# TO OUR SHAREHOLDERS,

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

### Strong Results

| | | | |
|---|---|---|---|
| High quality results | De-risked the business | Strong program execution | Transformation in full motion |

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

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

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

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

### Main Compensation Decisions in 2016

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

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

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

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

Jean C. Monty
Chair
Human Resources and Compensation Committee

# A. COMPENSATION DISCUSSION AND ANALYSIS

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

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

### A.1.1 Compensation Objectives

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

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

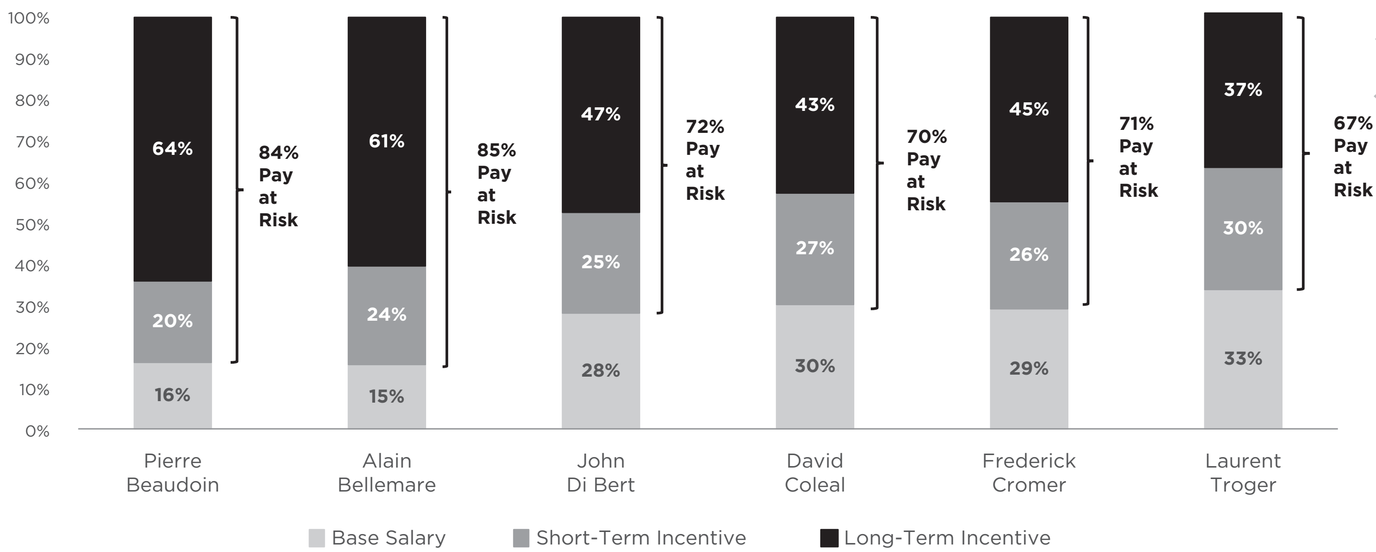
The table below shows the key elements of compensation, their respective form and performance period:

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

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

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

Target Weighting of Compensation Elements Based on Compensation Policy




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

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

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

| Comparator Group for Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, David Coleal and Frederick Cromer | | | |
|---|---|---|---|
| 3M Company | Ford Motor Company | Johnson Controls, Inc. | Raytheon Company |
| The Boeing Company | General Dynamics Corporation | L-3 Communications Corporation | Rockwell Automation Inc. |
| Caterpillar Inc. | General Electric Company | Lockheed Martin Corporation | Rockwell Collins Inc. |
| Cummins Inc. | Honeywell International Inc. | Northrop Grumman Corporation | Textron Inc. |
| Deere & Company | Illinois Tool Works Inc. | Paccar Inc. | The Timken Company |
| Eaton Corporation | ITT Corporation | Parker Hannifin Corporation | United Technologies Corporation |
| Emerson Electric Co. | | | |

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

### A.1.3 Base Salary

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

### A.1.4 Short-Term Incentive Plans

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

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

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

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

Earned Salary X Target Bonus [1] X Results Achieved X Individual Performance → Individual Payout

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

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

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

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

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

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

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

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

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

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

For the financial year ended December 31, 2016:

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

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

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

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

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

### A.1.5 Long-Term Incentive Plans

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

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

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

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

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

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

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

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

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

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

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

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

- a grant of PSUs represents the right to receive:
  - an equal number of Class B subordinate voting shares, or a cash payment equal to the value of the PSUs, for share eligible participants and for all PSUs granted prior to April 29, 2016; or
  - a cash payment equal to the value of the PSUs, in the case of PSUs granted on or after April 29, 2016 to non-share eligible participants;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### A.1.5.3 Stock Option Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### A.1.5.6 Hedging Prohibition

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

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

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

### A.1.5.7 Stock Ownership Guidelines

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

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

Each of these executives is required to build and hold a portfolio of Class A shares or Class B subordinate voting shares with a value equal to at least the applicable multiple of his/her base salary. Consequently, a value equal to at least five times their base salary is required for the Executive Chairman of the Board of Directors and President and Chief Executive Officer, three times their base salary for the Presidents of business segments, and two to three times their base salary for other executives depending on the salary grade. The value of the portfolio is determined based on the greater of the value at the time of acquisition or the market value of the Bombardier shares held on December 31st of each calendar year.

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

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

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

#### A.1.5.8 Clawback Policy

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

### A.1.6 Pension Plans, Benefits and Perquisites

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

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

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

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

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

### A.1.7 Supplemental Information

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

### A.1.8 Compensation Risks

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

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

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

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

## A.2 Performance Graph

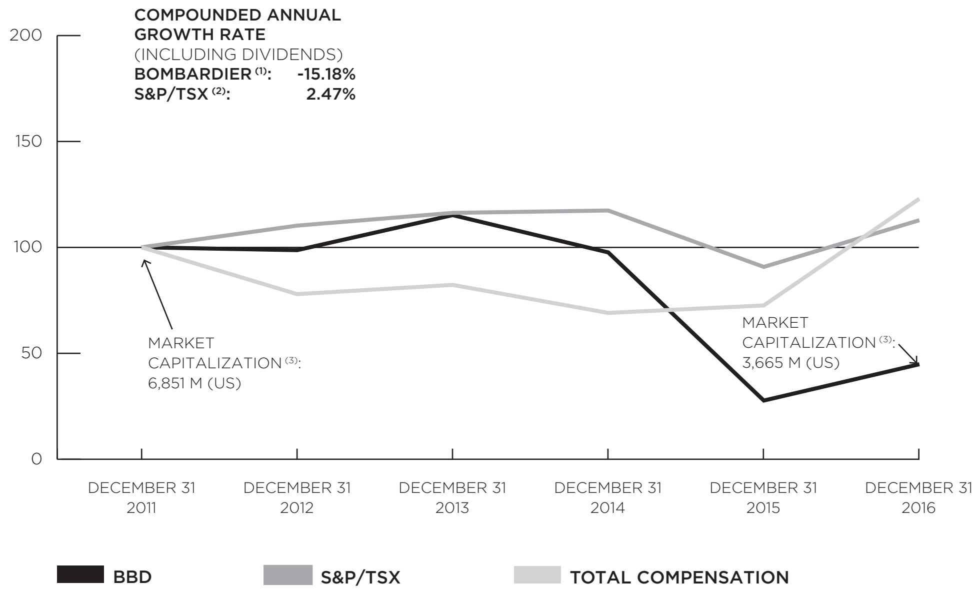
The following performance graph shows Bombardier's cumulative total shareholder return over its five most recently completed financial years, assuming an amount of $100 was invested on December 31, 2011 in Class B subordinate voting shares of Bombardier and in the S&P/TSX Composite Index, as well as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

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

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

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

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




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

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

(3) Market capitalization is based on 314,537,237 Class A shares and 1,409,355,577 Class B subordinate voting shares as at December 31, 2011 and on 313,900,550 Class A shares and 1,932,675,863 Class B subordinate voting shares as at December 31, 2016. The market capitalization is converted from Canadian dollars to US dollars. For reference, exchange rates used were 0.9789 and 0.7441, as at December 31, 2011 and December 31, 2016 respectively.

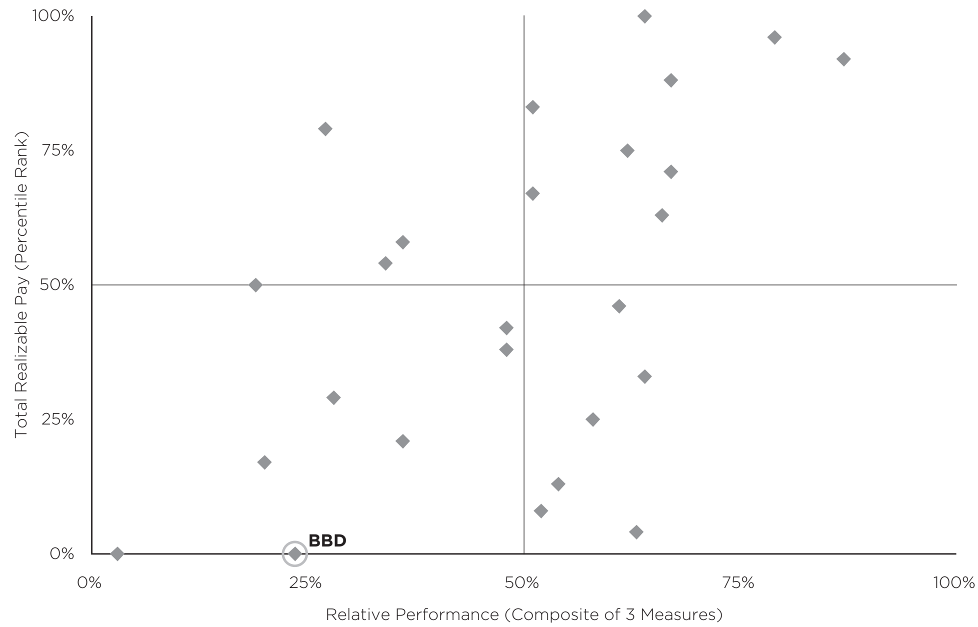
(Index: Closing Price December 31, 2011 = 100 and Total NEO Compensation for the fiscal year ended December 31, 2011 = 100) Closing prices converted in US dollars; total compensation for the NEO is based on the fiscal year prior to the closing stock price.

## A.3 Pay for Performance

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

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

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




# B. EXECUTIVE COMPENSATION

## B.1 Summary Compensation Table *

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

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

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

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

(3) Please refer to the tables C.1 "Supplemental Defined Benefit Pension Disclosure for the Financial Year Ended December 31, 2016" and C.2 "Supplemental Defined Contribution Pension Disclosure for the Financial Year Ended December 31, 2016" of Section 5 of this Circular and to previous years' circulars for the two previous years.

(4) Included in this amount is (i) for Mr. Pierre Beaudoin, the sum of $93,864 for the financial year ended December 31, 2014, and (ii) for Mr. Alain Bellemare, the sum of $5,449 for the financial year ended December 31, 2015, which represents in each case the difference between the aggregate incremental operating costs to Bombardier for the personal use of the corporate aircraft by Messrs. Beaudoin and Bellemare, respectively, and the costs that each of them reimbursed; the calculation of incremental operating costs to Bombardier for personal use of the corporate aircraft includes the variable costs incurred as a result of personal flight activity such as aircraft fuel, trip-related maintenance and repairs, catering, landing and parking fees, crew expenses and low value equipment and supplies. Since January 1, 2016, Messrs. Beaudoin and Bellemare reimburse to Bombardier all of the incremental costs of corporate aircraft incurred for personal use.

(5) Included in this amount is (i) for Mr. Alain Bellemare, the sum of $238,261 for the financial year ended December 31, 2016 and of $178,925 for the financial year ended December 31, 2015, (ii) for Mr. John Di Bert, the sum of $80,175 for the financial year ended December 31, 2016 and of $11,468 for the financial year ended December 31, 2015, (iii) for Mr. David Coleal the sum of $102,415 for the financial year ended December 31, 2016 and of $48,920 for the financial year ended December 31, 2015, (iv) for Mr. Frederick Cromer, the sum of $94,801 for the financial year ended December 31, 2016 and of $53,835 for the financial year ended December 31, 2015, and (v) for Mr. Laurent Troger the sum of $206,712 for the financial year ended December 31, 2016, of $154,123 for the financial year ended December 31, 2015 and of $138,682 for the financial year ended December 31, 2014, which represents in each case the contribution to the Supplemental DC Plan except for Mr.Troger where it represents the contribution to his retirement savings account as explained in section C "Pension Plans" of Section 5 of this Circular. The contributions to the Supplemental DC Plan have been made on December 15, 2016 and December 21, 2015, respectively, at an exchange rate from Canadian dollars to US dollars of 0.7464 and 0.7148, respectively. The contributions to Mr. Troger's retirement savings account have been made on a monthly basis and converted at an average exchange rate from Euros to US dollars of 1.1072 for the financial year ended December 31, 2016, of 1.1092 for the financial year ended December 31, 2015, and of 1.0859 for the financial year ended December 31, 2014.

(6) Reflects the estimated fair value of PSUs and stock options granted on August 12, 2016, on which date the closing price of the Class B subordinate voting shares was $1.97 Cdn and the exchange rate from Canadian dollars to US dollars was 0.7725. For the stock options, a Black-Scholes value of 0.4257 was used.

(7) Based entirely on specific individual objectives set by the Board of Directors, namely managing the Board of Directors and its Committees, providing strategic orientation and managing certain stakeholder and customer relationships. The Board of Directors assessed Mr. Pierre Beaudoin's performance favorably in light of the foregoing objectives.

(8) Since total value of all perquisites is less than $50,000 or 10% of base salary, no value is reported.

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

(10) For Messrs. Pierre Beaudoin, Alain Bellemare, David Coleal, Frederick Cromer and Laurent Troger, it reflects the estimated fair value of RSUs and stock options granted on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was $1.52 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7621. For Mr. John Di Bert, it reflects the estimated fair value of RSUs and stock options granted on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was $1.57 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.7659. Furthermore, a Black-Scholes value of 0.33 was used to calculate the estimated fair value of the stock options. For Mr. Laurent Troger, in recognition of his new position as President, Transportation effective December 9, 2015, he also received 106,838 RSUs and 820,928 stock options valued in the aggregate at $366,000 on February 24, 2016, on which date the closing price of the Class B subordinate voting shares was $1.18 Cdn, the Black-Scholes value was 0.39, and the exchange rate from Canadian dollars to US dollars was of 0.7264. Considering that the specific objectives for the grant made on November 25, 2014 were no longer applicable to Mr. Troger's new position, 31,602 PSUs of the 94,788 PSUs granted to him on November 25, 2014 (please refer to note (36) below) were cancelled and taken into consideration to determine the value of the grants made on February 24, 2016.

(11) Reflects the estimated fair value of the DSUs, for Mr. Pierre Beaudoin and PSUs, for Mr. Laurent Troger as well as stock options granted on November 6, 2014, on which date the closing price of the Class B subordinate voting shares was $3.82 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8754. Furthermore, for stock options a Black-Scholes of 0.23 was used.

(12) Based on the achievement of a combination of Corporate Office EBIT and FCF targets at 96% and 100%, respectively, and specific individual objectives, namely, de-risking the business through strategic initiatives, securing significant C Series contract orders, the certification of both C Series models with successful entry into service, as well as the successful completion of the first flight of the Global 7000, as adjusted following the favorable assessment by the Board of Directors of Mr. Alain Bellemare's individual performance, considering, among other factors, his role in the achievement of earnings at the high-end of the guidance, exceeding margin targets in all business segments and the significant progress achieved in the execution of the Corporation's turnaround plan.

(13) Included in this amount is (i) for Mr. Alain Bellemare, the sum of $336,784, (ii) for Mr. David Coleal the sum of $186,650, and (iii) for Mr. Frederick Cromer, the sum of $174,984 for the financial year ended December 31, 2016, which represents amounts specifically intended to offset the impact of the decrease in the Canadian dollar versus the US dollar on base salary and related pension contributions for the financial year ended December 31, 2016 (based on an average exchange rate from Canadian dollars to US dollars of 0.7549 during the financial year ended December 31, 2016) (the "Exchange Rate Allocations") considering that US-based executives typically assume significant currency risk due to ongoing USD-denominated expenses.

(14) Included is an amount of $202,500 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7549 for a total amount of $152,900. This amount represents the difference between the aggregate incremental costs to Bombardier for the relocation of Mr. Alain Bellemare from the United States to Canada in comparison to the costs which would have otherwise been covered pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes the cost of household goods shipment and tax equalization payments.

(15) Mr. Alain Bellemare was appointed as President and Chief Executive Officer of Bombardier effective February 13, 2015.

(16) In recognition of his joining Bombardier, Mr. Alain Bellemare received a special grant of 1,846,836 stock options valued at $1,098,700 on February 20, 2015, on which date the closing price of the Class B subordinate voting shares was $2.40 Cdn, the Black-Scholes value was 0.31 and the exchange rate from Canadian dollars to US dollars was of 0.7996.

(17) Guaranteed minimum bonus payout at target for the financial years ended December 31, 2015 as per their respective employment contract. For further details, please refer to section A.1.4, "Short-Term Incentive Plans" of Section 5 of this Circular. In order to reward extraordinary efforts in connection with the execution of the Corporation's transformation plan in 2015, which efforts were not contemplated in the design of the short-term incentive plans established at the beginning of that year, a minor discretionary bonus adjustment was approved by the Board of Directors in 2016 in respect of the financial year ended December 31, 2015. Amounts disclosed in respect of the financial year ended December 31, 2015 have been restated as a result of this adjustment for each of Messrs. John Di Bert, David Coleal and Frederick Cromer.

(18) Included is an amount of $435,400 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of $341,300. This amount represents the difference between the aggregate incremental costs to Bombardier for the relocation of Mr. Alain Bellemare from the United States to Canada in comparison to the costs which would have otherwise been covered pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes the cost of household goods shipment and storage, home country housing services including vacant property management fees, home sale assistance and commuter and relocation allowances.

(19) Based on the achievement of Corporate Office EBIT and FCF targets at 96% and 100%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. John Di Bert's individual performance, considering, among other factors, his role in the achievement of key financial milestones, including de-risking the business by strengthening the balance sheet and securing liquidity, negotiating the extension of Bombardier's credit facilities and refinancing of the 2018 maturity bonds, and effectively driving year over year improvement of FCF performance of over $775 million.

(20) In recognition of his joining Bombardier, Mr. John Di Bert was entitled to a cash lump sum payment of $400,000 Cdn payable in two installments of $200,000 Cdn each. On August 13, 2015, Mr. Di Bert received the first installment in an amount of $152,920, converted from Canadian dollars to US dollars based on an exchange rate of 0.7646. On February 11, 2016, Mr. Di Bert received the second installment in an amount of $143,580, converted from Canadian dollars to US dollars based on an exchange rate of 0.7179. If Mr. Di Bert resigns during his first 24 months of employment, he must refund all installments received.

(21) Mr. John Di Bert was appointed as Senior Vice President and Chief Financial Officer of Bombardier effective August 10, 2015.

(22) In recognition of his joining Bombardier, Mr. John Di Bert received a special grant of 251,572 RSUs and 2,287,021 stock options valued in the aggregate at $1,210,000 on August 10, 2015, on which date the closing price of the Class B subordinate voting shares was $1.57 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.7659.

(23) Based on the achievement of EBIT (BBA), EBIT (Consolidated Aerospace), FCF (BBA) and FCF (Consolidated Aerospace) targets at 138%, 93%, 52% and 62%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. David Coleal's individual performance considering, among other factors, that under his leadership, aircraft deliveries exceeded publicly announced expectations and that the first flight of the Global 7000 was successfully completed.

(24) In recognition of his joining Bombardier, Mr. David Coleal was entitled to a cash lump sum payment of $1,000,000 Cdn payable in four installments of $250,000 Cdn each. On June 15, 2015, Mr. Coleal received the first installment in an amount of $202,875, converted from Canadian dollars to US dollars based on an exchange rate of 0.8115. On January 15, 2016 and May 13, 2016, Mr. Coleal received installments of $ 172,075 and $193,200, respectively, converted from Canadian dollars to US dollars based on an exchange rate of 0.6883 and 0.7728, respectively. On January 13, 2017, Mr. Coleal received the fourth installment in an amount of $190,325, converted from Canadian dollars to US dollars based on an exchange rate of 0.7613. If Mr. Coleal resigns during his first 24 months of employment, he must refund all installments received.

(25) Mr. David Coleal was appointed as President, Business Aircraft effective June 1, 2015.

(26) In recognition of his joining Bombardier, Mr. Coleal received a special grant of 1,836,547 stock options valued at $702,100 on August 7, 2015, on which date the closing price of the Class B subordinate voting shares was $1.52 Cdn, the Black-Scholes value was 0.33, and the exchange rate from Canadian dollars to US dollars was of 0.7621.

(27) Mr. Coleal received an amount of $82,512 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of $64,673, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses and commuter allowances.

(28) Based on the achievement of EBIT (BCA), EBIT (Consolidated Aerospace), FCF (BCA) and FCF (Consolidated Aerospace) targets at 132%, 93%, 68% and 62%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. Frederick Cromer's individual performance, considering, among other factors, his efforts towards the certification of both C Series models with successful entry into service, securing two significant contract orders from Delta and Air Canada, and his role in the negotiation and successful closing of the investment by the Government of Québec in the C Series.

(29) Included is an amount of $525,400 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7549 for a total amount of $396,600, which represents the difference between the aggregate incremental costs to Bombardier for Mr. Frederick Cromer commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses, tax equalization payments and commuter allowances.

(30) Mr. Frederick Cromer was appointed as President, Commercial Aircraft effective April 9, 2015.

(31) In recognition of his joining Bombardier, Mr. Frederick Cromer received a special grant of 1,193,033 stock options valued at $879,900 on May 14, 2015, on which date the closing price of the Class B subordinate voting shares was $2.68 Cdn, the Black-Scholes value was 0.33 and the exchange rate from Canadian dollars to US dollars was of 0.8339.

(32) In recognition of his joining Bombardier, Mr. Frederick Cromer was entitled to a cash lump sum payment of $250,000 Cdn payable in two installments of $125,000 Cdn each, the first installment having been paid on April 15, 2015 and the second having been paid on October 15, 2015. These amounts were converted from Canadian dollars to US dollars based on an exchange rate of 0.8078 and 0.7750 respectively for a total amount of $197,850. In addition, Mr. Cromer received an amount of $138,033 Cdn converted from Canadian dollars to US dollars based on an exchange rate of 0.7838 for a total amount of $108,190, which represents the difference between the aggregate incremental costs to Bombardier for his commuting from the United States to Canada in comparison to the costs which would have otherwise been covered in respect of his relocation pursuant to the global mobility policy generally offered to salaried employees of Bombardier. The calculation includes temporary accommodation expenses, tax equalization payments and commuter allowances.

(33) Based on the achievement of Transportation EBIT and FCF targets at 79% and 122%, respectively, as adjusted following the favorable assessment by the HRCC of Mr. Laurent Troger's individual performance, considering, among other factors, his role in the negotiation and successful closing of the investment in Transportation by the CDPQ and his rigorous and disciplined efforts towards the reduction of the financial risk associated with certain large projects and the significant progress achieved in executing the transformation of Transportation.

(34) Mr. Laurent Troger was appointed as President, Transportation effective December 9, 2015.

(35) In recognition of his new position as then Chief Operating Officer of Transportation effective September 11, 2015, Mr. Laurent Troger received a grant of 65,046 RSUs and 513,699 stock options valued at $302,400 on November 5, 2015, on which date the closing price of the Class B subordinate voting shares was $1.53 Cdn, the Black-Scholes value was 0.38, and the exchange rate from Canadian dollars to US dollars was of 0.7595.

(36) Further to his nomination as then Chief Technology Officer of Transportation, Mr. Laurent Troger received a special grant of 94,788 PSUs valued at $370,400 on November 25, 2014, on which date the closing price of the Class B subordinate voting shares was $4.40 Cdn and the exchange rate from Canadian dollars to US dollars was of 0.8880. These PSUs have a special vesting schedule of 33.3% after each of the first, second and third year subject to the attainment of certain performance conditions. Considering that the performance conditions for the grant made on May 16, 2013 were no longer applicable to this position, 87,720 PSUs of the 109,650 PSUs then granted to him were cancelled and taken into consideration to determine the grant made to him on November 25, 2014.

* All compensation amounts were paid in Canadian dollars to Messrs. Pierre Beaudoin, Alain Bellemare, John Di Bert, David Coleal and Frederick Cromer, and in Euros to Mr. Laurent Troger. The base salary and annual incentive plan amounts were converted from Canadian dollars and Euros to US dollars based on the average exchange rates during the year, of (i) 0.7549 and 1.1072 respectively for the financial year ended December 31, 2016, (ii) 0.7838 and 1.1092 respectively for the financial year ended December 31, 2015, and (iii) 0.9061 and 1.3297 respectively for the financial year ended December 31, 2014. The exchange rates used for the share-based awards are provided in the notes to table B.2, for option-based awards are provided in the notes in the above table B.1 and for the pension value are provided in the notes to tables C.1 and C.2.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## B.3 Vested DSUs Total Holding Table for NEOs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to a relocation agreement entered into between the Corporation and Mr. David Coleal, in recognition of the cash flow misalignment in connection with Mr. Coleal's U.S. and Canadian tax payments for the year ended December 31, 2016, Bombardier agreed to make cash advances to Mr. Coleal in an aggregate amount of $145,000 over three instalments, one of which was paid in 2016 and the rest being paid in 2017. The outstanding cash advances must be repaid in full, without interest, by Mr. Coleal no later than December 31, 2017.

## C. PENSION PLANS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## D. TERMINATION AND CHANGE OF CONTROL PROVISIONS

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

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

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

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

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

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

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

(1) Would be based on civil law requirements.

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

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

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

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

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

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

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

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

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

(1) In the case of the President and Chief Executive Officer, the size of the grant is not affected and vesting is immediate. In the event of termination without cause, the stock options must be exercised before the earlier of the date which is three years following the termination date or their original expiration date. In the event of death, the stock options must be exercised by the estate before the earlier of the date which is one year following the date of death or their original expiration date and in any event not later than the earlier of one year following the date of death or three years after the resignation date, in case of death following a voluntary resignation.

(2) In the case of the President and Chief Executive Officer, the RSU grants are not affected and, provided he is at least 59 years old, vesting is immediate. The same applies if the President and Chief Executive Officer becomes disabled at any age.

(3) The same applies if the individual takes a leave of absence resulting from sickness, disability, maternity, paternity, parental leave or adoption.

(4) In the case of the President and Chief Executive Officer, the PSU grants are not affected. The same applies if the President and Chief Executive Officer becomes disabled.

(5) Provided however that no stock option shall be exercised after the earlier of their original expiration date, and if applicable, three years from the retirement, voluntary authorized leave of absence or disability leave of absence date.

(6) In the case of a voluntary resignation of the President and Chief Executive Officer on or after February 13, 2018 but prior to June 13, 2020, the size of the grants is reduced in proportion to the length of service between the award date and the date of departure to the length of the total vesting period subject to a six-month prior notice and the presentation of a succession plan to the HRCC.

## E. SUMMARY

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

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

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

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

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

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

## DIRECTORS' AND OFFICERS' INSURANCE

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

## AVAILABLE DOCUMENTATION

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

## SHAREHOLDER PROPOSALS

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

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

## ADVANCE NOTICE REQUIREMENT FOR DIRECTOR NOMINATIONS

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

## APPROVAL OF THE BOARD OF DIRECTORS OF BOMBARDIER

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

Montréal, March 14, 2017

Daniel Desjardins
Senior Vice President, General Counsel and Corporate Secretary