUs;
- the vesting period is determined at the date of the grant, subject to a maximum term of three years from that date;
- the key performance indicator and targets for PSUs and DSUs are usually determined at the date of the grant by the HRCC;
- in the case of PSUs, the number of Class B subordinate voting shares delivered on the vesting date or, in the case of DSUs, upon the participant's termination of employment, death or retirement may be cancelled, reduced or increased depending on the actual results of the three-year average or three-year weighted average of the applicable performance indicator, depending on the date of grant of the awards;

Vesting Percentage <sup>(1)</sup>	Three-Year Average Performance Grants Made from August 2013 through October 2014 ROIC <sup>(2)</sup>	
	Corporate Office / Bombardier Aerospace	Bombardier Transportation
0%	More than 1% below target	More than 2% below target
70%	Target minus 1%	Target minus 2%
100%	Target	Target
150%	More than 2.5% above target	More than 5% above target

(1) Interpolation between 70% and 150%

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



Vesting Percentage <sup>(1)</sup>	Three-Year Weighted Average Performance <sup>(2)</sup> Grants Made from November 2014 through July 2015 ROIC <sup>(3)</sup>							
	Corporate Office	Business Aircraft		Commercial Aircraft			Aerostructures and Engineering Services	Bombardier Transportation
	2014, 2015 and 2016	2014	2015 and 2016	2014	2015	2016	2014, 2015 and 2016	2014, 2015 and 2016
<b>0%</b>	More than 1% below target	More than 1% below target	More than 2% below target	More than 1% below target	More than 0.2% below target	More than 0.4% below target	More than 1% below target	More than 2% below target
<b>70%</b>	Target minus 1%	Target minus 1%	Target minus 2%	Target minus 1%	Target minus 0.2%	Target minus 0.4%	Target minus 1%	Target minus 2%
<b>100%</b>	Target	Target	Target	Target	Target	Target	Target	Target
<b>150%</b>	More than 2.5% above target	More than 2.5% above target	More than 5% above target	More than 2.5% above target	More than 0.5% above target	More than 1% above target	More than 2.5% above target	More than 5% above target

(1) Interpolation between 70% and 150%.

(2) The performance calculation is a weighted average: 20% based on the 2014 operating plan, 30% based on the 2015 operating plan and 50% based on the average of the 2015 operating plan and of the 2016 strategic plan.

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

- each of the RSU/PSU Plan confers the right to receive dividend equivalents to be paid, in the case of the PSU Plan, either in the form of additional PSUs or in cash, as determined by the HRCC, and in the case of the RSU Plan, in cash, in each case at the same rate as the cash dividend paid on Class B subordinate voting shares, if any; these dividend equivalents are paid at the end of the three-year vesting period and, in the case of PSUs, in accordance with the applicable performance vesting conditions;
- under the DSU Plan and the 2010 DSUP, dividend equivalents will only be settled in the form of additional DSUs;
- the maximum number of Class B subordinate voting shares which may be issued from treasury under the 2010 DSUP is 24,000,000; and
- refer to Section D "Termination and Change of Control Provisions" of Section 5 of this Circular for the treatment of RSUs, PSUs and DSUs in such cases.

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

At the end of each financial year, the HRCC approves the results of prior years' performance indicators in order to authorize payouts under grants of PSUs and DSUs reaching the vesting date during the year. Since the three-year average Return on Equity ("ROE") for the PSUs/DSUs granted in 2012-2013 was less than the average ROE minimum threshold of 18%, no PSUs/DSUs vested in the financial year ended December 31, 2015 and they were all forfeited:

PSUs/DSUs Granted in 2012-2013			
Three-Year Average ROE <sup>(1)</sup> Target	Vesting Percentage	Three-Year Average ROE <sup>(1)</sup> Results Achieved	Vesting Percentage Achieved
<b>Below 18%</b>	0%		
<b>18%</b>	70%		
<b>19%</b>	85%		
<b>20%</b>	100%		
<b>21%</b>	110%	13.5%	0%
<b>22%</b>	120%		
<b>23%</b>	130%		
<b>24%</b>	140%		
<b>25%</b>	150%		

<sup>(1)</sup> ROE is calculated considering that "Net income" is before special items and that "Equity" excludes cash flow hedges, AFS (available for sale) financial assets and net actuarial losses under IFRS.

Quantitative targets are not provided because they contain commercially sensitive information, the public disclosure of which would seriously prejudice Bombardier's interests and weaken its ability to maintain and build its market leadership in the highly competitive industries in which Bombardier operates. The disclosure of some quantitative key performance indicator targets and results would provide highly sensitive data to competitors, as well as key strategic information that are not publicly disclosed and that could also potentially be interpreted inappropriately as market guidance. The HRCC assesses the actual results compared with the pre-established targets to determine the quantum of the payout.

The financial performance indicator targets are set at an ambitious level based on Bombardier's operating and strategic plans for the years covered by the vesting period as approved by the Board of Directors and take into account prevailing economic conditions. The financial performance indicator targets are aligned with the strategic plan and are attainable with significant management effort and provided that the operating plans are substantially complied with and achieved by management.

No PSUs or DSUs were granted to the NEOs during the financial year ended December 31, 2015. The grant date fair value of PSUs and DSUs granted to NEOs during the financial years ended December 31, 2014 and 2013, respectively, correspond to the values disclosed under the column "Share-Based Awards" in respect of those financial years in the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

#### A.1.5.2 RSUs/PSUs/DSUs Settlement

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

When a DSU participant's employment terminates for any reason, vested DSUs are settled. Vested DSUs granted before June 2010 under the DSU Plan are settled as Class B subordinate voting shares purchased on the secondary market or, at the discretion of the HRCC, the cash equivalent. Vested DSUs granted on or after June 2010 under the 2010 DSUP are settled as Class B subordinate voting shares issued from treasury or purchased on the secondary

market. Actual settlements of vested DSUs may be postponed by the HRCC until the last calendar day of the year of termination of employment, death or retirement.

### **A.1.5.3 Stock Option Plan**

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

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

- the granting of non-assignable options to purchase Class B subordinate voting shares may not exceed, taking into account the aggregate number of Class B subordinate voting shares issuable under any other security based compensation arrangement of the Corporation, 135,782,688; and
- in any given one-year period, any insider or his or her associates may not be issued a number of shares exceeding 5% of all issued and outstanding Class B subordinate voting shares.

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

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

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

In the case of stock options granted in 2008-2009, performance vesting conditions established at the time of grant required that the volume weighted average trading price of the Class B subordinate voting shares reach a target price threshold of \$8.00 Cdn for at least 21 consecutive trading days following the grant date. As such target price threshold was not attained, none of these stock options were exercised and they all expired on August 20, 2015.

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

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

- the total number of Class B subordinate voting shares issuable from treasury, together with the Class B subordinate voting shares issuable from treasury under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 10% of the total issued and outstanding Class B subordinate voting shares;
- the total number of Class B subordinate voting shares issuable from treasury to insiders and their associates, together with the Class B subordinate voting shares issuable from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, at any time, may not exceed 5% of the total issued and outstanding Class B subordinate voting shares;
- the total number of Class B subordinate voting shares issued from treasury to insiders and their associates, together with the Class B subordinate voting shares issued from treasury to insiders and their associates under all of the Corporation's other security based compensation arrangements, within any given one-year period, may not exceed 10% of the total issued and outstanding Class B subordinate voting shares;
- a single person cannot hold DSUs covering, or options to acquire, as the case may be, more than 5% of the Class B subordinate voting shares issued and outstanding; and
- the total number of stock options issued in the financial year ended December 31, 2015 (being 49,704,570 stock options), as a percentage of the total number of Class A shares and Class B subordinate voting shares that were issued and outstanding as at December 31, 2015, is 2.21%.

As of March 7, 2016, the status is as follows:

	Plan	Issued	Issuable under DSUs Granted OR Stock Options Granted but Unexercised	Issuable for Future DSU OR Stock Option Grants <sup>(2)</sup>
<b>Total number of Class B subordinate voting shares</b>	Stock Option Plan	43,267,681 <sup>(1)</sup>	74,801,926	11,686,697
	2010 DSUP	487,289	5,539,095	11,686,697
<b>% of total number of Class A shares and Class B subordinate voting shares issued and outstanding</b>	Stock Option Plan	1.93%	3.33%	0.52%
	2010 DSUP	0.02%	0.25%	0.80%

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

<sup>(2)</sup> The aggregate number of Class B subordinate voting shares issuable under the Stock Option Plan and the 2010 DSUP may not exceed, taking into account the aggregate number of Class B subordinate voting shares issuable under any other security based compensation arrangement of the Corporation, 135,782,688.

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

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

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

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

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

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

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

As mentioned under the heading “Amendments to the Stock Option Plan of Bombardier” in Section 2: “Business of the Meeting”, the Board of Directors approved on February 16, 2016 the First Stock Option Plan Amendment and the Second Stock Option Plan Amendment, subject in each case to receipt of requisite regulatory and shareholder approval in the manner described under the heading “Amendments to the Stock Option Plan of Bombardier” in Section 2: “Business of the Meeting”.

The Board of Directors also approved, on February 16, 2016, adjustments necessary as a result of the Second Stock Option Plan Amendment to the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the Stock Option Plan and any other security-based compensation arrangement of the Corporation to insiders, at any time, in order to ensure that such limitation remains unaffected by the adoption of the Second Stock Option Plan Amendment. Such adjustments are not subject to shareholder approval.

The Board of Directors also approved, on February 16, 2016, amendments to the Stock Option Plan of a “housekeeping” or clerical nature, which amendments have also been approved by the TSX, but are not subject to shareholder approval, in order to delete inapplicable provisions of the plan, including all references in the Stock Option Plan to the Corporation’s former “Directors’ Plan” (being the stock option plan for the benefit of the directors of the Corporation which was abolished effective October 1, 2003) and to stock options granted before June 1, 2009 (none of which are still outstanding), as well as any and all related provisions. Apart from the “housekeeping” or clerical amendments adopted by the Board of Directors, other amendments were made to the Stock Option Plan by the Board of Directors on February 16, 2016 and have been approved by the TSX, but are not subject to shareholder approval. These amendments include (i) an amendment to modify the eligibility for participation in the Stock Option Plan to include, in addition to officers, senior employees and key employees in full employment by the Corporation or one of its subsidiaries, officers, senior employees and key employees in full employment by any other company, partnership or other legal entity designated by the HRCC from time to time (with necessary adaptations made as a consequence of such amendment to the terms on which the options may be granted, exercised, terminated, cancelled and adjusted), and (ii) an amendment to subsection 7.1.2(i) of the Stock Option Plan to clarify that if an optionee retires between age 55 and 60 after at least 5 years of continuous service with the Corporation or its subsidiaries or any other company, partnership or other legal entity designated by the HRCC from time to time, the options held by such optionee, or part thereof, shall become exercisable or expire, as the case may be, in the events and manner described in subsection 7.1.2(i), regardless of whether such optionee was a participant under an approved retirement plan.

As mentioned under the heading “Amendments to the 2010 Deferred Share Unit Plan of Bombardier” in Section 2: “Business of the Meeting”, as a necessary consequence of the Second Stock Option Plan Amendment, the Board of Directors also approved the 2010 DSUP Amendment, subject to receipt of requisite regulatory and shareholder approval in the manner described under the heading “Amendments to the 2010 Deferred Share Unit Plan of Bombardier” in Section 2: “Business of the Meeting”.

The Board of Directors also approved, on February 16, 2016, adjustments necessary as a result of the 2010 DSUP Amendment to the limitation on the number of Class B subordinate voting shares issuable, in the aggregate, pursuant to the 2010 DSUP and any other security-based compensation arrangement of the Corporation to insiders, at any time, in order to ensure that such limitation remains unaffected by the adoption of the 2010 DSUP Amendment. Such adjustments are not subject to shareholder approval.

Another amendment was made to the 2010 DSUP by the Board of Directors on February 16, 2016 and has been approved by the TSX, but is not subject to shareholder approval. Specifically, the Board of Directors approved an amendment to modify the eligibility for participation in the 2010 DSUP to include, in addition to senior officers of the Corporation or its subsidiaries, senior officers of any other company, partnership or other legal entity designated by the HRCC from time to time (with necessary adaptations made as a consequence of such amendment to the terms on which the DSUs may be granted, terminated, cancelled and adjusted).

### A.1.5.6 Restrictions Regarding Trading of Bombardier Securities and Hedging Prohibition

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

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

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

### A.1.5.7 Stock Ownership Guidelines

Bombardier has adopted Stock Ownership Guidelines (“SOG”) for executives in order to link their interests with those of the shareholders, which guidelines are reviewed by the HRCC whenever necessary. The SOG requirements apply to the following group of executives:

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

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

Position Held	Multiple of Annual Base Salary
<b>Executive Chairman of the Board of Directors and President and Chief Executive Officer</b>	5 x
<b>Presidents of business segments</b>	3 x
<b>Other executives</b>	3 x or 2 x depending on salary grade

The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on December 31<sup>st</sup> of each calendar year. For the purpose of assessing the level of ownership, Bombardier includes the value of shares owned plus vested DSUs and granted RSUs net of estimated taxes. The HRCC monitors, each year, the progress in value of the share portfolios.

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

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

The following table presents the SOG targets of the NEOs as a multiple of base salary and the actual multiple of base salary represented by the aggregate value of shares and granted RSUs net of estimated taxes and vested DSUs held by the NEOs that were still active employees of Bombardier\* as of December 31, 2015:

NEO	Target Multiple of Base Salary	Actual Multiple of Base Salary as of December 31, 2015
<b>Pierre Beaudoin</b>	5 x	7.52 (target attained)
<b>Alain Bellemare</b>	5 x	1.34
<b>John Di Bert</b>	3 x	0.60
<b>Frederick Cromer</b>	3 x	0.24
<b>David Coleal</b>	3 x	0.23
<b>Laurent Troger</b>	3 x	0.95

\* Mr. Pierre Alary, former Senior Vice President and Chief Financial Officer, retired from the Corporation on November 1<sup>st</sup>, 2015 and Mr. Lutz Bertling, former President of Bombardier Transportation left the Corporation on December 9, 2015.

### A.1.5.8 Clawback Policy

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

In addition, refer to Section D "Termination and Change of Control Provisions" of Section 5 of this Circular for the treatment of stock options, RSUs, PSUs and DSUs in the event of a dismissal for cause.

### A.1.6 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 \$30,000 Cdn, with Bombardier contributing an additional amount of 20% of such employee's actual contribution. Employees' and Bombardier's contributions are used to purchase Class B subordinate voting shares on the secondary market.

### A.1.7 Pension Plans, Benefits and Perquisites

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

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

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

The Executive Chairman of the Board of Directors and the President and Chief Executive Officer are allowed to use the Bombardier corporate aircraft for personal reasons. Bombardier does not generally assume all of the costs of

corporate aircraft incurred for personal use since all or part of these costs must be reimbursed to Bombardier, in an amount equal to the fair market value of a first class commercial airlines ticket for the destination of the personal trip for each person travelling aboard the corporate aircraft. The difference, if any, between the incremental operating costs to Bombardier and the costs reimbursed is included in the amounts required to be disclosed as perquisites, if applicable, under the column “All Other Compensation”, in table B.3 “Summary Compensation Table” of Section 5 of this Circular.

More details about the executive pension plans are provided in Section C. “Pension Plans” of Section 5 of this Circular.

### A.1.8 Supplemental Information

Since Bombardier has a policy of not granting loans to any of its employees, there is no such loan outstanding for the financial year ended December 31, 2015.

### A.1.9 Compensation Risks

- Bombardier has processes in place with respect to the approval of projects or mandates based on different thresholds of investment and size of the new business and related risk. The approval is granted by either the business segment, the Corporate Office or the Board of Directors.
- The HRCC reviews and assesses compensation and incentive plan risks to ensure that the Corporation’s compensation plans encourage appropriate business risk and incentives without encouraging risk-taking behaviors which may have a material adverse effect on the Corporation.
- The HRCC is therefore fully aware of the risks that could affect the Corporation’s performance.
- The HRCC has not identified any risks associated with Bombardier’s executive compensation plans that are reasonably likely to have a material adverse effect on Bombardier.
- The structure of the Board of Directors Committees facilitates assessment of risk associated with compensation policies and practices:
  - as per Bombardier’s governance practices, overall risk management matters are considered and discussed at Board of Directors meetings, thereby providing additional important information to the members of the HRCC;
  - Mr. Jean C. Monty, the Chairman of the HRCC, is also a member of the Audit Committee and Ms. Martha Finn Brooks and Mr. Carlos E. Represas are both members of each of the FRMC and the HRCC, while Mr. Patrick Pichette is a member of each of the HRCC and the Audit Committee; and
  - these membership overlaps provide additional insight into the Corporation’s business risks and allow the HRCC to access the necessary information to consider the impact of business risks on compensation policies and practices.

The following table summarizes compensation elements or plans and relevant risk mitigation factors.

Compensation Element or Plan	Risk Mitigation Factor
<b>Base Salary</b>	- Base salaries are fixed in amount to provide steady income regardless of share price and therefore do not encourage risk-taking
<b>Short-Term Incentive Plans</b>	<ul style="list-style-type: none"> <li>- The ability for short-term decisions to drive excessive compensation is limited because:               <ul style="list-style-type: none"> <li>- the payout potential on each key performance indicator is capped at twice the target amount</li> <li>- for awards in respect of financial years ended on or prior to December 31, 2015, the total bonus amount is limited to predetermined percentages of EBIT for the Aerospace business segments and Bombardier Transportation to protect shareholders’ interests, and bonus payments are proportionally reduced if these EBIT limits are reached</li> <li>- the payout potential is based on a variety of key performance indicators, thus diversifying the risk associated with any single performance indicator to the detriment of others</li> </ul> </li> <li>- Same objectives for all management employees at all levels within each business segment as well as for the Corporate Office in order to create alignment and encourage decision-making that is in the best interests of Bombardier as a whole               <ul style="list-style-type: none"> <li>- only a limited number of executives have individual objectives to minimize risk-taking behavior</li> <li>- 100% of Corporate Office performance indicators are based on business segments</li> </ul> </li> <li>- Objectives are mainly based on financial performance indicators relating to operating plans. If the result for a specific objective is lower than the target, the related bonus is not paid</li> <li>- Non-financial objectives are challenging but achievable without encouraging inappropriate or excessive risk taking</li> </ul>



Compensation Element or Plan	Risk Mitigation Factor
<b>Restricted Share Unit Plan</b>	<ul style="list-style-type: none"> <li>- The three-year vesting period helps ensure Bombardier's performance aligns with shareholders' interests</li> <li>- This incentive is based on a three-year share price performance: the ultimate value of the award is tied to the market value of the Class B subordinate voting shares, which encourages behaviors focused on long-term goals, while discouraging behaviors focused on short-term risks</li> </ul>
<b>Performance Share Unit Plan and Deferred Share Unit Plan</b>	<ul style="list-style-type: none"> <li>- The three-year vesting period helps ensure Bombardier's performance aligns with shareholders' interests</li> <li>- Performance objectives, based on target ROE or ROIC as per strategic plan, are determined at the grant date by the HRCC</li> <li>- If the ROE or ROIC result is lower than the threshold, the vesting percentage is 0%</li> <li>- If the ROE or ROIC target is exceeded, the vesting percentage is capped at 150%</li> <li>- This incentive is also based on a three-year share price performance: the ultimate value of the award is tied to the market value of the Class B subordinate voting shares, which encourages behaviors focused on long-term goals, while discouraging behaviors focused on short-term risks</li> <li>- Annual grants with overlapping performance periods ensure that results in a single year impact currently maturing grants as well as outstanding grants maturing in subsequent years, further encouraging continuous long-term performance improvement</li> </ul>
<b>Stock Option Plan</b>	<ul style="list-style-type: none"> <li>- Stock options represent an incentive to enhance shareholder value by providing executives with compensation which is only valuable if Bombardier's share price increases over time</li> <li>- Three-year vesting period and seven-year term help ensure long-term performance aligns with shareholders' interests</li> </ul>
<b>Pay Mix</b>	<ul style="list-style-type: none"> <li>- Bombardier offers short- and long-term incentive plans certain of which are based on different performance indicators, allowing risks to be spread over a broader time horizon</li> <li>- The HRCC believes that the variable compensation elements (short-term incentive plan and long-term incentive plans) represent a percentage of overall compensation that is sufficient to motivate executives to produce superior corporate results, while the fixed compensation element (base salary) is also sufficient to discourage executives from taking inappropriate or excessive risks</li> <li>- A portfolio approach to incentive compensation spreads the risk of various performance indicators, time horizons and extraneous factors influencing the compensation results, encouraging a more holistic view of business performance and compensation results</li> </ul>
<b>Stock Ownership Guidelines</b>	<ul style="list-style-type: none"> <li>- Selected executives are required to accumulate a significant level of Bombardier share ownership</li> <li>- SOG link interests of executives with those of the shareholders</li> </ul>
<b>Clawback Policy</b>	<ul style="list-style-type: none"> <li>- Recovery of overpayments of incentive compensation in the event of fraud, dishonesty or misconduct that contributes to non-compliance which results in the obligation to prepare an accounting restatement</li> <li>- The clawback policy contributes to the alignment of Bombardier's best interests with those of the shareholders</li> </ul>
<b>No Hedging on Speculative Activities</b>	<ul style="list-style-type: none"> <li>- As per the Code of Ethics, employees shall not engage in hedging activities or in any form of transactions of publicly-traded options in Bombardier securities, or any other form of derivatives relating to Bombardier securities, including "puts" and "calls" and employees shall not sell securities that they do not own ("short-sale"). The Stock Option Plan also provides that optionees may not enter into any monetization transaction or other hedging procedures</li> </ul>
<b>Share Purchase Plan</b>	<ul style="list-style-type: none"> <li>- The same plan applies to all Bombardier employees to the extent that it is offered in their country of employment</li> </ul>
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>- A limited number of perquisites such as car lease, complete medical check-up and financial counselling is offered based on local market practices. These perquisites are not affected by business decisions nor risk taking measures</li> </ul>
<b>Pension and Benefits</b>	<ul style="list-style-type: none"> <li>- No link with compensation risk since pension and benefits are based on local market practices</li> </ul>
<b>No Change of Control Agreements</b>	<ul style="list-style-type: none"> <li>- Bombardier has no change of control agreement with any of its NEOs that would result in guaranteed payouts in such an event</li> </ul>
<b>Discretion of the HRCC</b>	<ul style="list-style-type: none"> <li>- The HRCC has the authority to set performance indicators and targets in relation to incentive plans, and to adjust such indicators and targets, and the measurement of results to reflect business conditions, circumstances, and events not predicted when setting targets. The exercise of this authority is at the sole discretion of the HRCC</li> </ul>

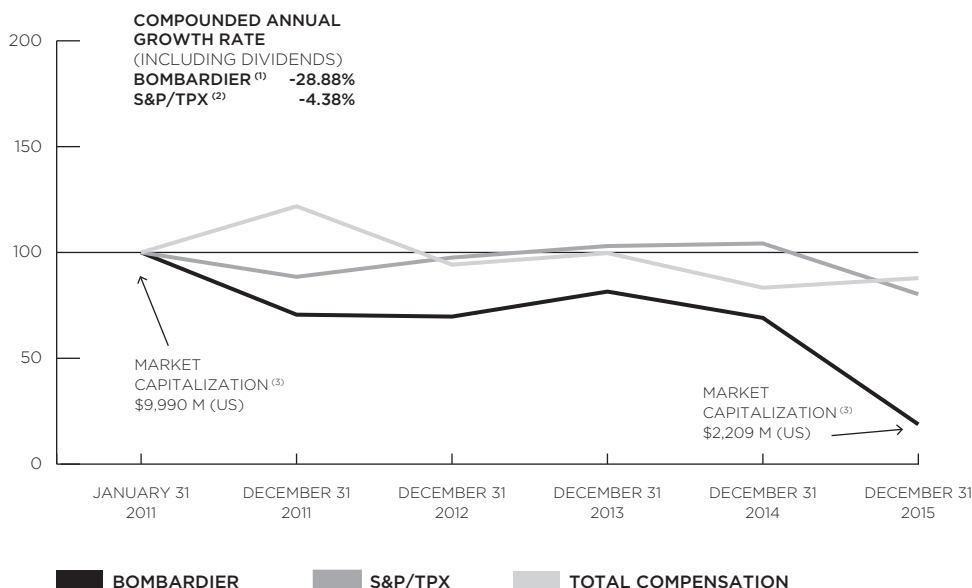
## A.2 Performance Graph

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

The trends shown by the performance graph depicted below represent a decrease in the cumulative total shareholder return from January 2011 to December 2011 due to the economic uncertainty of 2011. The financial years ended on December 31, 2012, December 31, 2013 and December 31, 2014 show a relatively stable total shareholder return overall. For the financial year ended December 31, 2015 the graph shows a significant decrease in total shareholder return. Stock price performance is affected by various factors and trends, many of which are unrelated to the Corporation's actual performance.

The graph demonstrates a correlation between Bombardier's total shareholder return and total earned compensation of its NEOs except for the financial years ended December 31, 2011 and December 31, 2015.

### PERFORMANCE OF THE CLASS B SUBORDINATE VOTING SHARE OF BOMBARDIER FROM JANUARY 31, 2011 TO DECEMBER 31, 2015



- (1) Return on Class B subordinate voting shares converted to US dollars, including dividends reinvested.
- (2) Return on S&P/TSX index converted to US dollars, including dividends reinvested.
- (3) Market capitalization is based on 316,109,537 Class A shares and 1,436,997,894 Class B subordinate voting shares as at January 31, 2011 and on 313,900,550 Class A shares and 1,932,511,397 Class B subordinate voting shares as at December 31, 2015. The market capitalization is converted from Canadian dollars to US dollars. For reference, exchange rates used were 0.999 and 0.7227, as at January 31, 2011 and December 31, 2015, respectively.  
(Index: Closing Price January 31, 2011 = 100 and Total NEO Compensation for the fiscal year ending January 31, 2011 = 100) Closing prices converted in US dollars; total compensation for the NEO is based on the fiscal year prior to the closing stock price.

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

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

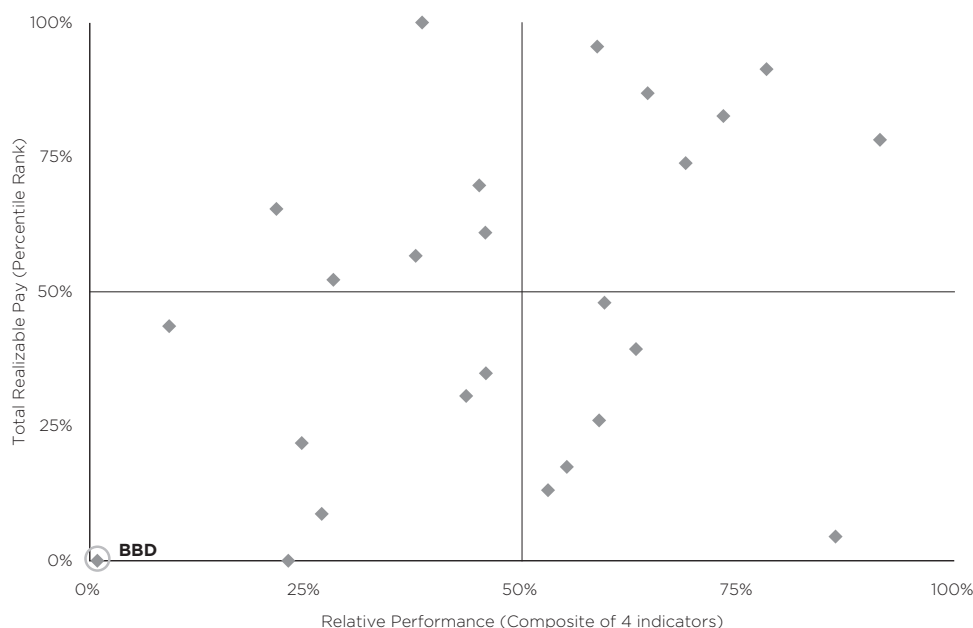
## A.3 Pay for Performance

Bombardier strives to align its compensation plans with its performance. In order to confirm the achievement of this objective, a pay-for-performance analysis for the President and Chief Executive Officer, was conducted by Meridian in 2015, covering the three-year period ended December 31, 2014.

In this pay for performance study, performance is measured as the composite of four indicators, one-third on EBITDA growth, one-third on total shareholder return (TSR), one-sixth on ROE and one-sixth on ROIC. Furthermore, pay is defined as realizable pay which includes actual base salary and bonus, PSU incentive payouts or the value of vested DSUs, and the gains earned through the exercise of options granted over the period.

The analysis shows pay for performance alignment below median compared to the peer group used to determine the NEOs' compensation effective in the financial year ended December 31, 2014 for executive positions in North America.

### 2012-2014 COMPOSITE PERF. PERCENTILE RANK AGAINST CEO TOTAL DIRECT COMP. (TDC) PERCENTILE



## B. EXECUTIVE COMPENSATION

### B.1 Total Compensation Value Table for Pierre Beaudoin, Executive Chairman of the Board of Directors

The following total compensation value table summarizes the total compensation of the Executive Chairman of the Board of Directors (and former President and Chief Executive Officer), Mr. Pierre Beaudoin, for the past three financial years. It also provides a summary of the aggregate number and value of shares, RSUs, PSUs, DSUs and stock options held by him at the end of these years.

Compensation for the Year Ended	December 31, 2015 (\$)	December 31, 2014 (\$)	December 31, 2013 (\$)
Base Salary <sup>(1)</sup>	820,700	1,268,500	1,360,400
Restricted Share Units (RSUs) <sup>(1)</sup>	340,700	Nil	Nil
Performance Share Units (PSUs) <sup>(1)</sup>	Nil	Nil	Nil
Deferred Share Units (DSUs) <sup>(1)</sup>	Nil	2,146,800	2,336,000
Stock Options <sup>(1)</sup>	1,772,200	1,073,400	1,168,000
Annual Incentive <sup>(1)</sup>	987,200	590,700	928,700
Pension Value <sup>(2)</sup>	(73,900)	(70,200)	83,700
All Other Compensation <sup>(3)</sup>	–	148,400	128,500
<b>Total Compensation</b>	<b>3,846,900</b>	<b>5,157,600</b>	<b>6,005,300</b>

Aggregate Number and Value of Shares, RSUs, PSUs, DSUs and Stock Options Held as at						
	December 31, 2015		December 31, 2014		December 31, 2013	
	Number	\$	Number	\$	Number	\$
<b>Shares <sup>(4)</sup></b>						
<b>Class A</b>	512,859	550,300	512,859	1,828,600	512,859	2,217,600
<b>Class B Subordinate Voting</b>	792,407	764,700	773,654	2,771,800	763,618	3,309,100
<b>RSUs <sup>(5)</sup></b>	294,118	283,800	Nil	Nil	Nil	Nil
<b>PSUs</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>DSUs <sup>(5)</sup></b>	2,012,139	1,941,900	2,680,642	9,603,900	2,480,525	10,749,100
<b>Stock Options <sup>(5)</sup></b>						
<b>Exercisable</b>	2,727,883	–	1,715,000	271,900	1,513,000	490,700
<b>Unexercisable</b>	6,808,616	–	3,905,462	900,500	3,111,864	933,100
<b>Total</b>	<b>13,148,022</b>	<b>3,540,700</b>	<b>9,587,617</b>	<b>15,376,700</b>	<b>8,381,866</b>	<b>17,699,600</b>

(1) Please refer to the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(2) Please refer to the table C.1 "Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2015" of Section 5 of this Circular and to previous years' circulars for the two previous years.

(3) Please refer to notes (4) and (8) of the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(4) The market value of shares was determined with (i) a closing price for Class A shares of \$1.49 Cdn and a closing price for Class B subordinate voting shares of \$1.34 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.7202 as of December 31, 2015, (ii) a closing price for Class A shares of \$4.13 Cdn and a closing price for Class B subordinate voting shares of \$4.15 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.8633 as of December 31, 2014 or (iii) a closing price for Class A shares of \$4.60 Cdn and a closing price for Class B subordinate voting shares of \$4.61 Cdn, both converted from Canadian dollars to US dollars on an exchange rate of 0.9400 as of December 31, 2013, as applicable.

(5) Please refer to the table B.4 "Outstanding Share-Based Awards and Option-Based Awards" of Section 5 of this Circular and to the table B.5 "Vested DSUs Total Holding Table for NEOs" of Section 5 of this Circular.

## B.2 Total Compensation Value Table for Alain Bellemare, President and Chief Executive Officer

The following total compensation value table summarizes the total compensation of the President and Chief Executive Officer, Mr. Alain Bellemare, for the period from February 13, 2015 (being the effective date on which Mr. Alain Bellemare was appointed President and Chief Executive Officer) to December 31, 2015. It also provides a summary of the aggregate number and value of shares, RSUs, PSUs, DSUs and stock options held by him as at December 31, 2015.

Compensation for the Year Ended December 31, 2015 (\$)								
Base Salary <sup>(1)</sup>	Restricted Share Units (RSUs) <sup>(1)</sup>	Performance Share Units (PSUs) <sup>(1)</sup>	Deferred Share Units (DSUs) <sup>(1)</sup>	Stock Options <sup>(1)</sup>	Annual Incentive <sup>(1)</sup>	Pension Value <sup>(2)</sup>	All Other Compensation <sup>(3)</sup>	Total Compensation
864,300	655,200	Nil	Nil	3,082,500	1,210,000	19,900	594,100	6,426,000

Aggregate Number and Value of Shares, RSUs, PSUs, DSUs and Stock Options Held as at December 31, 2015								
	Shares <sup>(4)</sup>		RSUs	PSUs	DSUs	Stock Options <sup>(5)</sup>		Total
	Class A	Class B Subordinate Voting				Exercisable	Unexercisable	
<b>Number</b>	Nil	580,725	565,611	Nil	Nil	–	7,036,430	<b>8,182,766</b>
<b>\$</b>	Nil	560,400	545,900	Nil	Nil	–	–	<b>1,106,300</b>

(1) Please refer to the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(2) Please refer to the table C.2 "Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2015" of Section 5 of this Circular.

(3) Please refer to notes (4) and (14) of the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

(4) The market value of shares was determined with a closing price for Class B subordinate voting shares of \$1.34 Cdn converted from Canadian dollars to US dollars on an exchange rate of 0.7202 as of December 31, 2015.

(5) Please refer to the table B.4 "Outstanding Share-Based Awards and Option-Based Awards" of Section 5 of this Circular.

### B.3 Summary Compensation Table \*

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

Name and Principal Position	Financial Year Ended December 31 <sup>st</sup>	Base Salary (\$)	Share-Based Awards (RSUs, PSUs or DSUs) (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-equity Incentive Plan Compensation		Pension Value <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)(5)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plan <sup>(2)</sup> (\$)	Long-term Incentive Plan <sup>(2)</sup> (\$)			
<b>Pierre Beaudoin</b> Executive Chairman of the Board of Directors (and former President and Chief Executive Officer)	2015	820,700 <sup>(6)</sup>	340,700 <sup>(7)</sup>	1,772,200 <sup>(7)</sup>	987,200	—	(73,900)	— <sup>(8)</sup>	3,846,900
	2014	1,268,500	2,146,800 <sup>(9)</sup>	1,073,400 <sup>(9)</sup>	590,700	—	(70,200)	148,400	5,157,600
	2013	1,360,400	2,336,000 <sup>(10)</sup>	1,168,000 <sup>(10)</sup>	928,700	—	83,700	128,500	6,005,300
<b>Alain Bellemare</b> President and Chief Executive Officer	2015	864,300 <sup>(11)</sup>	655,200 <sup>(7)</sup>	3,082,500 <sup>(7)(12)</sup>	1,210,000 <sup>(13)</sup>	—	19,900	594,100 <sup>(14)</sup>	6,426,000
<b>John Di Bert</b> Senior Vice President and Chief Financial Officer	2015	185,500 <sup>(15)</sup>	574,600 <sup>(7)(16)</sup>	1,731,200 <sup>(7)(16)</sup>	167,000 <sup>(13)</sup>	—	19,300	179,800 <sup>(17)</sup>	2,857,400
<b>Frederick Cromer</b> President, Bombardier Commercial Aircraft	2015	430,000 <sup>(18)</sup>	301,400 <sup>(7)</sup>	1,792,400 <sup>(7)(19)</sup>	387,000 <sup>(13)</sup>	—	19,900	404,700 <sup>(20)</sup>	3,335,400
<b>David Coleal</b> President, Bombardier Business Aircraft	2015	367,600 <sup>(21)</sup>	301,400 <sup>(7)</sup>	1,614,600 <sup>(7)(22)</sup>	330,800 <sup>(13)</sup>	—	19,900	350,200 <sup>(23)</sup>	2,984,500
<b>Laurent Troger</b> President, Bombardier Transportation	2015	573,000 <sup>(24)</sup>	252,300 <sup>(7)(25)</sup>	759,200 <sup>(7)(25)</sup>	303,600	—	380,700	170,700	2,439,500
	2014	629,000	635,800 <sup>(9)(26)</sup>	132,700 <sup>(9)</sup>	88,100	—	(76,000)	175,100 <sup>(27)</sup>	1,584,700
	2013	628,400	798,000 <sup>(10)(28)</sup>	147,600 <sup>(10)</sup>	281,500	—	390,500	— <sup>(8)</sup>	2,246,000
<b>Pierre Alary</b> Former Senior Vice President and Chief Financial Officer	2015	488,300 <sup>(29)</sup>	—	—	246,800	—	190,200	1,745,700 <sup>(30)</sup>	2,671,000
	2014	665,700	648,800 <sup>(9)</sup>	324,400 <sup>(9)</sup>	253,600	—	81,000	— <sup>(8)</sup>	1,973,500
	2013	713,900	705,900 <sup>(10)</sup>	353,000 <sup>(10)</sup>	418,200	—	142,000	— <sup>(8)</sup>	2,333,000
<b>Lutz Bertling</b> Former President of Bombardier Transportation	2015	956,200 <sup>(31)</sup>	301,400 <sup>(7)</sup>	912,600 <sup>(7)</sup>	645,400	—	1,213,600	4,011,500 <sup>(32)</sup>	8,040,700
	2014	1,196,700	1,619,300 <sup>(9)(33)</sup>	737,200 <sup>(9)(33)</sup>	251,300	—	978,500	730,800 <sup>(34)</sup>	5,513,800
	2013	697,500 <sup>(35)</sup>	1,155,200 <sup>(10)</sup>	1,547,300 <sup>(10)(36)</sup>	468,700	—	641,500	705,700 <sup>(34)</sup>	5,215,900

(1) The Black-Scholes pricing model is used to calculate the fair value of the awards on the grant date as it is consistent with the valuation approach used for accounting purposes.

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

(3) Please refer to the tables C.1 "Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2015" and C.2 "Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2015" of Section 5 of this Circular and to previous years' circulars for the two previous years.

(4) Included in this amount is (i) for Mr. Pierre Beaudoin, the sum of \$93,864 for the financial year ended December 31, 2014 and of \$68,435 for the financial year ended December 31, 2013, (ii) for Mr. Alain Bellemare, the sum of \$5,449 for the financial year ended December 31, 2015, (iii) for Mr. Lutz Bertling, the sum of \$51,138 for the financial year ended December 31, 2015, of \$31,772 for the financial year ended December 31, 2014 and of \$22,876 for the financial year ended December 31, 2013, which represents in each case the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Messrs. Pierre Beaudoin, Alain Bellemare, and Lutz Bertling, respectively, and the costs that each of them reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies.

(5) Included in this amount is (i) for Mr. Alain Bellemare, the sum of \$178,925, (ii) for Mr. John Di Bert, the sum of \$11,468, (iii) for Mr. Frederick Cromer, the sum of \$53,835, (iv) for Mr. David Coleal the sum of \$48,920, and (v) for Mr. Laurent Troger the sum of \$154,123 for the financial year ended December 31, 2015, which represents the contribution to the Supplemental DC Plan except for Mr. Laurent Troger where it represents the contribution to his retirement savings account as explained in section C. "Pension Plans" of Section 5 of this Circular. The contributions to the Supplemental DC Plan have been made on December 21, 2015 at an exchange rate from Canadian dollars to US dollars of 0.7148. The contributions to Mr. Troger's retirement savings account have been made on a monthly basis and converted at an average exchange rate from Euros to US dollars of 1.1092.

(6) Mr. Pierre Beaudoin was appointed as Executive Chairman of the Board of Directors on February 13, 2015. Prior to that date, he served as President and Chief Executive Officer of Bombardier since June 4, 2008.

- (7) For Messrs. Pierre Beaudoin, Alain Bellemare, Frederick Cromer, David Coleal, Laurent Troger, and Lutz Bertling, it reflects the estimated fair value of RSUs and stock options granted on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.52 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7621. For Mr. John Di Bert, it reflects the estimated fair value of RSUs and stock options granted on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.57 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7659. Furthermore, a Black-Scholes value of 0.33 was used to calculate the estimated fair value of the stock options.
- (8) Since total value of all perquisites is less than \$50,000 or 10% of base salary, no value is reported.
- (9) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on November 6, 2014, on which date the closing price of the Class B subordinate voting shares was \$3.82 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8754. Furthermore, for stock options a Black-Scholes of 0.23 was used.
- (10) Reflects the estimated fair value of the PSUs or DSUs and stock options granted on August 9, 2013, on which date the closing price of the Class B subordinate voting shares was \$4.84 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.9706; for the stock options a Black-Scholes value of 0.32 was used.
- (11) Mr. Alain Bellemare was appointed as President and Chief Executive Officer of Bombardier Inc. effective February 13, 2015.
- (12) In recognition of his joining Bombardier, Mr. Alain Bellemare received a special grant of 1,098,700 on February 20, 2015, on which date the closing price of the Class B subordinate voting shares was \$2.40 Cdn, the Black-Scholes value was 0.31 and the exchange rate from Canadian dollars to US dollars was of 0.7996.
- (13) Guaranteed minimum bonus payout at target for the financial year ended December 31, 2015 as per their respective employment contract. For further details, please refer to section A.1.4, "Short-Term Incentive Plans" of Section 5 of this Circular.
- (14) Included is an amount of \$435,442 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$341,299. This amount represents the difference between the aggregate incremental costs to Bombardier for the relocation of Mr. Alain Bellemare from the United States to Canada in comparison to the costs which would have otherwise been covered pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes the cost of household goods shipment and storage, home country housing services including vacant property management fees, home sale assistance and commuter and relocation allowances.
- (15) Mr. John Di Bert was appointed as Senior Vice President and Chief Financial Officer of Bombardier effective August 10, 2015.
- (16) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 251,572 RSUs and 2,287,021 stock options valued in the aggregate at \$1,210,000 on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.57 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.7659.
- (17) In recognition of his joining Bombardier, Mr. John Di Bert was entitled to a cash lump sum payment of \$400,000 Cdn payable in two installments of \$200,000 Cdn each, the first installment having been paid at hire and the second being payable, subject to certain conditions, following the sixth month of his date of hire. On August 13, 2015, Mr. John Di Bert received the first installment in an amount of \$152,920, converted from Canadian dollars to US dollars based on an exchange rate of 0.7646. On February 11, 2016, Mr. John Di Bert received the second installment in an amount of \$143,580, converted from Canadian dollars to US dollars based on an exchange rate of 0.7179. If Mr. John Di Bert resigns during his first 24 months of employment, he must refund any installments received.
- (18) Mr. Frederick Cromer was appointed as President of Bombardier Commercial Aircraft effective April 9, 2015.
- (19) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options valued at \$879,900 on May 14, 2015, on which date the closing price of the Class B subordinate voting shares was \$2.68 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.8339.
- (20) In recognition of his joining Bombardier, Mr. Frederick Cromer was entitled to a cash lump sum payment of \$250,000 Cdn payable in two installments of \$125,000 Cdn each, the first installment having been paid on April 15, 2015 and the second having been paid on October 15, 2015. These amounts were converted from Canadian dollars to US dollars based on an exchange rate of 0.8078 and 0.7750 for the first and second installments respectively for a total amount of \$197,850. If Mr. Frederick Cromer resigns during his first 12 months of employment, he must refund any installments received. In addition, he received an amount of \$138,033 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$108,190, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses, tax equalization payments and commuter allowances.
- (21) Mr. David Coleal was appointed as President of Bombardier Business Aircraft effective June 1, 2015.
- (22) In recognition of his joining Bombardier, Mr. David Coleal received a special grant of 1,836,547 stock options valued at \$702,100 on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.52 Cdn, the Black-Scholes value was 0.33, and the exchange rate from Canadian dollars to US dollars was of 0.7621.
- (23) In recognition of his joining Bombardier, Mr. David Coleal was entitled to a cash lump sum payment of \$1,000,000 Cdn payable in four installments of \$250,000 Cdn each, the first and second installments having been paid at hire and in January 2016, respectively, with the others to be paid, subject to certain conditions, in July of 2016 and January of 2017. On June 15, 2015, Mr. David Coleal received the first installment in an amount of \$202,875, converted from Canadian dollars to US dollars based on an exchange rate of 0.8115. On January 15, 2016, Mr. David Coleal received the second installment in an amount of \$172,075, converted from Canadian dollars to US dollars based on an exchange rate of 0.6883. The remaining installments are not earned or payable yet, as their payment is conditional on Mr. David Coleal not having resigned on the planned payment date. If Mr. David Coleal resigns during his first 24 months of employment, he must refund any installments received. In addition, he received an amount of \$82,512 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of \$64,673, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses and commuter allowances.
- (24) Mr. Laurent Troger was appointed as President of Bombardier Transportation effective December 9, 2015.
- (25) In recognition of his new position as then Chief Operating Officer of Bombardier Transportation effective September 11, 2015, Mr. Laurent Troger received a grant of 65,046 RSUs and 513,699 stock options valued at \$302,400 on November 5, 2015, on which date the closing price of the Class B subordinate voting shares was \$1.53 Cdn, the Black-Scholes value was 0.38, and the exchange rate from Canadian dollars to US dollars was of 0.7595. In recognition of his new position as President of Bombardier Transportation effective December 9, 2015, Mr. Laurent Troger has also been granted 106,838 RSUs and 820,928 stock options valued in the aggregate at \$366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was of 0.7264. Considering that the specific objectives for the grant made on November 25, 2014 were no longer applicable to his new position, 31,602 PSUs of the 94,788 PSUs granted to him on November 25, 2014 (please refer to note (26)) were cancelled and taken into consideration to determine the value of the grants made on February 24, 2016.
- (26) Further to his nomination as then Chief Technology Officer, Mr. Laurent Troger received a special grant of 94,788 PSUs valued at \$370,400 on November 25, 2014, on which date the closing price of the Class B subordinate voting shares was \$4.40 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8880. These PSUs have a special vesting schedule of 33.3% after each of the first, second and third year subject to the attainment of certain performance conditions. Considering that the performance conditions for the grant made on May 16, 2013 were no longer applicable to this position, 87,720 PSUs of the 109,650 PSUs granted to him on May 16, 2013 (please refer to note 28) were cancelled and taken into consideration to determine the grant made to him on November 25, 2014.
- (27) Included in this amount is the sum of 127,712 EUR which represents the contribution to Mr. Laurent Troger's retirement savings account as explained in section C. "Pension Plans" of Section 5 of this Circular. This contribution has been converted at an exchange rate from Euros to US dollars of 1.0859.
- (28) Mr. Laurent Troger received a special grant of 109,650 PSUs valued at \$502,800 on May 16, 2013, on which date the closing price of the Class B subordinate voting shares was \$4.66 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.9840. These PSUs have a special vesting schedule of 20%, 30% and 50% after the first, second and third year respectively subject to the attainment of certain performance conditions.
- (29) Mr. Pierre Alary retired on November 1, 2015.
- (30) Mr. Pierre Alary took his retirement on November 1, 2015 after 17 years of service. In recognition of his past service, Mr. Pierre Alary received a discretionary lump sum amount of \$2,156,595 Cdn on November 5, 2015. The amount was converted from Canadian dollars to US dollars based on an exchange rate of 0.7595 for a total amount of \$1,637,934.
- (31) Mr. Lutz Bertling ceased acting as President of Bombardier Transportation on December 9, 2015.
- (32) Further to the termination of his employment, in accordance with the terms of his contract of employment governed by German laws, Mr. Lutz Bertling is entitled to salary continuance from December 9, 2015 to December 31, 2016. Mr. Lutz Bertling also remains eligible to participate in the Corporation's short term incentive plan during that period. In addition, after December 31, 2016, he will be entitled to a lump sum payment equal to 12 months of his base salary and target bonus. The total value of the termination benefit (including the value of continuance of salary and short term incentive payment (estimated at target), plus the amount of the lump-sum payment) is 3,607,410 EUR. The amount was converted from Euros to US dollars based on an average exchange rate of 1.0859 for a total amount of \$3,917,300.

- (33) Mr. Lutz Bertling received a special grant of 268,384 stock options and 123,457 DSUs valued in the aggregate at \$619,300 on November 6, 2014. The estimated fair value of these DSUs and stock options has been converted based on the closing price of the Class B subordinate voting shares of \$3.82 Cdn and the exchange rate from Canadian dollars to US dollars of 0.8754, in each case on November 6, 2014. Furthermore, for stock options a Black-Scholes value of 0.23 was used. This grant was intended to replace part of his forfeited long-term incentive entitlements from his previous employer when he commenced employment at Bombardier and to provide an incentive for his then anticipated performance at the Corporation.
- (34) In recognition of his joining Bombardier, Mr. Lutz Bertling was entitled to a cash lump sum payment of 1,000,000 EUR payable in four installments of 250,000 EUR each, the first installment having been paid at hire and the others following the sixth, twelfth and eighteenth month of his date of hire to compensate in part for the forfeiture of compensation at his prior employment. On June 30 and November 30, 2013, Mr. Lutz Bertling received two installments of 250,000 EUR each. These amounts were converted from Euros to US dollars based on an exchange rate of 1.3010 for the first installment and 1.3604 for the second installment for a total amount of \$665,350. On May 26 and November 25, 2014, Mr. Lutz Bertling received the two remaining installments of 250,000 EUR each. These amounts were converted from Euros to US dollars based on an exchange rate of 1.3648 for the first installment and 1.2471 for the second installment for a total amount of \$652,975.
- (35) Mr. Lutz Bertling was appointed as President and Chief Operating Officer of Bombardier Transportation effective June 3, 2013 and ceased acting as President of Bombardier Transportation on December 9, 2015.
- (36) In recognition of his joining Bombardier, Mr. Lutz Bertling received a special grant of 677,690 stock options valued at \$969,700 upon his effective date of hiring on June 3, 2013. The estimated fair value of these stock options has been converted based on the closing price of the Class B subordinate voting shares of \$4.75 Cdn on June 3, 2013, an exchange rate from Canadian dollars to US dollars of 0.9717 and a Black-Scholes value of 0.31. This grant was intended to replace part of his forfeited long-term incentive entitlements from his previous employer when he commenced employment at Bombardier and to provide an incentive for his then anticipated performance at the Corporation.
- \* All compensation amounts were paid in Canadian dollars to Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, Frederick Cromer, David Coleal, and Pierre Alary, and in Euros to Mr. Laurent Troger and Mr. Lutz Bertling. The base salary and annual incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of 0.7838 and 1.1092 respectively for the financial year ended December 31, 2015, 0.9061 and 1.3297 respectively for the financial year ended December 31, 2014, of 0.9717 and 1.3285 respectively for the financial year ended December 31, 2013. The exchange rates used for the share-based awards are provided in the notes to table B.4, for option-based awards are provided in the notes in the above table B.3 and for the pension value are provided in the notes to tables C.1 and C.2.

## B.4 Outstanding Share-Based Awards and Option-Based Awards

NEO	Option-Based Awards					Share-Based Awards		
	Grant Date	Number of Securities Underlying Unexercised Options at Financial Year-End <sup>(1)</sup>	Option Exercise Price (\$Cdn) <sup>(2)</sup>	Option Expiration Date <sup>(3)</sup>	Value of Unexercised in-the-money Options at Financial Year End (\$) <sup>(4)</sup>	Number of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year <sup>(5)</sup>	Market Value of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year (\$) <sup>(6) (7)</sup>	Market Value of Vested Share-Based Awards not Paid or Distributed (\$) <sup>(8)</sup>
<b>Pierre Beaudoin</b>	June 10, 2009	450,000	3.45	June 10, 2016	–	–	–	842,400
	June 9, 2010	663,000	4.71	June 9, 2017	–	–	–	
	June 8, 2011	602,000	7.01	June 8, 2018	–	–	–	
	August 16, 2012	1,012,883	3.63	August 16, 2019	–	–	–	
	August 9, 2013	776,981	4.88	August 9, 2020	–	497,268	479,900	
	November 6, 2014	1,395,598	3.78	November 6, 2021	–	641,975	619,500	
	August 7, 2015	4,636,037	1.65	August 7, 2022	–	294,118	283,800	
<b>Alain Bellemare</b>	February 20, 2015	1,846,836	2.62	February 20, 2022	–	–	–	–
	August 7, 2015	5,189,594	1.65	August 7, 2022	–	565,611	545,900	
<b>John Di Bert</b>	August 10, 2015	4,362,858 <sup>(9)</sup>	1.59	August 10, 2022	–	477,817 <sup>(9)</sup>	461,100	–
<b>Frederick Cromer</b>	May 14, 2015	1,193,033 <sup>(10)</sup>	2.54	May 14, 2022	–	–	–	–
	August 7, 2015	2,387,213	1.65	August 7, 2022	–	260,181	251,100	
<b>David Coleal</b>	August 7, 2015	4,223,760 <sup>(11)</sup>	1.65	August 7, 2022	–	260,181	251,100	–
<b>Laurent Troger</b>	June 10, 2009	45,000	3.45	June 10, 2016	–	–	–	–
	June 9, 2010	70,000	4.71	June 9, 2017	–	–	–	
	June 8, 2011	70,000	7.01	June 8, 2018	–	–	–	
	August 16, 2012	139,133	3.63	August 16, 2019	–	–	–	
	May 16, 2013	–	–	May 16, 2020	–	10,965 <sup>(12)</sup>	10,600	
	August 9, 2013	98,190	4.88	August 9, 2020	–	62,842	60,600	
	November 6, 2014	172,533	3.78	November 6, 2021	–	79,365	76,600	
	November 25, 2014	–	–	November 25, 2021	–	94,788 <sup>(13)</sup>	91,500	
	August 7, 2015	674,647	1.65	August 7, 2022	–	73,529	71,000	
November 5, 2015	513,699	1.42	November 5, 2022	–	65,046	62,800		

Option-Based Awards					Share-Based Awards			
NEO	Grant Date	Number of Securities Underlying Unexercised Options at Year-End <sup>(1)</sup>	Option Exercise Price (\$Cdn) <sup>(2)</sup>	Option Expiration Date <sup>(3)</sup>	Value of Unexercised in-the-money Options at Financial Year End (\$) <sup>(4)</sup>	Number of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year <sup>(5)</sup>	Market Value of RSUs/PSUs/DSUs that Have Not Vested at the End of the Financial Year (\$) <sup>(6) (7)</sup>	Market Value of Vested Share-Based Awards not Paid or Distributed (\$) <sup>(8)</sup>
<b>Pierre Alary</b>	June 10, 2009	87,000	3.45	June 10, 2016	–	–	–	–
	June 9, 2010	133,000	4.71	June 9, 2017	–	–	–	–
	June 8, 2011	156,000	7.01	June 8, 2018	–	–	–	–
	August 16, 2012	278,264	3.63	October 31, 2018	–	–	–	–
	August 9, 2013	174,388 <sup>(14)</sup>	4.88	October 31, 2018	–	– <sup>(15)</sup>	–	–
	November 6, 2014	138,530 <sup>(14)</sup>	3.78	October 31, 2018	–	– <sup>(15)</sup>	–	–
<b>Lutz Bertling</b>	June 3, 2013	677,690	4.76	June 3, 2020	–	–	–	–
	August 9, 2013	384,221	4.88	August 9, 2020	–	245,902	237,300	–
	November 6, 2014 <sup>(16)</sup>	958,515 <sup>(17)</sup>	3.78	November 6, 2021	–	484,224 <sup>(17)</sup>	467,300	–
	August 7, 2015 <sup>(16)</sup>	2,387,213	1.65	August 7, 2022	–	260,181	251,100	–

- (1) As of December 31, 2015, only stock options granted on June 10, 2009, June 9, 2010, June 8, 2011 and August 16, 2012 were vested.
- (2) The exercise price of the stock options in this table is equal to the weighted average trading price of the Class B subordinate voting shares on the TSX for the five trading days before the grant was made. The exercise price is shown in Canadian dollars.
- (3) In accordance with the terms of the Stock Option Plan, (i) if the expiration date of an option falls during, or within ten (10) business days following the expiration of a Blackout period, such expiration date shall automatically be extended for a period of ten (10) business days following the end of the Blackout period, (ii) upon retirement, vested stock options must be exercised within three (3) years from the retirement date and at the end of this period, all stock options are cancelled.
- (4) The value of unexercised in-the-money options as of December 31, 2015 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. Based on the closing price of the Class B subordinate voting shares on December 31, 2015 of \$1.34 Cdn, none of the options were in-the-money as of such date.
- (5) All NEOs received grants of DSUs, except Mr. Laurent Troger who received grants of PSUs, before January 1, 2015 and grants of RSUs following January 1, 2015.
- (6) Based on the closing price of the Class B subordinate voting shares on December 31, 2015 of \$1.34 Cdn, assuming 100% of target of plan reached (in the case of PSUs and DSUs), and converted from Canadian dollars to US dollars based on an exchange rate of 0.7202 as of December 31, 2015.
- (7) All RSU grants vest only based on time. The vesting of all PSUs and DSU grants is conditional on the attainment of the applicable performance targets. The PSUs and DSUs may also vest at 0% as indicated on pages 50 and 51 of this Circular. These estimates do not take into consideration possible future dividend payments.
- (8) Participants must keep their vested DSUs after the end of the vesting period in the form of DSUs until their termination of employment with Bombardier. Please refer to the table B.5 "Vested DSUs Total Holding Table for NEOs" of Section 5 of this Circular.
- (9) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 2,287,021 stock options and 251,572 RSUs.
- (10) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options.
- (11) In recognition of his joining Bombardier, Mr. David Coleal received a special grant of 1,836,547 stock options.
- (12) 109,650 PSUs were granted on May 16, 2013 based on certain performance conditions. Of this number, 10,965 PSUs have vested after the first year and 10,965 PSUs have not vested based on the partial attainment of the performance conditions. The remaining 87,720 PSUs were cancelled and replaced by a special grant on November 25, 2014 (please refer to note (13) below) since Mr. Laurent Troger was promoted to a new position and the performance conditions for these PSUs were no longer applicable.
- (13) 94,788 PSUs were granted to Mr. Laurent Troger on November 25, 2014 based on certain performance conditions. Of this number, (i) 31,584 PSUs vested after the first year; (ii) 23,176 PSUs vested and 8,426 PSUs were cancelled after the second year based on the partial attainment of the applicable performance conditions; and (iii) 31,602 PSUs were cancelled since the performance conditions for these PSUs were no longer applicable in light of his new position as President of Bombardier Transportation effective December 9, 2015. The 31,602 cancelled PSUs were taken into account to determine the aggregate value of 106,838 RSUs and 820,928 stock options granted to him on February 24, 2016 in recognition of his new position (valued in the aggregate at \$366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was \$1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was 0.7264).
- (14) Reflects the number of stock options reduced in proportion to the length of service between the grant date and the retirement date to the length of the three-year vesting period. Mr. Pierre Alary will have three years from November 1, 2015 to exercise his vested stock options.
- (15) Unvested DSUs were cancelled upon the retirement of Mr. Pierre Alary on November 1, 2015.
- (16) In accordance with the terms of the long-term incentive plans and Mr. Lutz Bertling's contract of employment, the size of the grants will be reduced in proportion to the length of time between the award date and December 31, 2016, to the length of the total vesting period.
- (17) Includes a special grant of 268,384 stock options and 123,457 DSUs. Please refer to note (33) of the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

## B.5 Vested DSUs Total Holding Table for NEOs

NEO	Number of Vested DSUs as of December 31, 2014	Number of Additional Vested or Credited DSUs During the Year <sup>(1)</sup>	Number of Vested DSUs as of December 31, 2015	Market Value of Vested DSUs as of December 31, 2015 <sup>(2)</sup> (\$)
<b>Pierre Beaudoin</b>	872,896	–	872,896	842,400
<b>Pierre Alary</b>	171,946	–	– <sup>(3)</sup>	–

- (1) No additional DSUs were credited nor vested during the financial year ended December 31, 2015 since the DSUs vested at 0% on August 16, 2015 and no cash dividends were paid on the Class B subordinate voting shares during the period from January 1, 2015 to December 31, 2015.
- (2) Based on the closing price of the Class B subordinate voting shares on December 31, 2015 of \$1.34 Cdn and converted from Canadian dollars to US dollars based on an exchange rate of 0.7202 as of December 31, 2015.
- (3) On November 5, 2015, further to the retirement of Mr. Pierre Alary effective November 1, 2015, his 171,946 vested DSUs were settled in Class B subordinate voting shares, in accordance with the terms of the DSU Plan or 2010 DSUP, as applicable.



## B.6 Incentive Plan Awards – Value Realized on Exercise and Value Vested or Earned during the Financial Year Ended December 31, 2015

NEO	Option-Based Awards – Value Realized on Exercise During the Year <sup>(1)</sup> (\$)	Option-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(4)</sup> (\$)
Pierre Beaudoin	–	–	–	987,200
Alain Bellemare	–	–	–	1,210,000
John Di Bert	–	–	–	167,000
Frederick Cromer	–	–	–	387,000
David Coleal	–	–	–	330,800
Laurent Troger	–	–	–	303,600
Pierre Alary	–	–	–	246,800
Lutz Bertling	–	–	–	645,400

(1) During 2015, no stock options were exercised by NEOs.

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

(3) No RSUs, DSUs or PSUs vested during the financial year ended December 31, 2015. Please refer to Section A.1.5.1 “Restricted Share Unit Plan (RSU Plan), Performance Share Unit Plan (PSU Plan), Deferred Share Unit Plan (DSU Plan) and 2010 Deferred Share Unit Plan (2010 DSUP)” of Section 5 of this Circular.

(4) The value is the amount of the short-term incentive plan payout for the financial year ended December 31, 2015 as disclosed in table B.3 “Summary Compensation Table” of Section 5 of this Circular.

## B.7 Securities Authorized for Issuance under the Stock Option Plan and the 2010 DSUP

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (Cdn\$)	(c) Number of Securities Remaining Available for further Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	Stock options <sup>(1)</sup> 74,347,206 DSUs <sup>(2)</sup> 5,752,405	2.61 N/A	Stock options 18,167,801 DSUs 17,760,305
Equity compensation plans not approved by security holders	–	–	–
<b>Total</b>	<b>80,099,611</b>	<b>2.61</b>	<b>35,928,106</b>

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

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

## C. PENSION PLANS

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

Messrs. Pierre Beaudoin and Pierre Alary participate in two defined benefit pension plans where i) benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the NEOs are paid their highest salary (up to the maximum earnings according to the Income Tax Act (Canada) which for 2015 is \$140,945 Cdn) multiplied by the number of years of credited service and ii) the supplemental plan provides for additional benefits of 2.5% of average base salary, multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan.

Mr. Lutz Bertling participates in a defined benefit pension plan with an annual accrual rate of 2.5% of a three-year average base salary. However, upon employment, he was granted the right to accrue a pension at double the annual accrual rate, or 5.0%, for each of his first three years of service completed to compensate for forfeiture of pension entitlements at his prior employment.

Benefits are payable upon retirement from age 60. For Mr. Pierre Beaudoin, his benefits can be paid before age 60, in which case benefits are reduced by 0.33% for each month between the date of early retirement and his 60<sup>th</sup> birthday or, if earlier, the date at which the participant's age plus years of service total 85. He is entitled to an unreduced pension from August 1, 2016. For Mr. Pierre Alary, he receives his pension since his retirement on November 1, 2015. His pension was reduced by 7.0% due to early retirement in accordance with the plan terms.

All NEOs who participate in the defined benefit pension plans have vested rights in case of termination.

Upon the death of Messrs. Pierre Beaudoin and Pierre Alary, their 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. For Mr. Lutz Bertling, in the event of his death, the life partner designated by Mr. Lutz Bertling before his death shall receive 50% of his monthly retirement benefit. If his life partner is more than ten years younger, the lifetime pension will be reduced by 0.3% for each year of age difference in excess of the ten years.

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

Under the Base DC Plan, Bombardier contributes, on a monthly basis, an amount up to the Contribution, subject to the limit that can be contributed under the Income Tax Act (Canada) for tax-registered pension plans. The contribution limit is \$25,370 for the year 2015. The NEOs have a choice of investment funds and are responsible for the investment of the contributions in their respective account. As the earnings in each investment fund are credited based on the market conditions, there is no above-market or preferential earnings credited on the contributions.

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

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

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

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

## C.1 Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2015

The following table sets forth the reconciliation of the total obligations under the basic and the supplemental plans with respect to the defined pension benefits payable to NEOs participating in a defined benefit pension plan between January 1, 2015 and December 31, 2015.

NEO	Number of Years of Credited Service		Annual Benefits Payable <sup>(2)</sup>		Opening Present Value of Defined Benefit Obligation as of December 31, 2014 <sup>(3)</sup> (\$)	Change in Obligation During the Year		Closing Present Value of Defined Benefit Obligation as of December 31, 2015 <sup>(6)</sup> (\$)
	December 31, 2015	Age 65 <sup>(1)</sup>	December 31, 2015 (\$)	Age 65 (\$)		Compensatory Changes <sup>(4)</sup> (\$)	Non Compensatory Changes <sup>(5)</sup> (\$)	
<b>Pierre Beaudoin</b>	30.3	40.0	764,600	1,008,300	15,725,900	(73,900)	(2,253,300)	13,398,700
<b>Laurent Troger <sup>(7)</sup></b>	9.2	9.2	70,600	70,600	1,985,800	380,700	(276,200)	2,090,300
<b>Pierre Alary <sup>(8)</sup></b>	17.2	17.2	212,200	212,200	4,290,300	190,200	(700,100)	3,780,400
<b>Lutz Bertling <sup>(9)</sup></b>	2.6	3.6	127,300	162,300	2,139,300	1,213,600	(759,000)	2,593,900

(1) Credited service is limited to 40 years. For Mr. Laurent Troger, the credited service is at December 31, 2013, for Mr. Lutz Bertling, the credited service is at December 31, 2016 as per his employment contract and for Mr. Pierre Alary, the credited service is at his retirement date.

(2) Based on the average base salary over the last three years and, (i) credited service on December 31, 2015 and, (ii) upon attainment of age 65 for Messrs. Pierre Beaudoin and Laurent Troger and as at December 31, 2016 for Mr. Lutz Bertling as per his employment contract and actual pension payable for Mr. Pierre Alary converted from Canadian dollars (for Messrs. Pierre Beaudoin and Pierre Alary) and Euros (for Messrs. Laurent Troger and Lutz Bertling) to US dollars based on an exchange rate of 0.7202 and 1.0887 respectively as of December 31, 2015

(3) The values were converted from Canadian dollars and Euros to US dollars based on an exchange rate of 0.8633 and 1.2141 respectively as of December 31, 2014.

(4) Includes the employer service cost plus changes in compensation compared to the actuarial assumptions. The values were converted from Canadian dollars and Euros to US dollars based on an average exchange rate of 0.7838 and 1.1092 respectively during the year ended December 31, 2015.

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

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

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

(8) Mr. Pierre Alary retired on November 1, 2015.

(9) Mr. Lutz Bertling ceased acting as President of Bombardier Transportation on December 9, 2015. His credited service will end, at the latest, on December 31, 2016 as per his employment contract.

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

## C.2 Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2015

The following table sets forth the reconciliation of the accumulated value of the Base DC Plan for each of the NEOs participating in a defined contribution pension plan between January 1, 2015 and December 31, 2015. The Supplemental DC Plan and the retirement savings account contributions under Mr. Laurent Troger's defined contribution pension plan are reported under the column "All Other Compensation" in the table B.3 "Summary Compensation Table" of Section 5 of this Circular.

NEO	Accumulated Value as of January 1, 2015 (\$)	Compensatory Changes (\$ <sup>(1)</sup> )	Accumulated Value as of December 31, 2015 (\$ <sup>(2)</sup> )
<b>Alain Bellemare</b>	–	19,900	18,000
<b>John Di Bert</b>	–	19,300	15,900
<b>Frederick Cromer</b>	–	19,900	18,600
<b>David Coleal</b>	–	19,900	18,600

(1) Compensatory changes represent the contributions made by Bombardier. Contributions are converted from Canadian dollars to US dollars based on the average exchange rate of 0.7838 during the financial year ended December 31, 2015.

(2) The accumulated value includes the investment earnings of the financial year ended December 31, 2015. The values were converted from Canadian dollars to US dollars based on the exchange rate of 0.7202 as of December 31, 2015.

## D. TERMINATION AND CHANGE OF CONTROL PROVISIONS

Pursuant to the current employment practices of Bombardier, the compensation of each of the NEOs is revised and set on an annual basis by the HRCC as described in Section A. "Compensation Discussion and Analysis" of Section 5 of this Circular.

Unless Bombardier has entered into an employment contract with an executive, when the employment of an executive is terminated, any termination settlement to which he/she might be entitled would then be determined either in accordance with applicable law or jurisprudence or by mutual agreement. For the executives for whom an offer of employment letter specifies the terms and conditions of settlement upon their termination of employment, the termination settlement will be made in accordance therewith. As part of any termination agreement with an executive, Bombardier usually requests the inclusion of non-solicitation, non-disclosure and non-compete provisions.

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

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

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

In the case of Mr. Laurent Troger, there is an agreement pursuant to which he would be entitled to receive a separation allowance in an amount equal to 18 months of his base salary if his employment is terminated by the Corporation.

For all NEOs listed above, the separation allowance will be paid only if the employment is terminated by the Corporation for any reason other than just cause.

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

The following table sets forth estimates of the incremental amounts payable to each of the NEOs upon retirement, termination without cause or death, assuming that each such event would have taken place on December 31, 2015. The table does not include the value of insurance benefits that could be continued for a few months following the occurrence of the respective event since they are generally available to all salaried employees.

Estimated Incremental Amounts Payable upon the Following Events Assumed to Occur on December 31, 2015 *			
NEO	Retirement (\$)	Termination without Cause (\$)	Death (\$)
Pierre Beaudoin	–	– <sup>(1)</sup>	–
Alain Bellemare	–	2,351,400 <sup>(2)</sup>	–
John Di Bert	–	470,300 <sup>(3)</sup>	–
Frederick Cromer	–	734,800 <sup>(4)</sup>	–
David Coleal	–	783,800 <sup>(4)</sup>	–
Laurent Troger	–	998,300 <sup>(5)</sup>	–

(1) Would be based on civil law requirements.

(2) Lump sum amount equal to 12 months of base salary and target bonus.

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

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

(5) Lump sum amount equal to 18 months of base salary.

\* All incremental amounts would be paid in Canadian dollars except for Mr. Laurent Troger where the incremental amount would be paid in Euros. The base salary and annual incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates of 0.7838 and 1.1092 respectively during the financial year ended on December 31, 2015.

The following table describes the consequences resulting from different types of termination from employment on the entitlement to the benefits of the Bombardier compensation programs assuming the event took place on December 31, 2015. As a general rule, only the accrued and vested benefits are paid under each of the compensation plans.

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

Death	
<b>Severance Payment</b>	None
<b>Bonus</b>	Entitled to pro-rata of bonus for portion of financial year prior to the date of death
<b>Stock Options</b>	Already vested stock options could be exercised within the following 60 days
<b>Restricted Share Units</b>	The RSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period
<b>Performance Share Units</b>	The PSU grant is reduced in proportion to the length of service between the award date and the date of death to the length of the total vesting period, subject to meeting the performance objectives
<b>Deferred Share Units <sup>(1)</sup></b>	Upon death, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of death. All unvested DSUs expire immediately
<b>Pension Plan</b>	Value of pension benefits payable in accordance with local legal requirements
<b>Benefits and Perquisites</b>	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	
<b>Severance Payment</b>	None
<b>Bonus</b>	None
<b>Stock Options</b>	All options expire immediately
<b>Restricted Share Units</b>	All RSUs expire immediately
<b>Performance Share Units</b>	All PSUs expire immediately
<b>Deferred Share Units <sup>(1)</sup></b>	Upon termination, DSUs already vested are settled in Class B subordinate voting shares before the last day of the calendar year of termination. However, vested DSUs may be cancelled by the HRCC if the termination of employment is due to a breach of the Code of Ethics. All unvested DSUs expire immediately
<b>Pension Plan</b>	Value of pension benefits payable in accordance with local legal requirements
<b>Benefits and Perquisites</b>	All benefits and perquisites expire immediately
Change of Control	
	Bombardier has no change of control arrangements or agreement with any of its NEOs

(1) Under the 2010 DSUP, such portion of a DSU grant attributable to a financial year or years (or portion thereof) during a voluntary authorized leave of absence before the vesting date shall expire.

(2) The same applies if the individual becomes disabled.

## E. SUMMARY

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

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

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

The Chairman of the HRCC, Mr. Jean C. Monty, will be available to answer questions relating to Bombardier's executive compensation matters at the Meeting, on Thursday, April 28, 2016.

Submitted on February 16, 2016, by the Human Resources and Compensation Committee of the Board of Directors.

Jean C. Monty, Chairman  
Martha Finn Brooks  
Patrick Pichette  
Carlos E. Represas