2016

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED
DECEMBER 31, 2016

FEBRUARY 16, 2017

BOMBARDIER

NOTES

(1) In this Annual Information Form, all monetary amounts are expressed in U.S. dollars, unless otherwise indicated. Certain totals, subtotals and percentages may not agree due to rounding.

(2) *AVENTRA, Bombardier, Challenger, Challenger 350, Challenger 605, Challenger 650, CRJ, CRJ900, CRJ Series, CS100, CS300, C Series, FlexCare, FLEXITY, Global, Global 5000, Global 6000, Global 7000, Global 8000, INNOVIA, Q400, Learjet, Learjet 85*, *OMNEO*, *TALENT* and *TRAXX* are trademarks belonging to Bombardier Inc. or its subsidiaries.

(3) This Annual Information Form contains references to trademarks of third parties for the purpose of describing Bombardier's competitive environment and the development of its business.

(4) In this Annual Information Form, the term "Bombardier" means, as required by the context, the Corporation and its subsidiaries on a consolidated basis or the Corporation or one or more of its subsidiaries. The term "Transportation" refers to the Corporation's rail transportation reportable segment, the term "Business Aircraft" refers to the Corporation's business aircraft reportable segment, the term "Commercial Aircraft" refers to the Corporation's commercial aircraft reportable segment, the term "Aerostructures and Engineering Services" refers to the Corporation's aerostructures and engineering services reportable segment and the term "Aerospace" refers, as the context may require prior to January 1, 2015, to the Corporation's prior aerospace reportable segment, or since January 1, 2015, collectively to Business Aircraft, Commercial Aircraft and Aerostructures and Engineering Services.

(5) Information is as at December 31, 2016, unless otherwise indicated.

TABLE OF CONTENTS

[1] As filed on SEDAR (www.sedar.com) on February 16, 2017.

CORPORATE STRUCTURE

INCORPORATION OF THE ISSUER

Bombardier Inc. (the “Corporation” or “Bombardier”) was incorporated by letters patent under the laws of Canada on June 19, 1902 and was continued under the *Canada Business Corporations Act* (the “CBCA”) by a certificate of continuance dated June 23, 1978, which was subsequently the subject of certain amendments. Over the years, the Corporation has filed articles of amendment in order to, among other things, change the structure of its authorized share capital, including to change the rights, privileges, restrictions and conditions attached thereto, reflect various two-for-one stock splits of the Class A shares (multiple voting) (the “Class A shares”) and Class B shares (subordinate voting) (the “Class B subordinate voting shares”), and has filed articles of amalgamation to reflect mergers and amalgamations with, among others, various subsidiaries and affiliates.

The head and registered office of the Corporation is located at 800 René-Lévesque Boulevard West, Montréal, Québec H3B 1Y8. Its telephone number is + 1 (514) 861 9481 and its website is www.bombardier.com.

SUBSIDIARIES

The activities of the Corporation are conducted either directly or through its subsidiaries. The table below lists the principal subsidiaries of the reportable segments of the Corporation as at December 31, 2016, as well as their jurisdiction of incorporation and the percentage of voting shares held directly or indirectly by the Corporation. Certain subsidiaries whose total assets did not represent more than 10% of the Corporation’s consolidated assets or whose revenues did not represent more than 10% of the Corporation’s consolidated revenues as at and for the fiscal year ended December 31, 2016,[(1)] have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenues of the Corporation as at and for the fiscal year ended December 31, 2016.

Aerospace	
Bombardier Aerospace Corporation (Delaware)	100%
C Series Aircraft Limited Partnership (Québec)	50.5%
Learjet Inc. (Kansas)	100%
Short Brothers PLC (Northern Ireland)	100%

Transportation	
Bombardier Transit Corporation (Delaware)	70%
Bombardier Transportation Australia Pty (Australia)	70%
Bombardier Transportation Canada Inc. (Canada)	70%
Bombardier Transportation Financial Services S.à r.l. (Luxembourg)	70%
Bombardier Transport France S.A.S. (France)	70%
Bombardier Transportation (Global Holding) UK Limited (United Kingdom)	70%
Bombardier Transportation GmbH (Germany)	70%
Bombardier Transportation (Holdings) UK Ltd. (United Kindgom)	70%
Bombardier Transportation (Holdings) USA Inc. (Delaware)	70%
Bombardier Transportation Italy S.p.A. (Italy)	70%
Bombardier Transportation Sweden AB (Sweden)	70%
Bombardier Transportation (Switzerland) AG (Switzerland)	70%

[(1)] Based on the Corporation’s consolidated financial statements for the fiscal year ended December 31, 2016 filed on SEDAR (www.sedar.com) on February 16, 2017.

GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL

The Corporation is the world's leading manufacturer of both planes and trains operating under four reportable segments: Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation. The Corporation is driving the evolution of mobility worldwide by providing more efficient, sustainable and enjoyable transportation. The Corporation's products, services, and most of all its employees, are what make it a global leader in mobility solutions.

HISTORY

The main business developments of the Corporation and its most significant transactions during the past three years are as described below.

On January 1, 2014, Transportation established an organizational structure in order to empower project management, increase focus on selective bidding, centralize the global supply chain, reduce organizational layers and overhead costs, speed up decision making, implement leaner processes and foster upfront product development and increase standardization and modularization.

On January 16, 2014, Aerospace announced that Dammam-based Al Qahtani Aviation Company signed a firm purchase agreement for 16 *CS300* aircraft with options for an additional 10 *CS300* jetliners to be operated by SaudiGulf Airlines, a newly launched national carrier based in the Kingdom of Saudi Arabia. Based on the list price of the aircraft at that time, the firm order for the 16 *CS300* aircraft was valued at $1.2 billion. Should all 10 options be exercised, the value of the contract could increase to $2 billion.

On January 17, 2014, Transportation announced that, as part of a consortium with John Laing, ITOCHU Corporation and Uberior, it entered into a contract valued at $4.1 billion with the State of Queensland, Australia, for the New Generation Rollingstock Project. Bombardier's share of the contract, which consists of the supply of 75 electric multiple units ("EMUs"), a new depot and maintenance for 30 years, was valued at $2.7 billion.

On February 11, 2014, Aerospace inaugurated its full-scale, company-owned service centre and opened its Regional Sales Office ("RSO") in Singapore. On February 15, 2016, Aerospace announced that the service centre would expand its capabilities and capacity.

On February 19, 2014, Transportation announced that it signed a contract with Transport for London ("TfL") valued at $2.1 billion. The contract between TfL and Transportation covers the supply, delivery and maintenance of 65 new trains and a depot at Old Oak Common.

On March 7, 2014, Aerospace announced the opening of a new RSO in Toluca, Mexico. The office anchors regional support capabilities for Bombardier business aircraft customers throughout Mexico, and surrounding areas.

On March 17, 2014, Transportation announced that Bombardier Transportation South Africa (Pty) Ltd. signed a contract with Transnet Freight Rail for the delivery of 240 electric *TRAXX* Africa locomotives, which are set to be part of a complete fleet renewal program. Bombardier's total contract value based on the list price at that time was $1.2 billion. The order formed part of the largest locomotive supply project in South Africa's history.

On March 27, 2014, Bombardier announced that it successfully extended the availability of Transportation's and Aerospace's letter of credit facilities by an additional year to May 2017 and June 2017, respectively. The maturity dates of the revolving credit facilities were also extended by one year to March 2016 and June 2017 respectively, and each facility was further extended for additional one-year periods in 2015 and in 2016, bringing the maturity dates to May 2019 and June 2019.

On April 3, 2014, Bombardier announced that it successfully closed its issuance of $1.8 billion of new Senior Notes. The issuance was comprised of $600 million of 4.75% Senior Notes due April 15, 2019, and $1.2 billion of 6.00% Senior Notes due October 15, 2022, sold at par in both cases.

On May 1, 2014, Transportation announced its purchase of a 100% stake in the Australian signalling company Rail Signalling Services ("RSS"). RSS is an integrated signalling engineering and services supplier with a strong presence in the market, particularly in Victoria and Southern Australia.

On May 6, 2014, Bombardier announced that it redeemed all of its 7.25% Senior Notes due 2016.

On May 12, 2014, Aerospace announced the achievement of key product development milestones on the *Global 7000* and *Global 8000* aircraft program with the start of production and assembly of major structures for the first flight test vehicle ("FTV").

On June 13, 2014, Transportation unveiled its *OMNEO* Premium train for intercity travel at 200km/h.

On June 27, 2014, Aerospace announced the official entry-into-service of the *Challenger 350* aircraft which received its certification from Transport Canada on June 14, 2014, from the U.S. Federal Aviation Administration ("FAA") on June 25, 2014, from the European Aviation Safety Agency ("EASA") on September 2, 2014 and from the Unidad Administrativa Especial de Aviacion of Columbia on July 6, 2015.

On June 30, 2014, Aerospace announced that a customer placed a firm order for 16 *CRJ900* regional jets and also took options for eight additional airliners of the same type. On November 8, 2014, Aerospace announced that the customer was China Express Airlines (China Express), China's sole specialized regional airline. Based on the list price for the *CRJ900* aircraft at that time, the firm order was valued at $727 million. The value could increase to $1.12 billion should China Express exercise its options.

On July 10, 2014, Aerospace announced the opening of a new RSO in Dubai, United Arab Emirates. The office anchors regional support capabilities for Bombardier commercial aircraft customers throughout the Middle East and surrounding areas.

On July 23, 2014, Bombardier announced an organizational structure that was implemented as of January 1, 2015, comprised of four business segments: Transportation, Business Aircraft, Commercial Aircraft and Aerostructures and Engineering Services. Aerospace group functions and the Customer Services division were absorbed into the three aerospace business segments, generating reductions in cost and overhead. The Aerostructures and Engineering Services business segment specializes in the design and manufacture of complex advanced composite and metallic aerostructures for civil aircraft Original Equipment Manufacturers ("OEM") including fuselages, wings and engine nacelles. As a result of this reorganization, Aerospace's then President and Chief Operating Officer, Mr. Guy Hachey, retired. As announced on July 31, 2014, the restructuring resulted in a reduction of approximately 1,800 indirect positions in Aerospace.

On August 20, 2014, Bombardier announced the appointment of Mr. Jean Séguin as President, Aerostructures and Engineering Services.

On August 29, 2014, Transportation announced the opening of a new Kuala Lumpur hub to support rail projects in Malaysia and the Asia-Pacific region.

On September 26, 2014, Aerospace announced that a wholly owned affiliate of Macquarie AirFinance signed a firm purchase agreement for 40 *CS300* jetliners and took options on an additional 10 *CS300* aircraft.

On October 19, 2014, Aerospace announced the addition of the new *Challenger 650* aircraft in its *Challenger* family of business jets. This new jet represents the evolution of the *Challenger 605*. On November 9, 2015, Business Aircraft announced that it was awarded Transport Canada certification for its *Challenger 650* aircraft. Shortly after the announcement of the *Challenger 650* aircraft certification by Transport Canada, Business Aircraft received certification by the U.S. FAA. The *Challenger 650* aircraft entered into service during the fourth quarter of 2015. On March 8, 2016, Bombardier announced that its *Challenger 650* aircraft has received full type certification from the EASA.

On November 5, 2014, Transportation announced that it signed an agreement with CSR Puzhen Co. Ltd to create a joint venture to develop and manufacture *INNOVIA* vehicles for urban and airport transit systems in China.

On November 6, 2014, Aerospace celebrated the official opening of its newest Regional Sales and Marketing Office in São Paulo, Brazil, as part of its continued focus on regionalizing to be closer to its customers.

On January 15, 2015, Bombardier announced the pause of its *Learjet 85* business aircraft program due to weak market demand in that segment and following a downward revision of Bombardier's business aircraft market forecast, which resulted in a pre-tax special charge of approximately $1.4 billion in the fourth quarter of 2014 and an expected workforce reduction of approximately 1,000 employees in 2015. Bombardier also announced the revision of previously announced financial guidance for 2014 following a review of preliminary results compiled by Bombardier for the fiscal year ended December 31, 2014. On October 28, 2015, due to the lack of sales following the prolonged market weakness, Bombardier cancelled the *Learjet 85* business aircraft program.

On January 30, 2015, Transportation announced that the CRH380D very high-speed train received homologation in China.

On February 9, 2015, Commercial Aircraft announced that American Airlines, Inc. ("American"), a wholly owned subsidiary of American Airlines Group Inc., signed a firm order for 24 *CRJ900* regional jets. This order was announced on December 30, 2014 and followed American's exercise of 24 of 40 *CRJ900* aircraft options. The options were originally acquired as part of American's large regional jet order announced on December 12, 2013.

On February 10, 2015, Transportation and New United Group announced that they finalized an agreement to establish a new joint venture for signalling and rail control in China. The new company, known as Bombardier NUG Signalling Solutions Company Limited, focuses on rail transportation communication, signalling and integrated monitoring systems for the Chinese mass transit and light rail market, and is committed to introducing moving-block signalling technology for metro applications.

On February 12, 2015, Bombardier announced that Mr. Laurent Beaudoin was retiring as Chairman of the Board of Directors and remains on the Board with the honorary title of Chairman Emeritus, and that Mr. Pierre Beaudoin was appointed Executive Chairman, while Mr. Alain Bellemare became President and Chief Executive Officer and member of the Board of Directors. The Corporation also announced a financing plan to access capital markets for approximately $600 million in new equity, depending on market conditions, and to access capital markets for up to $1.5 billion in new debt capital, depending on market conditions. To complement this financing plan, the Corporation announced its intention to explore other initiatives such as certain business activities' potential participation in industry consolidation in order to reduce debt. The Corporation also announced the suspension of the declaration of dividends on the Corporation's Class A shares and Class B subordinate voting shares.

As part of its financing plan, on February 27, 2015, Bombardier announced that it closed a public offering of subscription receipts for aggregate gross proceeds of approximately Cdn $1.1 billion. The proceeds of this offering were released to the Corporation on March 27, 2015 upon the satisfaction of the escrow release condition, being the approval by shareholders of the amendment to the articles of Bombardier to increase the numbers of Class A shares and Class B subordinate voting shares which Bombardier is authorized to issue from 1,892,000,000 to 2,742,000,000. In addition, on March 13, 2015, Bombardier announced that it closed its issuance of $2.25 billion of new Senior Notes, comprised of $750 million of 5.5% Senior Notes due September 15, 2018 and $1.5 billion of 7.5% Senior Notes due March 15, 2025, sold in each case at par. Upon satisfaction of the escrow release condition mentioned above on March 27, 2015, the proceeds from the issuance of new Senior Notes were released to the Corporation. The Corporation also announced that Mr. Steven Ridolfi, Senior Vice President, left the Corporation and retired.

On February 27, 2015, Commercial Aircraft confirmed that the *CS300* aircraft's first flight took place.

On March 20, 2015, Transportation announced that it agreed with Deutsche Bahn on an out-of-court settlement regarding various vehicle projects, pursuant to which the two companies were able to amicably settle their long-standing legal disputes. The types of trains covered under this settlement include Berlin S-Bahn vehicles, regional and commuter trains in Bavaria, North Rhine-Westphalia and Baden-Württemberg, as well as the *TALENT* 2 trains. Both sides agreed not to disclose the details of the settlement.

Following the implementation of its organizational structure announced on July 23, 2014, Bombardier announced a number of new appointments to its leadership team, as follows:

- Mr. Frederick (Fred) Cromer as President, Bombardier Commercial Aircraft, effective April 9, 2015 (he succeeded Mr. Michele (Mike) Arcamone, who left Bombardier to pursue other career opportunities);
- Mr. Louis G. Véronneau as Vice President, Mergers and Acquisitions, effective June 4, 2015;
- Mr. David M. Coleal as President, Bombardier Business Aircraft, effective June 15, 2015 (he succeeded Mr. Éric Martel, who left Bombardier to pursue other career opportunities);
- Mr. Dimitrios (Jim) Vounassis as Vice President, Operations Strategy, effective June 15, 2015;

- Mr. John Di Bert as Senior Vice President and Chief Financial Officer, effective August 10, 2015 (he succeeded Mr. Pierre Alary, who retired);
- Mr. Nico Buchholz as Senior Vice President and Chief Procurement Officer, effective August 31, 2015;
- Mr. Laurent Troger as President, Bombardier Transportation, effective December 9, 2015 (he succeeded Mr. Lutz Bertling, who left Bombardier to pursue other career opportunities).

On April 23, 2015, Bombardier and Tianjin Airport Economic Area announced that they officially signed definitive agreements confirming their joint venture and commenced construction of a maintenance facility for Business Aircraft, to be located in Tianjin, China.

On April 29, 2015, Bombardier announced that it redeemed all of its 4.25% Senior Notes due 2016.

On May 14, 2015, Business Aircraft confirmed that they will reduce the production rate for *Global 5000* and *Global 6000* aircraft. Approximately 1,400 employees of Business Aircraft and Aerostructures and Engineering Services were expected to be progressively impacted at various stages of the *Global 5000* and *Global 6000* production cycle.

On May 20, 2015, Business Aircraft announced the opening of a new RSO in Munich, Germany. Along with the RSO in Farnborough, U.K., this office will bolster regional support capabilities for the growing number of Business Aircraft customers in Europe.

On June 4, 2015, Transportation announced that it signed a contract with the Vienna transport authority, Wiener Linien, for the manufacture of 119 *FLEXITY* trams, which contract includes a 24-year *FlexCare* maintenance management system agreement. The contract was valued at €431 million (then $480 million) and includes an option for an additional 37 trams and further maintenance support.

On June 14, 2015, Bombardier announced that, based on flight tests results, its all-new *CS100* and *CS300* aircraft are exceeding their original targets for fuel burn, payload, range and airfield performance. On September 10, 2015, Bombardier announced that its *CS100* aircraft successfully completed all noise performance testing and preliminary data confirmed that it is the quietest in-production commercial jet in its class.

On July 3, 2015, Transportation announced that it signed two contracts with TfL to build and maintain 45 four-car new EMUs. The first contract is a manufacturing and supply agreement covering the design, manufacture, commissioning and entry into service of 180 new vehicles, and the second is a 35-year train services agreement providing maintenance for the new vehicles. Together the contracts are valued at £358 million (then $558 million). In addition to the base contracts, the contracts also include an option for up to 24 additional trains and another to extend the maintenance support for five years.

On July 30, 2015, Bombardier announced that the first *Global 7000* FTV was in final assembly and the aircraft is now expected to enter into service in the second half of 2018. Three additional FTVs are in various stages of production and assembly. On October 29, 2015, Bombardier announced that the Integrated Systems Test and Certification rig was commissioned and safety-of-flight testing was underway. The avionics System Integrated Test Stand rig was installed in Toronto and the *Global 7000* Complete Airframe Static Test rig had been commissioned. In addition, Bombardier announced that engine development by its supplier as well as ground and flight testing of the engine were progressing as expected.

On September 14, 2015, Commercial Aircraft announced that the National Civil Aviation Agency of Brazil, locally known as ANAC, awarded type certification approval to Bombardier's 86-seat *Q400* aircraft for operation in the region. The type certificate, signifying the local airworthiness of the largest commercial turboprop in-service worldwide, was presented to Bombardier in a ceremony held at ANAC's offices in São José dos Campos, Brazil.

On October 1, 2015, Bombardier announced that it closed the sale of its Military Aviation Training activities to CAE Inc. for a total consideration of Cdn $20 million (then $15 million).

On October 2, 2015, Commercial Aircraft announced that it welcomed Dublin-based CityJet to the *CRJ Series* family of aircraft operators following confirmation that it will operate *CRJ900* aircraft in the network of Sweden's Scandinavian Airlines (SAS). CityJet will acquire the aircraft from a customer that signed a firm purchase agreement for eight *CRJ900* aircraft and took options on an additional six. The customer requested to remain unidentified. Based on the list price of the *CRJ900* aircraft at that time, the firm agreement signed by Bombardier and its customer was valued at $369 million. The value could increase to $651 million if all options are exercised.

On October 29, 2015, Bombardier announced that it entered into a memorandum of understanding contemplating a $1.0 billion investment by the Ministère de l'Économie, de l'Innovation et des Exportations du Québec (through Investissement Québec) (the "Government of Québec") for a 49.5% equity stake in a newly-created limited partnership (the "*C Series* Investment") to which would be transferred the assets, liabilities and obligations of the *C Series* aircraft program. On June 23, 2016, Bombardier announced that it entered into a subscription agreement with the Government of Québec (the "*C Series* Subscription Agreement") reflecting the terms set out in the previously signed memorandum of understanding and on June 30, 2016, that it closed the *C Series* Investment. The disbursement of the first $500 million installment of the investment occurred on June 30, 2016, and the disbursement of the second $500 million installment occurred on September 1, 2016. This newly created limited partnership is owned 50.5% by Bombardier and, as a subsidiary of Bombardier, carries on the operations related to the Corporation's *C Series* aircraft program. The newly created limited partnership continues to be consolidated in Bombardier's financial results. The proceeds of the *C Series* Investment are expected to be used entirely for cash flow purposes of the *C Series* aircraft program. The *C Series* Investment also included the issuance of warrants to the Government of Québec exercisable for a five-year term to acquire up to 200,000,000 Class B subordinate voting shares in the capital of Bombardier, subject to customary adjustment provisions, at an exercise price per share equal to the U.S. dollar equivalent of Cdn $2.21 at the date of execution of definitive agreements, being the offering price of Bombardier's public offering of subscription receipts closed in February 2015.

In addition, on October 29, 2015, Bombardier reported, in its financial results for the third quarter ended September 30, 2015, a net loss totaling $4.9 billion mainly due to charges in special items including $3.1 billion and $919 million impairment charges related to *C Series* and *Learjet 85* aircraft program tooling, respectively.

On October 29, 2015, Bombardier announced that the first *CS300* FTV was performing planned tests, such as flutter, handling, cruise performance, cross-wind takeoff and landing, braking and anti-skid testing, that the aircraft was displaying a high level of reliability and that the aircraft performance and test results are in line with expectations. Moreover, Bombardier announced that assembly of the second *CS300* FTV is ongoing at the *C Series* aircraft assembly facility in Mirabel, Québec.

On November 19, 2015, Bombardier announced that it entered into a subscription agreement (the "Transportation Subscription Agreement") with the Caisse de dépôt et placement du Québec ("CDPQ") for a $1.5 billion convertible share investment in Transportation's newly created holding company (the "CDPQ Investment"), Bombardier Transportation (Investment) UK Limited ("BT Holdco") and, on February 11, 2016, Bombardier announced the closing of the CDPQ Investment. In accordance with the terms of the Transportation Subscription Agreement, CDPQ acquired shares of BT Holdco convertible into a 30% common equity stake of BT Holdco, subject to annual adjustments related to performance. The transaction included the issuance of warrants by Bombardier to CDPQ (the "CDPQ Warrants") exercisable for a total number of 105,851,872 Class B subordinate voting shares in the capital of Bombardier, subject to customary adjustment provisions. The CDPQ Warrants will be exercisable until February 11, 2023, at an exercise price per Class B subordinate voting share equal to $1.66, the U.S. dollar equivalent of Cdn $2.21 at the date of execution of the Transportation Subscription Agreement.

On December 18, 2015, Commercial Aircraft announced that the *CS100* aircraft received its Transport Canada type certification following a comprehensive and rigorous testing program, which included more than 3,000 flight test hours, the validation of thousands of test results and the authentication of extensive design and performance data. On June 15, 2016, Commercial Aircraft announced that its *CS100* aircraft was awarded type validation by the EASA and the U.S. FAA following a comprehensive testing program.

On December 18, 2015, Transportation announced that the Bombardier Transportation - Alstom consortium, signed a framework contract to supply up to 1,362 M7 double deck cars to the Belgian National Railways (SNCB-NMBS). The total order was valued at €3.3 billion (then $3.6 billion). Bombardier's share was worth around €2.1 billion (then $2.3 billion). The first firm order signed on such date includes the design and manufacturing of 445 cars and was valued at €1.3 billion (then $1.4 billion). Bombardier's share was valued at €787 million (then $853 million). Deliveries for this first order are expected to take place between September 2018 and 2021. The frame contract also includes options for up to 917 additional cars.

On December 22, 2015, Commercial Aircraft and CAE Inc. announced that Transport Canada, the U.S. FAA and the EASA have awarded Interim Level C qualification on the full-flight simulator, and qualified the flight training device for the *CS100* aircraft. Officials from each of the authorities granted their respective qualifications following final inspection of the simulator and training device located at Bombardier's training centre in Montréal, Canada. On February 13, 2016, Commercial Aircraft announced that it commenced its demonstration tours of the *CS100* aircraft.

On January 13, 2016, Bombardier announced that Business Aircraft terminated certain third-party sales representative and distribution agreements as well as restructured certain customer commercial agreements in order to enhance its business model and improve long-term profitability. These agreements resulted in the cancellation of 24 firm orders, which had an aggregate value of $1.75 billion at 2015 list prices, with an additional cancellation of 30 optional orders. Bombardier expected to sell these positions at improved margins. As a result of the foregoing, Bombardier incurred pre-tax special charges of $327 million in the fourth quarter of 2015, of which approximately $145 million was non-cash. Of the cash impact, approximately $50 million was disbursed in the fourth quarter of 2015 and the balance was paid in 2016.

On January 19, 2016, Bombardier announced that its *C Series* aircraft program began the ramp-up to full production. The final assembly facility was fully equipped and production was progressing according to plan with aircraft in various stages of the build sequence. Additionally, Bombardier announced that the *CS100* aircraft, was structurally complete. On June 29, 2016, Commercial Aircraft announced the delivery of the first *C Series* aircraft to Swiss International Air Lines ("Swiss") and on July 15, 2016, Swiss completed the entry-into-service of the *CS100* aircraft.

On February 17, 2016 , Commercial Aircraft introduced the 90 passenger *Q400* aircraft, the world's only turboprop capable of carrying 90 passengers.

In addition, on February 17, 2016, Bombardier announced that it was taking steps to optimize its workforce with a combination of manpower reduction and strategic hiring. The Corporation was expected to reduce its workforce by an estimated 7,000 production and non-production employees by the end of 2017. During the same period, this workforce reduction was expected to be partially offset by hiring in certain growth areas, notably to support the ramp-up of strategic programs and projects worldwide. The manpower reduction was expected to include approximately 2,000 contractual workers and 800 product development engineers. Restructuring charges consisting mainly of severance of approximately $250 million to $300 million were expected to be reported as special items when accrued.

In addition, on February 17, 2016, Bombardier announced that Air Canada signed a letter of intent for the purchase of 45 *CS300* aircraft with options for an additional 30 *CS300* aircraft, including conversion rights to the *CS100* aircraft. On June 28, 2016, Commercial Aircraft and Air Canada announced that they had finalized a firm purchase agreement consistent with the letter of intent announced in February 2016. Air Canada will become the first mainline, international network carrier based in North America for the *C Series* family of aircraft. Deliveries to Air Canada are expected to begin in 2019. Based on the list price of the *CS300* aircraft at that time, the firm order was valued at $3.8 billion.

On April 1, 2016, Business Aircraft announced that it received a firm order for 20 *Challenger 350* aircraft. Based on the list prices for standard-equipped aircraft at that time, the firm order was valued at $534 million. On May 23, 2016, Bombardier confirmed that Flexjet, LLC is the customer.

On April 12, 2016, Commercial Aircraft announced that Air Baltic Corporation AS ("airBaltic") converted its remaining seven options for *CS300* airliner to a firm order. Based on the list price at that time, this firm order was valued at $506 million. This order brought airBaltic's total firm order to 20 *CS300* aircraft. This agreement followed the airline's conversion of three option aircraft announced in February 2014. The original order for 10 firm *CS300* aircraft with options for another 10 was announced on December 20, 2012. On November 28, 2016, Commercial Aircraft announced the delivery of the first *CS300* aircraft to airBaltic. On December 14, 2016, airBaltic completed its first commercial flight of the *CS300* aircraft.

On April 28, 2016, Commercial Aircraft announced that Delta Air Lines, Inc. ("Delta") placed a firm order for 75 *CS100* aircraft with options for an additional 50 *CS100* aircraft. Based on the list price at that time, the firm order was valued at $5.6 billion. Deliveries of the *CS100* aircraft to Delta are scheduled to begin in 2018.

On June 17, 2016, Commercial Aircraft announced the launch of the *C Series* aircraft's new Customer Response Centre in Mirabel, Québec.

On June 20, 2016, Commercial Aircraft announced that a customer signed a firm purchase agreement for 10 *CRJ900* aircraft. Based on the list price of the *CRJ900* aircraft at that time, the firm agreement was valued at $472 million. On November 1, 2016, Commercial Aircraft confirmed that Industrial Bank Financial Leasing Co., Ltd. (also known as CIB Leasing) headquartered in Beijing, China, is the customer.

In addition, on June 20, 2016, Bombardier announced that it reached a definitive agreement for the sale of its Amphibious Aircraft program to Viking Air Limited and, on October 3, 2016, Bombardier announced that it had closed the sale. The transaction included the type certificates for all variants of the aircraft, the CL-215, the CL-215T and the Bombardier 415 aircraft as well as aftermarket services.

On June 21, 2016, Business Aircraft announced its plan to establish a new, wholly-owned service centre in Greater London, United Kingdom. The service centre will offer complete tip-to-tail heavy maintenance capabilities, and will complement the business aircraft service and support network in the United Kingdom.

On June 22, 2016, Bombardier announced the appointment of Michael (Mike) B. Nadolski as Vice President, Communications and Public Affairs.

On June 23, 2016, Commercial Aircraft announced that its Authorized Service Facility ("ASF"), SAMCO Aircraft Maintenance B.V. ("SAMCO") received its *C Series* aircraft program Part 145 base maintenance approval from the Civil Aviation Authority, The Netherlands. SAMCO will provide maintenance services on *C Series* aircraft based in Europe and the surrounding regions. SAMCO also provides aircraft maintenance services on *Q Series* aircraft as part of Bombardier's global network of strategically located ASFs.

On July 11, 2016, Commercial Aircraft announced that its *CS300* aircraft was awarded type certification by Transport Canada and, on October 7, 2016, by the EASA. On November 23, 2016, Commercial Aircraft announced that Transport Canada and the EASA have awarded the *CS100* and *CS300* airliners with the same type rating. On December 14, 2016, Commercial Aircraft announced that its *CS300* airliner was awarded its type validation by the U.S. FAA.

On August 25, 2016, Transportation announced the inauguration of its new South African production site and headquarters at an event held in Johannesburg, South Africa.

On September 23, 2016, Transportation announced that it signed a strategic agreement with China Railway Rolling Stock Corporation establishing a framework for the companies to leverage their complementary strengths for selected projects in order to provide additional value to customers, better serve the growing global rail transportation equipment market and support mutual long-term growth objectives. Areas of potential future cooperation include Chinese and international market development and shared manufacturing resources.

On September 26, 2016, Commercial Aircraft and the International EPD® System, an environmental declaration program based in Sweden, announced a first in the aerospace industry with the publication of the Environmental Product Declaration (EPD®) for Bombardier's *CS100* aircraft.

On September 30, 2016, Transportation announced that it signed a contract to supply 665 new Bombardier *AVENTRA* vehicles to Angel Trains for operation by Abellio on its East Anglia rail franchise in the United Kingdom. Bombardier also signed a separate contract to provide ongoing maintenance services support to Abellio Greater Anglia for the new trains for the duration of the franchise. The rolling stock contract was valued at £869 million (then $1.1 billion) and the maintenance contract, which will run for 7 years (with an option to extend in line with any franchise extensions), was valued at £83 million (then $108 million).

On October 21, 2016, Bombardier announced a series of actions as it continued to execute its five-year turnaround plan launched in 2015. The actions support the Corporation's efforts to build its earnings growth potential and highlight its focus on improving productivity, reducing costs and optimizing its worldwide footprint to deliver increased value to customers and shareholders. Specific actions to be taken by the Corporation include streamlining its administrative and non-production functions across the organization and leveraging its worldwide footprint to create centres of excellence for design, engineering and manufacturing activities in both its Aerospace and Transportation reportable segments. Approximately 7,500 positions are expected to be impacted as the Corporation executes its workforce optimization and site specialization actions through 2018. The impact of these restructuring actions on overall employment is expected to be partially offset by strategic hiring to support the ramp-up for key growth programs, including the *C Series* and *Global 7000* and *Global 8000* aircraft programs, as well as to support major rail contract wins. As a result of these actions, the Corporation expects to achieve recurring savings of approximately $300 million by the end of 2018. The Corporation anticipated recording $225 million to $275 million in restructuring charges that would be reported as special items when accrued in the fourth quarter of 2016 and continuing through 2017.

On October 28, 2016, Bombardier announced the appointment of Daniel (Dan) Brennan as Senior Vice President, Human Resources, effective February 2017.

On November 4, 2016, Business Aircraft announced that its *Global 7000* aircraft program completed the successful maiden flight of its first FTV. The aircraft is scheduled to enter into service in the second half of 2018.

On November 21, 2016, Bombardier announced that it successfully closed its offering of $1.4 billion aggregate principal amount of new Senior Notes due December 1, 2021 which carry a coupon of 8.750% per annum and were sold at 99.001% of par.

On November 24, 2016, Transportation announced that it received an option order for 40 *OMNEO* Premium double deck electrical multiple units from *Société nationale des chemins de fer français* ("SNCF") on behalf of the Normandy region. This order was valued at €585 million (then $620 million) and is part of the contract signed in 2010 with SNCF to provide up to 860 double deck trains to the French regions. Bombardier understands that Normandy region plans to roll out these new premium trains at the end of 2019.

On December 21, 2016, Bombardier announced that it redeemed all of its 7.50% Senior Notes due 2018 and 5.50% Senior Notes due 2018, in each case as set forth in the notices of redemption issued on November 21, 2016.

On December 29, 2016, Transportation and the Austrian Federal Railways ("ÖBB") announced that they signed a framework agreement covering the delivery of up to 300 Bombardier *TALENT* 3 trains. The total amount of the framework contract was valued at a list price of €1.8 billion (then $1.9 billion) and it gives ÖBB the opportunity to make several call-offs for trainsets used for regional and suburban rail transport.

On January 25, 2017, Bombardier announced that Nico Buchholz was appointed as Senior Vice President, Strategic Initiatives and that Dimitrios (Jim) Vounassis will assume the Chief Procurement Officer responsibilities in addition to continuing to lead the Corporation’s operations transformation as Bombardier’s Chief Transformation and Procurement Officer.

NARRATIVE DESCRIPTION OF THE BUSINESS

BUSINESS OVERVIEW

Bombardier operates within aerospace and rail transportation industries through the following four business segments: Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation.

Business Aircraft

A global leader in the design, manufacture and aftermarket support for three families of business jets (*Learjet, Challenger* and *Global)*, spanning from the light to large categories.

Commercial Aircraft

Commercial Aircraft designs and manufactures a broad portfolio of commercial aircraft in the 60- to 150-seat categories, including the *Q400* turboprops, the *CRJ Series* family of regional jets as well as the all-new *C Series* mainline jets. Commercial Aircraft provides aftermarket support for these aircraft as well as for the 20- to 59-seat range category.

Aerostructures and Engineering Services

Aerostructures and Engineering Services designs and manufactures major aircraft structural components (such as engine nacelles, fuselages and wings) and provides aftermarket component repair and overhaul as well as other engineering services for both internal and external clients.

Transportation

Transportation provides the most comprehensive product range and services offering in the rail industry and covers the full spectrum of rail solutions, ranging from complete trains to subsystems, services, system integration, signalling and e-mobility solutions.

The activities of the Corporation's four reportable segments are described in this Annual Information Form under separate headings.

Aerospace

For a list of the Corporation's principal subsidiaries that fall within Aerospace, see "Item 1 - Corporate Structure, section 1.2 - Subsidiaries".

Business Aircraft

Business Aircraft has production and engineering sites in Canada (Montréal and Toronto) and the United States (Wichita), and an international service and support network in several countries around the world.

The global headquarters of Business Aircraft is located in Dorval, Québec, Canada.

Market Segments

Information about products and services offered by Business Aircraft can be found in the section entitled "Business Aircraft - Profile" on pages 42 and 43 of the Corporation's Management's Discussion and Analysis included in its financial report for the fiscal year ended December 31, 2016, which may be viewed on SEDAR at www.sedar.com (the "MD&A"), which pages are incorporated by reference herein.

Principal Markets

Business Aircraft's customers are located worldwide and are primarily civil owner-operators or aviation service providers. For the financial year ended December 31, 2016, the majority of Business Aircraft's revenues were generated in North America. The European market, including Russia and the Commonwealth of Independent States ("CIS"), was in second position in terms of revenues generated for the financial year ended December 31, 2016, while the Chinese market captured the third position.

Distribution Methods

Aircraft ordered by customers are delivered by the Corporation or its subsidiaries. Marketing of Business Aircraft products is provided through marketing and sales offices of the Corporation or its subsidiaries. In the Americas, marketing and sales offices are located in Canada, the United States and Brazil. In Europe and Russia, marketing and sales are conducted through an office in the United Kingdom. For Asia, Africa, the Middle East and Oceania, such offices are maintained in Dubai, Hong Kong, Singapore, China, India and Australia. Parts are available from two main parts distribution hubs in Chicago and in Frankfurt. The parts distribution hubs are complemented by regional depots in Australia, the United States, China, Hong Kong, Japan, Singapore, South Africa and the United Arab Emirates. Maintenance services are also available through OEM service centres located in the United States, in Europe and in Asia-Pacific as well as various authorized service and line maintenance facilities throughout the world.

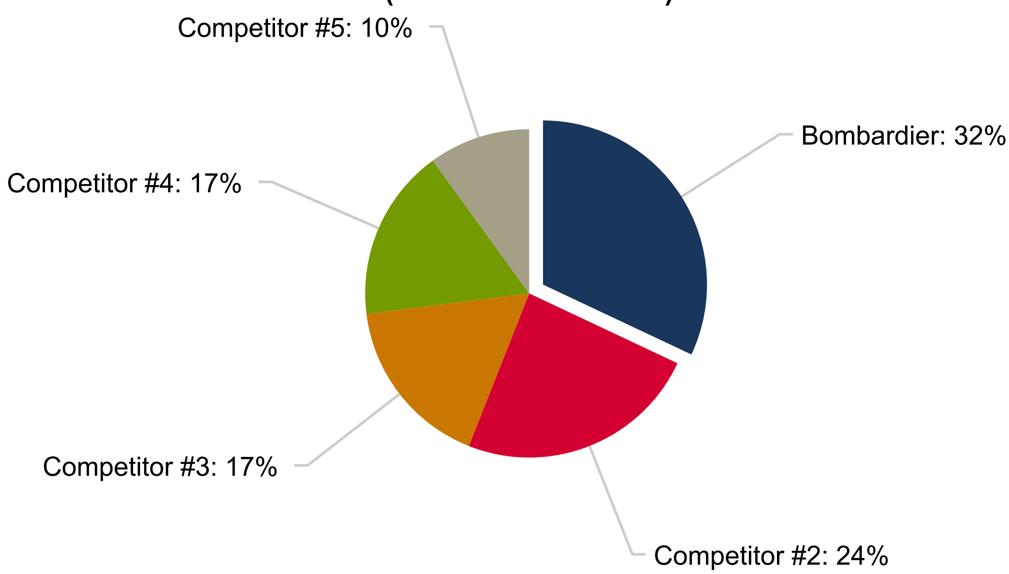
Competition

Business Aircraft faces rigorous competition from a variety of competitors comprising both global players with a broad product and service portfolio and regional competitors with a narrower product focus, including principally, Gulfstream, Dassault, Cessna and Embraer.

Business Aircraft Estimated Market Share by Units Delivered and Revenues

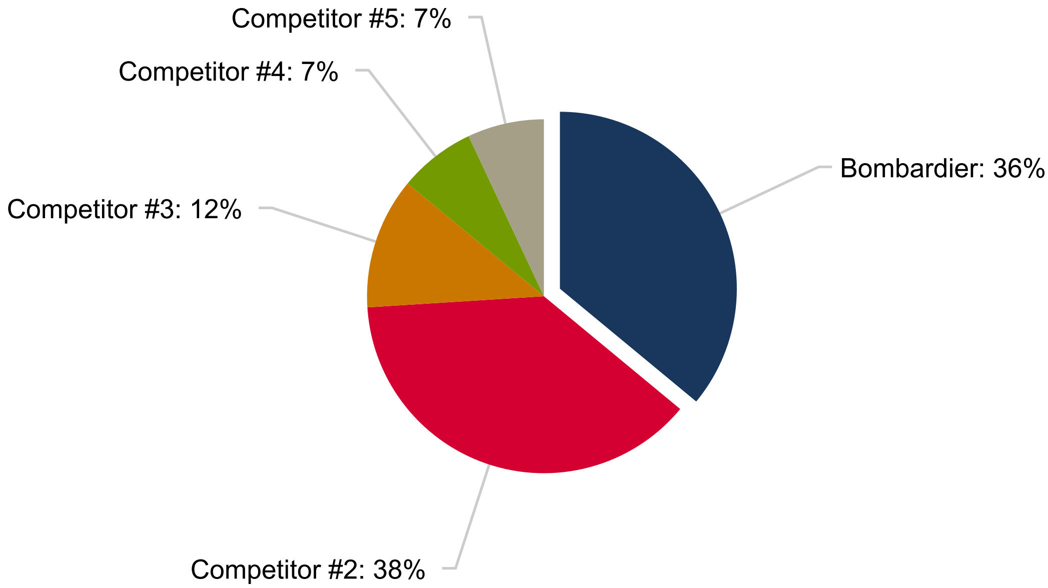
The following charts illustrate Business Aircraft's competitive environment and show Business Aircraft's estimated market share in terms of units delivered and revenues over the three-year period ended December 31, 2016 in the business aircraft categories in which it competes.

Market Shares by Units Delivered
January 1, 2014 to December 31, 2016
(566 Units Delivered)



Source: Based on Business Aircraft estimates, competitors' public disclosure, the General Aviation Manufacturers Association (GAMA) shipment reports, Ascend Flight Global and Business and Commercial Aviation Magazine list prices.

Market Shares by Revenues
January 1, 2014 to December 31, 2016



Source: Based on Business Aircraft estimates, competitors' public disclosure, the General Aviation Manufacturers Association (GAMA) shipment reports, Ascend Flight Global and Business and Commercial Aviation Magazine list prices.

New Products and Product Development

Information about Business Aircraft's new products and product development can be found in the section entitled "Business Aircraft - Analysis of Results" on pages 50 and 51 of the Corporation's MD&A, which pages are incorporated by reference herein.

Commercial Aircraft

Commercial Aircraft has production and engineering sites in Canada (Mirabel, Montréal and Toronto) and an international service, support and sales network, located in a variety of countries.

The global headquarters of Commercial Aircraft is located in Mirabel, Québec, Canada.

Market Segments

Information about products and services offered by Commercial Aircraft can be found in the section entitled "Commercial Aircraft - Profile" on pages 58 and 59 of the Corporation's MD&A, which pages are incorporated by reference herein.

Principal Markets

Commercial Aircraft customers are located worldwide and are primarily civil passenger and cargo operators, as well as aircraft leasing companies that purchase commercial aircraft products directly from Commercial Aircraft and lease them on to operators. Through its Specialized Aircraft group, Commercial Aircraft also cater to the needs of government customers around the world and other special mission providers by adapting its class-leading platforms to cover the entire spectrum of mission types. For the financial year ended December 31, 2016, the majority of Commercial Aircraft's revenues were generated in North America. The European market, including Russia and the

CIS, was in second position in terms of revenues generated for the financial year ended December 31, 2016. The Chinese market captured the third position and Africa the fourth position.

Distribution Methods

Aircraft ordered by customers are delivered by the Corporation or its subsidiaries. Marketing of Commercial Aircraft products is provided through marketing and sales offices of the Corporation or its subsidiaries. In the Americas, marketing and sales offices are located in Canada, United States and Brazil. In Europe, marketing and sales are conducted through offices in Germany, Russia and the United Kingdom. In Asia, such offices are maintained in the United Arab Emirates, Singapore, China and Japan. Commercial Aircraft parts services are available from two main distribution centres in Chicago and in Frankfurt and from spare parts depots in Hong Kong, Singapore, Sydney, Narita, Dubai, Beijing, São Paulo and Johannesburg. Maintenance services are also available through OEM service centres located in the United States as well as through various authorized service and line maintenance facilities throughout the world.

Competition

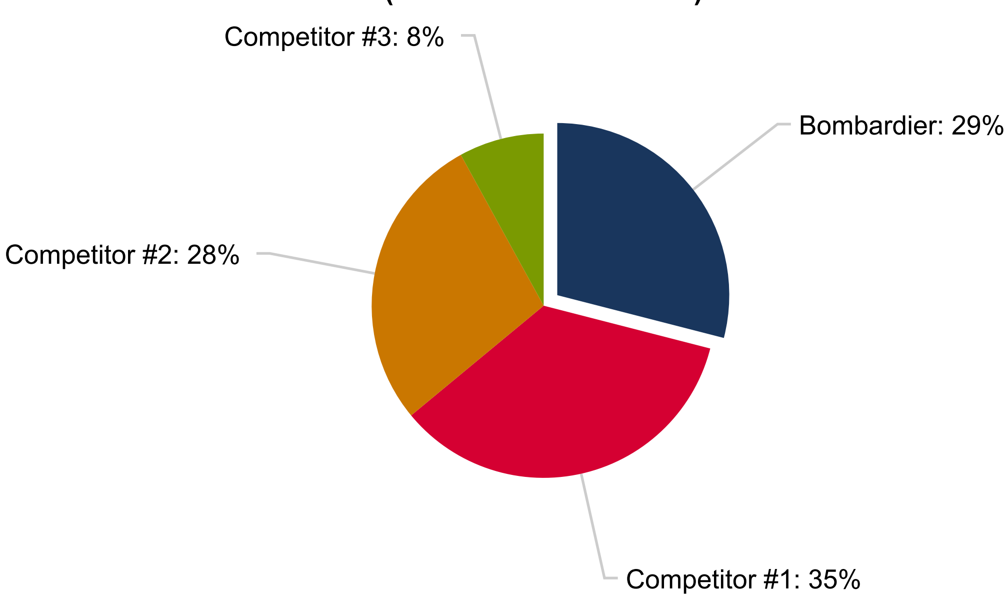
Commercial Aircraft faces rigorous competition from a variety of competitors comprising both global players with a broad product and service portfolio and regional competitors with a narrower product focus, and which include, principally, Airbus, ATR, Boeing, COMAC, Mitsubishi, Embraer and Sukhoi.

Commercial Aircraft Estimated Market Share by Units Delivered and Gross Orders

The following charts illustrate Commercial Aircraft's competitive environment and show Commercial Aircraft's estimated market share in terms of units delivered and gross orders over the three-year period ended December 31, 2016, in the 60-100 seat aircraft category.[1]

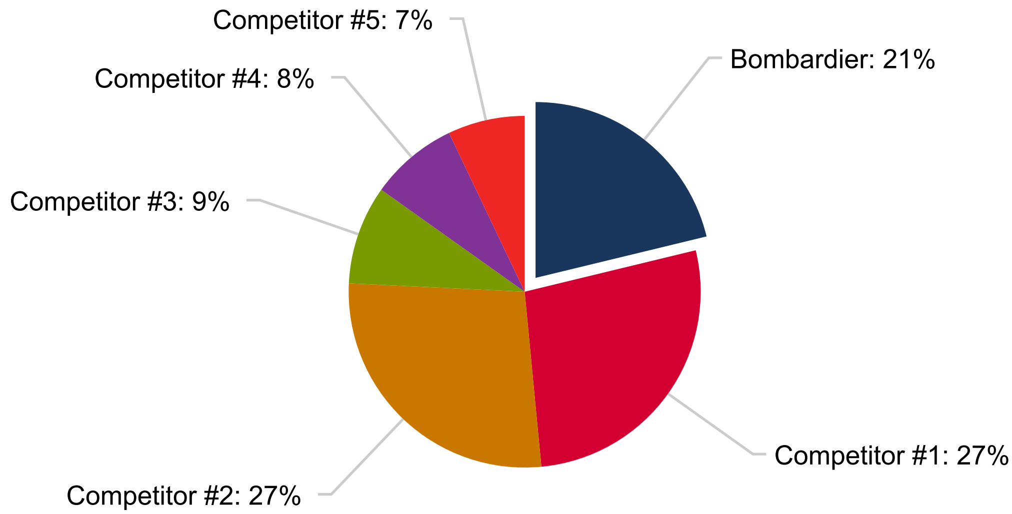
[1] As Commercial Aircraft only started competing in the 100-150 seat category in 2016, reliable data with regard to the Commercial Aircraft's market share for this category is not yet available.

Market Shares by Units Delivered
January 2014 to December 2016
60 to 100 Seat Segment
(810 aircraft deliveries)



Sources: Commercial Aircraft’s estimates based on delivery data available from Ascend fleet database by Flightglobal.

Market Shares by Gross Orders
January 2014 to December 2016
60 to 100 Seat Segment
(863 aircraft orders)



Sources: Commercial Aircraft's estimates based on internal data and data from Ascend fleet database by Flightglobal.

New Products and Product Development

Information about Commercial Aircraft's new products and product development can be found in the section entitled "Commercial Aircraft - Analysis of Results" on pages 67 and 68 of the Corporation's MD&A, which pages are incorporated by reference herein.

Aerostructures and Engineering Services

Aerostructures and Engineering Services has facilities based in five countries, including four manufacturing and engineering sites, located in Canada (Montréal), the United Kingdom (Belfast), Mexico (Querétaro) and Morocco (Casablanca). Two aerostructures aftermarket service centres are located in the United States (Dallas) and the United Kingdom (Belfast). The global headquarters of Aerostructures and Engineering Services are located in Montréal, Québec, Canada.

Market Segments

Aerostructures and Engineering Services provides products and services in the following areas: the design, build and aftermarket services for complex composite and metallic aerostructures, including engine nacelles, cockpits, fuselage sub-assemblies and components, wing sub-assemblies and components; the design build and aftermarket services for system components, including electrical harnesses and tubing components; and engineering solutions including ground testing and flight test outfitting activities, aircraft structures design and stress analysis.

Information about products and services offered by Aerostructures and Engineering Services can be found in the section entitled "Aerostructures and Engineering Services - Profile" on page 77 of the Corporation's MD&A, which page is incorporated by reference herein.

Principal Markets

Aerostructures and Engineering Services has a worldwide customer base composed of aircraft OEMs, engine manufacturers and aircraft operators as well as aerostructure suppliers. The principal market for Aerostructures and Engineering Services are civil aircraft OEMs both internally and externally. Internally, Aerostructures and Engineering Services provides major structural components to Business Aircraft and Commercial Aircraft programs. Externally, Aerostructures and Engineering Services offers mainly structural components and engine nacelles.

Distribution Methods

Products and engineering services are delivered by Aerostructures and Engineering Services directly to its customers in North America, Europe and Asia. Business Development of Aerostructures and Engineering Services products and services is provided primarily through its facilities located in Canada and the United Kingdom.

Competition

Aerostructures and Engineering Services has world class design, manufacture and service capabilities for wings, cockpit, fuselages (including doors), nacelles and other aerostructure components. Aerostructures and Engineering Services is one of a few suppliers with design and build capability for complete wings in composite materials, such as for all composite wings for the *C Series* aircraft program. Aerostructures and Engineering Services' competitive environment is very fragmented and diversified, with many submarkets. Aerostructures and Engineering Services is largely focused as an internal supplier to Bombardier aircraft programs and is benchmarked against external Tier 1 and Tier 2 suppliers to ensure it is competitive.

Aerospace Production Methods

Business Aircraft products are manufactured in its production facilities located in Canada (Montréal and Toronto) and the United States (Wichita) whereas Commercial Aircraft products are manufactured in its production facilities located in Canada (Mirabel and Montréal). Operations conducted in those facilities vary from manufacturing and assembly of aircraft components and parts to final aircraft assembly, interior finishing, painting and pre-flight activities.

Aerostructures and Engineering Services activities take place at its facilities in Canada (Montréal), the United Kingdom (Belfast), Mexico (Querétaro), Morocco (Casablanca) and the United States (Dallas). Operations conducted in these facilities vary from design, manufacturing and aftermarket services to engineering services including experimental and ground testing, tooling and a range of services to support testing of new aircraft programs.

The raw materials, various components, items and systems required to manufacture aircraft and aerostructures and system components are procured around the world and procurement varies from product to product. Most of these materials, components and systems are provided by suppliers with which Bombardier has long-term contracts. Bombardier seeks long-term relationships with major direct and indirect suppliers for the development of new aircraft programs and for the delivery of materials, major systems and components to build and deliver aircraft and support customers with related services. Bombardier is continuously assessing and streamlining its supplier base to ensure an efficient global supply chain and sustainable procurement processes. Within its supply chain, Bombardier has built relationships with suppliers worldwide in production, indirect goods and services and aftermarket.

Transportation

Transportation offers a portfolio of efficient products and services in the rail industry, covering the full spectrum of rail solutions, ranging from complete trains to sub-systems, services, system integration and signalling. Based on this suite of innovative technologies, Transportation has won orders across all product segments and major geographies, underlining the competitiveness of its products and services worldwide.

Transportation has production and engineering sites located worldwide.

The global headquarters of Transportation are located in Berlin, Germany.

For a list of the Corporation’s principal subsidiaries that fall within Transportation, see “Item 1 - Corporate Structure, section 1.2 - Subsidiaries”.

Market Segments

Information about products and services offered by Transportation can be found in the section entitled “Transportation - Profile” on pages 85 to 88 of the Corporation’s MD&A, which pages are incorporated by reference herein.

Principal Markets

Revenues by Geographic Region

Transportation external revenues for the financial year ended December 31, 2016: $7.567 billion

• Global headquarters

(1) The "Rest of world" region includes South America, Central America, Africa, the Middle East and the CIS.

The vast majority of Transportation’s rolling stock business is with large railway operators in the public sectors, such as national railways and municipal transit authorities. These organizations rely on public involvement for infrastructure funding and operations financing. Most operate on a regional or national basis, but some now focus operations internationally along with emerging private trans-national operators. While deregulation is a factor in some markets, public-sector entities still dominate in most regions.

Distribution Methods

The sales teams in Transportation's geographic regions, which have in the course of 2016 been reduced from 4 to 3 ((i) EMEA (Europe, Middle East and Africa), (ii) Asia-Pacific and (iii) Americas) and the global business Rail Control Solutions for signalling are responsible for Transportation's sales activities. As such Transportation has sales offices in all its key markets including the fast-growing rail markets such as Asia-Pacific, the Middle East and South Africa.

In the last quarter of 2016, Transportation decided to pool regional sales teams and to create a global sales and marketing function to further strengthen overall alignment on business development as well as sales and marketing. As before, all regions and global divisions follow the same directives, processes and guidelines for their sales activities, the management of their key accounts, the documentation of future opportunities and bids, the selection and management of sales intermediaries (representatives) and customer relationship management. Transportation continuously focuses on customers, and follows a systematic process to monitor customer satisfaction.

All selling activities are done via tender or negotiation processes and, accordingly, Transportation obtains most of its contracts through competitive bidding processes. Customers of Transportation compete with air and road-based transportation, making passenger safety and comfort, travel times, efficiency, service reliability and capacity important competitive factors. Key factors in rail procurement tenders are compliant with customer specifications, product reliability, maintainability, availability, safety, price and life cycle cost, energy efficiency, design, time to market and innovation. Critical customer requirements include passenger experience, performance, life-cycle costs and systems integration. Additionally, local content in products is often an important criterion to public customers.

Transportation's selective bidding approach based on pre-defined criteria permits it to select projects that contribute to the de-risking of its order book. Transportation aims to bid on opportunities that will increase the share of highly standardized projects in its product portfolio. Transportation typically selects projects that will allow it to optimize the use of its existing engineering and manufacturing capacities. In addition, Transportation strengthens its focus on the entire value chain of its projects and since services provide an attractive return, Transportation aims to bid on tenders that include a service component and also capture more system integration opportunities.

Production Methods

Transportation covers a full spectrum of railway solutions, ranging from product design, components production and complete train manufacturing to system integration, as well as services and refurbishment solutions. Transportation products are developed, manufactured, assembled and serviced through a global network of sites. The sites are specialized by market segment and type of operation.

Transportation has engineering and production sites specialized in manufacturing and assembly of end products such as locomotives, metros, light rail vehicles, commuter and regional trains, intercity and high-speed trains, as well as production of components such as bogies and propulsion equipment and engineering and production sites for its signaling and systems businesses. Transportation also has main services sites which focus on fleet maintenance, refurbishment and overhaul and services sites on customer premises which perform fleet maintenance and spare parts supply activities.

Through its operational improvement program, Transportation continuously improves the performance of its sites to deliver products to meet the requirements of its customers.

Transportation principally contracts with and delivers its products directly to end-customers or via participation in consortiums. Contracts tend to be large in size and relatively complex in design, resulting in significant engineering and design lead times before delivery. Building on modular platforms allows for shorter lead times, lower costs and reduced execution risks while enhancing product flexibility to address specific customer needs. As such, Transportation's technology standardization and modularization strategy transforms and de-risks the way it develops technologies through the adoption of a platform-based product approach that aims to standardise designs, processes and tools in relation to delivering various sub-systems and building blocks of vehicles that can then be applied across projects, thus significantly increasing technology synergies and re-use opportunities. These initiatives have been deployed on the *FLEXITY* and *TRAXX* product families, among others, and are being rolled out across other product families.

With regard to procurement, Transportation works through a centralized procurement function since the beginning of 2016, integrating the global supply chain as well as strategic and operational procurement designed to ensure an efficient and cost effective sourcing of material and services across all regions and global businesses. The Corporation aims to optimize the total cost of ownership and drive economies of scale through standardization of all categories, systems and non-product related procurement activities. Through its global procurement savings program, Transportation works jointly with its internal and external stakeholders to continuously improve the performance, cost and quality of its supply chain.

Transportation develops its skills and organization to build, maintain and further integrate a cost effective global supply chain and to ensure a consistent network of socially responsible suppliers for Transportation's key markets.

In order to improve reliability and reduce complexity and costs of its supply chain, Transportation has well advanced in the deployment of its company-wide supplier management program, aimed at reducing its supplier base to a more manageable level and establishing strategic, long-term partnerships with a smaller global supplier base for all projects, thereby maximising suppliers' commitment, enabling co-development of technologies and use of joint engineering reviews and tools, sharing of project risks, improving customer response times and inventory carrying periods, as well as focusing on aftermarket partnerships.

Competition

The worldwide rail market has been resilient historically to economic recessions and therefore attracts numerous competitors. Since 2014, the industry has experienced increased consolidation and competitiveness among both the original equipment manufacturers as well as the suppliers. Nevertheless, Bombardier believes it maintained a leading position in all regions and captured a significant share of the relevant and accessible rail market by providing the most diversified product portfolio in the industry.

Transportation generally faces competition from a variety of competitors in the accessible rail market(1), comprising of both regional and international players with distinct product focus, such as CRRC, Alstom, Siemens, Hitachi-Ansaldo, CAF, Stadler, Hyundai-Rotem, Kawasaki, GE, Thales and Talgo.

Transportation believes it holds a leading position in terms of order intake in Europe, North America and select markets in the Asia-Pacific region, resulting in large part from its long-term value proposition and diverse product portfolio. In Europe and North America, Transportation has secured important contracts in the regional and commuter, light rail vehicles and locomotives segments as well as in the signalling and services segments. In the Asia-Pacific region, Transportation continues to develop its presence and further expand its product and services offering with its local partners. Transportation has also successfully maintained and increased its presence in other countries such as Australia, China, India and Thailand.(2)

Information about Transportation's order intake during the fiscal year ended December 31, 2016, can be found at pages 94 to 96 under the section entitled "Transportation - Analysis of Results" of the Corporation's MD&A, which pages are incorporated by reference herein.

(1) Transportation's relevant and accessible rail market is the world rail market, excluding the share of markets associated with contracts that are awarded to local players without open-bid competition. Transportation's relevant and accessible market also excludes the infrastructure, freight wagon and shunter segments.
(2) All statements in this paragraph are based on Transportation's management's tracking of published Rolling Stock orders in 2012-2016 in Transportation's accessible rail market outside China; excluding Services, Systems and Signalling, and Diesel locomotives outside Europe.

SEGMENTED DISCLOSURE

For information on the Corporation's revenues allocated by country (based on the location of the customer) and revenues by reportable segment, reference is made to note 5 of the Corporation's consolidated financial statements for the fiscal years ended December 31, 2016 and December 31, 2015 filed on SEDAR (www.sedar.com) on February 16, 2017, which note is incorporated by reference into this Annual Information Form.

AGREEMENTS RELATED TO THE USE OF CERTAIN TECHNOLOGIES

Some operations of Bombardier are conducted under agreements, which allow the Corporation to use certain technical data and information related to products or technologies developed by others. The most important of these agreements was signed on December 22, 1986 (the "CFC Agreement"), with Cartierville Financial Corporation Inc. ("CFC"), a wholly owned subsidiary of Canada Development Investment Corporation, in turn wholly owned by the Canadian federal government, under which Canadair Limited obtained a license granting it the exclusive and absolute right to use and exploit the technology related to the design of the *Challenger* aircraft and to use and incorporate this technology in the manufacture, development, testing, sale, distribution, maintenance and support of *Challenger* aircraft and any other related product worldwide. The initial term of the CFC Agreement was 21 years; however, the Corporation (as successor in interest to Canadair Limited) had the option to renew the CFC Agreement for three additional consecutive periods of 21 years each. The first of such options was exercised during the 2007 fiscal year. In consideration of the rights thus granted to it, the Corporation paid CFC a lump sum of Cdn $20 million in 1988, less an amount equal to certain royalties paid, in lieu of the royalties provided for under the CFC Agreement.

ENVIRONMENT

Environmental Laws and Risks

The Corporation’s products as well as its manufacturing and services activities are subject to environmental regulations by federal, provincial and local authorities in Canada as well as local regulatory authorities with jurisdiction over the Corporation’s operations outside of Canada. In addition, the Corporation has established and periodically updates its Health, Safety and Environment policy (the “HSE Policy”) that defines the Corporation’s vision for its worldwide operations. The HSE Policy was renewed in December 2015. Consistent with this policy, a HSE Compliance Audit program has been implemented throughout the Corporation to ascertain material compliance of its manufacturing and services activities to all applicable HSE laws and regulations. Also, to prevent pollution, improve performance, and minimize environmental risks, the Corporation has deployed the ISO 14001 Standard to its manufacturing and services locations. To date, 100% of the Corporation’s locations with over 150 employees have been certified by external parties according to the ISO 14001 Standard for Environmental Management and to the OSHAS 18001 Standard for Health and Safety Management. All German and several other European Transportation sites are also registered under the European Union Eco-Management and Audit Scheme approach. Consistent with its policy of stressing environmental responsibility and its desire to maintain legal compliance, the Corporation routinely procures, installs and operates pollution control devices, such as wastewater treatment plants, groundwater monitoring devices, air strippers or separators, and incinerators at new and existing facilities constructed or upgraded in the normal course of business. In line with the requirements set by the ISO 14001 Standard, imminent environmental laws and regulations are tracked and assessed on a regular basis. Future capital expenditures for pollution control systems resulting from these imminent regulatory requirements are not expected to have a material effect on the Corporation’s consolidated financial position. The Corporation is presently preparing to adapt its systems to the revised version of ISO 14001.

The Corporation’s regulatory risks associated with climate change generally fall under the national and local requirements implemented by each jurisdiction where the Corporation is present. Most countries where the Corporation carries out manufacturing activities are at various stages of developing binding emission allocations and trading schemes. During 2016, the Corporation’s regulatory risks associated with climate change mainly fell under its obligations to the European Union Emission Trading Scheme, the United Kingdom Climate Change Agreement, the United Kingdom's Carbon Reduction Commitment energy efficiency scheme (launched in April 2010) and the Québec carbon market trading scheme. At the end of 2016, the province of Ontario decided to integrate the same carbon market trading scheme as Quebec's, effective 2018.To date, the impact on the Corporation has been non-material. The Corporation continues to monitor risks associated with energy efficiency legislation, carbon or energy taxes, industry standards and other carbon trading mechanisms related to both its activities and products.

During 2016, the Corporation continued working on meeting a European regulation adopted in 2007, the Registration Evaluation Authorization and Restriction of Chemicals (“REACh”). The Corporation, through its reportable segments, has implemented mechanisms to ascertain compliance of its products and operations with the registration phase of REACh. The Corporation continues to monitor further developments in the context of REACh and their implementation in order to ensure full compliance. This regulation is not currently expected to have a material effect on the Corporation’s financial position.

European Union Emissions Trading Scheme

During 2016, one of the Corporation's sites qualified for the EU Allocation Programs but as this site did not exceed the applicable allocations, it did not present a material risk and the Corporation did not have to purchase carbon credits.

In line with the obligations imposed by the European Union Emission Trading System ("EU ETS"), Bombardier's flight operations departments at Aerospace, Transportation and Bombardier's corporate office submitted the required monitoring plans and emission reports to the proper national authorities (the United Kingdom and Germany) covering flights to and from airports within the European Union, Iceland, Norway and Liechtenstein.

Effective April 30, 2014, the EU ETS was revised and non-commercial flight operators with less than 100 tCO_2e emissions per year are exempt from filing reports and trade certificates from January 1, 2013 to December 31, 2020. This exemption applies to Bombardier.

Environmental Liabilities

With respect to environmental matters related to site contamination (historical contamination of soil and groundwater), the Corporation periodically conducts studies, both individually at sites owned by the Corporation, and jointly as a member of industry groups at sites not owned by the Corporation, to evaluate the presence of contaminants in the soil and groundwater, to determine the need and feasibility of various remediation techniques and to define the Corporation's share of responsibility. The Corporation is currently proceeding with decontamination at a small number of sites both in North America and in Europe. The known historical costs for soil and/or groundwater decontamination are not expected to have a material effect on the Corporation's consolidated financial position. During 2017, the anticipated costs related to environmental liabilities are not expected to be in excess of $25 million.

Potential Environmental Liabilities

Estimating future environmental clean-up liabilities is dependent on the nature and extent of historical and physical data about a given site, the complexity of the contamination, the uncertainty of which remedy to apply, the timing of the remedial action and the outcome of the discussions with regulatory authorities. Although it appears likely that annual costs for remediation activities might increase over time because of ever more stringent legal requirements, these costs are not currently expected to be material to the Corporation.

Environmental Policies

The Corporation strives to continuously reduce any detrimental environmental impact generated by its operations. The environmental footprint of services and manufacturing facilities remains an ongoing focus and the Corporation establishes objectives and targets to reduce its impact on the environment. Environmental reduction targets for energy consumption, carbon emissions, water consumption and waste generation were approved by the Corporation at the end of 2013 and covering the period from 2014 to 2018. More information about Bombardier's Environmental Management can be found at: www.bombardier.com/en/sustainability.html.

SUSTAINABILITY

Sustainability is an integral part of the Corporation's enterprise strategy. In 2016, the Corporation continued to embed sustainability within its business and was listed on the Dow Jones Sustainability North America Index, benchmark indicator of sustainability. In May 2016, the Corporation published its annual Activity Report, merging financial information with non-financial information. For further information, visit: http://www.bombardier.com/en/sustainability.html.

INTANGIBLE PROPERTIES

Bombardier uses various works protected by intellectual property rights that it owns outright or for which it has been granted rights to use. These works include brand names, customer lists, copyrights, patents, trademark designs, trade secrets and know-how. This intellectual property is important to Bombardier's operations and its success. Some of Bombardier's suppliers participate in the development of products such as aircraft or rolling stock platforms. They subsequently deliver major components to Bombardier and own some of the intellectual property on the key components they develop.

The Corporation's registered trademarks are generally renewed at the end of their respective validity periods. The Corporation has and intends to continue to protect its intellectual property rights and maintain its trademarks and the relevant registrations, and will actively pursue the registration of trademarks worldwide.

HUMAN RESOURCES

As world-class employees are crucial to preserving Bombardier's leadership and ensuring its continued growth, attracting and retaining the best talent is a constant priority for Bombardier.

Through various talent management initiatives, Bombardier strives to address challenges in both established and emerging markets. These challenges include:

- Skill shortages
- Demographic changes
- Increased competition for the best people
- Maintaining effective recruiting strategies in key markets
- Developing and retaining the best talent
- Leveraging best practices across Bombardier
- Continually improving its health and safety performance

For further information on Bombardier's Global Talent Management, visit: www.bombardier.com/en/sustainability/reports-and-publications.html.

Recruiting, developing and retaining qualified project management and engineering personnel remains fundamental to the success of Bombardier. Competition for these skill sets, particularly in engineering, has become even more intense especially in those areas where in-depth, industry specific expertise is required. Despite these challenges, Bombardier employees are well-trained, engaged and focused on constantly enhancing execution and customer engagement.

Aerospace employs many engineers with a wide breadth of expertise in areas such as aerospace design, aerodynamics, stress and structures, flight tests, avionics, hydro-mechanical and software engineering. To support its recruitment objectives, Aerospace works with educational institutions to train engineers in areas where there are shortages of qualified candidates. Aerospace also funds the development of programs, partners in curriculum design, provides expertise in teaching and offers internships to complement academic learning with hands on experience. In addition, it continues to expand on its internal training programs to continually improve the knowledge of its employees.

Transportation also employs many engineers, critical to the successful design, manufacturing and maintenance of rail transport solutions for the Corporation's global customers. Required skills include mechanical, electrical and software engineering. Transportation has defined key technical domains (e.g. acoustic, crash safety and others) and sub-system competency domains (e.g. brakes, propulsion system and others). Specialized engineering centres of competencies manage Transportation's technical knowledge and are supported by a dedicated technical expert career path.

Additional information about Bombardier's human resources can be found under the sections entitled "Analysis of Results" at pages 54, 72, 81 and 96, of the Corporation's MD&A, which pages are incorporated by reference herein.

RISK FACTORS

The description of risks affecting the Corporation and its activities can be found in the section entitled "Risks and Uncertainties" at pages 101 to 115 of the Corporation's MD&A, which pages are incorporated by reference herein.

DIVIDENDS

The Corporation declared the dividends indicated below on its outstanding shares during each of the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014. These dividends are denominated in Canadian dollars.

	December 31, 2016		December 31, 2015		December 31, 2014	
(millions of dollars, except per share amounts)	**Total**	**Per share on an annual basis**	**Total**	**Per share on an annual basis**	**Total**	**Per share on an annual basis**
Series 2 Cumulative Redeemable Preferred Shares	6.5	0.6756	6.8	0.7046	7.3	0.75
Series 3 Cumulative Redeemable Preferred Shares	1.8	0.7835	1.8	0.7835	1.8	0.7835
Series 4 Cumulative Redeemable Preferred Shares	14.7	1.5625	14.7	1.5625	14.7	1.5625
Class A shares	0	0	0	0	31.4	0.10
Class B subordinate voting shares	0	0	0	0	146.6	0.1015625

The articles of the Corporation stipulate that no dividends may be paid on the Class A shares or the Class B subordinate voting shares unless all accrued and unpaid dividends on the Series 2 Cumulative Redeemable Preferred Shares (the "Series 2 Preferred Shares"), Series 3 Cumulative Redeemable Preferred Shares (the "Series 3 Preferred Shares") and Series 4 Cumulative Redeemable Preferred Shares (the "Series 4 Preferred Shares") have been declared and paid or set aside for payment, or all the outstanding Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares, as the case may be, have been called for redemption and the redemption price of these shares has been deposited in the manner set out in the articles of the Corporation. In addition, the Corporation's ability to pay dividends is limited by the terms of some of its debt instruments.

On February 12, 2015, the Corporation announced the Board of Directors' decision to suspend the declaration of dividends on the Corporation's Class A shares and Class B subordinate voting shares, until further notice of the Board of Directors, considering that, in keeping with the Corporation's objectives, the Corporation's free cash flow would be more appropriately applied to bolstering the Corporation's financial structure and investing in its core programs and businesses.

Information about regular dividends declared and paid by the Corporation is made available through its website, accessible at www.bombardier.com.

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of (i) an unlimited number of preferred shares without nominal or par value issuable in series (the "Preferred Shares"), of which 12,000,000 have been designated as the Series 2 Preferred Shares, 12,000,000 have been designated as the Series 3 Preferred Shares and 9,400,000 have been designated as the Series 4 Preferred Shares, (ii) 3,592,000,000 Class A shares, and (iii) 3,592,000,000 Class B subordinate voting shares. As at December 31, 2016, the Corporation had outstanding 9,692,521 Series 2 Preferred Shares, 2,307,479 Series 3 Preferred Shares, 9,400,000 Series 4 Preferred Shares, 313,900,550 Class A shares and 1,932,675,863 Class B subordinate voting shares.

The Class B subordinate voting shares are restricted securities (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights as the Class A shares. In the aggregate, all voting rights associated with the Class B subordinate voting shares represented, as at December 31, 2016, 38.11% of the voting rights attached to all of the issued and outstanding voting securities of the Corporation.

Class A shares and Class B subordinate voting shares

Subordination and Voting Rights

The Class A shares and the Class B subordinate voting shares rank after the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. At each meeting of shareholders of the Corporation, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote, each Class A share entitles the holder thereof to 10 votes and each Class B subordinate voting share entitles the holder thereof to one vote.

Dividends and Liquidation

The holders of Class B subordinate voting shares are entitled to receive, in each fiscal year, if declared by the Board of Directors of the Corporation, in priority to the holders of Class A shares, a non-cumulative dividend at the rate of Cdn $0.0015625 per share per annum. After payment or setting aside for payment of said dividend, the holders of Class A shares and the holders of Class B subordinate voting shares are equally entitled, share for share, to any additional dividend which may be declared by the Board of Directors of the Corporation in such fiscal year with respect to the Class A shares and Class B subordinate voting shares.

In the event of the liquidation or winding-up of the Corporation or of any other distribution of its assets among its shareholders for the purpose of winding up its affairs, the holders of Class A shares and the holders of Class B subordinate voting shares will be entitled, share for share, to receive on a pro rata basis all of the assets of the Corporation remaining after payment of all of its liabilities, subject to the preferential rights attached to any shares ranking prior to the Class A shares and Class B subordinate voting shares.

Subdivision or Consolidation

In the event of the subdivision or consolidation of the Class A shares or the Class B subordinate voting shares, the Class A shares or the Class B subordinate voting shares, as the case may be, shall be subdivided or consolidated at the same time and in the same manner.

Conversion Privilege

Each Class A share is convertible at any time by the holder thereof into one fully paid and non-assessable Class B subordinate voting share. Each Class B subordinate voting share is convertible by the holder thereof into one fully paid and non-assessable Class A share at any time upon and after the occurrence of either one of the following events: (i) if an Offer (as defined in the articles of the Corporation) is made to all holders of Class A shares to acquire Class A shares and such Offer is accepted by the majority shareholder of the Corporation, namely, the Bombardier family; or (ii) if the Bombardier family ceases to hold, directly or indirectly, more than 50% of the outstanding Class A shares.

Except for the rights, privileges, restrictions and conditions attached to the Class A shares and Class B subordinate voting shares as described above, the Class A shares and the Class B subordinate voting shares have the same rights, are equal in all respects and are treated by the Corporation as if they were shares of one class only.

Preferred Shares as a Class

Issuable in Series

The Preferred Shares are issuable in series, each series consisting of such number of shares and having such rights, privileges, conditions and restrictions as may be determined by the Board of Directors prior to the issue thereof, subject to the provisions of the CBCA, the articles of the Corporation and to the conditions attached to any series of preferred shares outstanding.

Priority

The Preferred Shares of each series rank equally with the Preferred Shares of all other series and rank ahead of the Class A shares and the Class B subordinate voting shares with respect to the payment of dividends and the distribution of assets, to the extent described in the articles of the Corporation, in the event of the liquidation, dissolution or winding-up of the Corporation or of any other distribution of its assets among its shareholders for the purpose of winding up its affairs.

Dividends

The holders of Preferred Shares are entitled to receive preferential dividends in such amounts and at such intervals as may be determined by the Board of Directors of the Corporation with respect to each series prior to the issue thereof.

Rights on Liquidation

In the event of any liquidation, dissolution or winding-up of the Corporation or any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Preferred Shares shall be entitled to receive Cdn $25.00 per Preferred Share held, together with accrued and unpaid dividends.

Voting Rights

The holders of Preferred Shares do not have the right to receive notice of, attend, or vote at, any meeting of shareholders except to the extent otherwise provided in the articles of the Corporation with respect to any series of Preferred Shares or when holders of Preferred Shares are entitled to vote separately as a class or as a series as set forth in the CBCA or any successor statute, as amended from time to time. In connection with any matter requiring the approval of the Preferred Shares as a class, each holder is entitled to one vote for each dollar of the issue price of the Preferred Shares held. Each holder of Preferred Shares of a particular series shall be entitled, on a series vote, to one vote for each Preferred Share of such series held. Holders of Preferred Shares have no pre-emptive rights.

Modifications

The class provisions of the Preferred Shares may be amended at any time with such approval as may be required by the CBCA. The CBCA currently provides that such approval may be given by at least two-thirds of the votes cast at a meeting of the holders of Preferred Shares. The articles of the Corporation provide, with respect to meetings of holders of Preferred Shares, that a quorum is constituted by two or more persons, representing together, in their own right or as proxy holders or as representatives of such legal person or association, a number of Preferred Shares carrying at least 25% of the voting rights attached to all the outstanding Preferred Shares, in the case of a meeting of the holders of Preferred Shares as a class, or a number of Preferred Shares of any series carrying at least 25% of the voting rights attached to all the outstanding Preferred Shares of such series, in the case of a meeting of the holders of Preferred Shares of that series as a series. However, at any adjourned meeting, the quorum will be constituted by the persons present at such adjourned meeting, irrespective of the percentage of outstanding Preferred Shares held by such persons.

Series 2 Preferred Shares

The Series 2 Preferred Shares are non-voting (except if the Corporation fails to pay in full 24 monthly dividends, until all arrears of dividends on the Series 2 Preferred Shares have been paid), redeemable at the Corporation's option (with respect to all and not less than all outstanding Series 2 Preferred Shares) at Cdn $25.50 per share (together with accrued and unpaid dividends), convertible on a one-for-one basis on August 1, 2017 and on August 1 of every fifth year thereafter into Series 3 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 2 Preferred Shares on the conversion date, such remaining number shall be automatically converted into an equal number of Series 3 Preferred Shares. Likewise, if the Corporation determines 14 days before the conversion date that at such time, there would be less than 1,000,000 outstanding Series 3 Preferred Shares, then no Series 2 Preferred Shares may be converted. Variable adjustable cumulative preferential cash dividends are payable monthly on the 15th day of each month, if declared by the Board of Directors, with the annual variable dividend rate set between 50% and 100% of the Canadian prime rate, adjusted as follows. The dividend rate will vary in relation to changes in the prime rate and will be adjusted upwards or downwards on a monthly basis up to a monthly maximum of 4% of the prime rate if the trading price of the Series 2 Preferred Shares is less than Cdn $24.90 per share or more than Cdn $25.10 per share.

None of the provisions of the articles of the Corporation relating to Series 2 Preferred Shares as a series shall be amended or otherwise changed unless the series provisions relating to Series 3 Preferred Shares are amended or otherwise changed in the same proportion and in the same manner.

Series 3 Preferred Shares

The Series 3 Preferred Shares are non-voting (except if the Corporation fails to pay in full eight quarterly dividends, until all arrears of dividends on the Series 3 Preferred Shares have been paid), redeemable at the Corporation's option (with respect to all and not less than all outstanding Series 3 Preferred Shares) at Cdn $25.00 per share (together with accrued and unpaid dividends) on August 1, 2017 and on August 1 of every fifth year thereafter, convertible on a one-for-one basis at the option of the holder on August 1, 2017 and on August 1 of every fifth year thereafter into Series 2 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 3 Preferred Shares on the conversion date, the remaining number shall be automatically converted into an equal number of Series 2 Preferred Shares. Likewise, if the Corporation determines 14 days before the conversion date that at such time, there would be less than 1,000,000 outstanding Series 2 Preferred Shares, then no Series 3 Preferred Shares may be converted. The Series 3 Preferred Shares carry an annual dividend rate of 3.134% for the five-year period from August 1, 2012 to and including July 31, 2017, payable quarterly on the last day of January, April, July and October, if declared by the Board of Directors. The quarterly dividend rate will be fixed by the Corporation at least 45 days and not more than 60 days before each subsequent five-year dividend period. Each five-year fixed dividend rate selected by the Corporation shall not be less than 80% of the Government of Canada bond yield as defined in the Articles of Amendment creating the Series 3 Preferred Shares.

None of the provisions of the articles of the Corporation relating to Series 3 Preferred Shares as a series shall be amended or otherwise changed unless the series provisions relating to Series 2 Preferred Shares are amended or otherwise changed in the same proportion and in the same manner.

Series 4 Preferred Shares

The Series 4 Preferred Shares are entitled to fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors of the Corporation, at a rate equal to Cdn $1.5625 per share per annum. Dividends are payable quarterly on the last day of January, April, July, and October each year at a rate of Cdn $0.390625 per share per quarter. The Series 4 Preferred Shares are non-voting (except if the Corporation fails to pay in full eight quarterly dividends, until all arrears of dividends on the Series 4 Preferred Shares have been paid).

The Corporation may, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 4 Preferred Shares in whole or in part, at the Corporation's option, at Cdn $25.00 (together with accrued and unpaid dividends). Alternatively, the Corporation may, on not less than 30 nor more than 60 days' notice, and subject to stock exchange approvals, convert all or any part of the outstanding Series 4 Preferred Shares into fully paid and non-assessable Class B subordinate voting shares of the Corporation. The number of Class B subordinate voting shares of the Corporation into which each Series 4 Preferred Share may be converted will be determined by dividing the applicable redemption price per Series 4 Preferred Share together with all accrued and unpaid dividends to but excluding the date of conversion by the greater of Cdn $2.00 and 95% of the weighted average trading price of such Class B subordinate voting shares on the Toronto Stock Exchange ("TSX") for the period of 20 consecutive trading days which ends on the fourth day prior to the date specified for conversion or, if that fourth day is not a trading day, on the immediately preceding trading day (the "Current Market Price"). Fractional Class B subordinate voting shares shall not be issued on any conversion of Series 4 Preferred Shares but in lieu thereof the Corporation shall make cash payments in an amount per fractional Class B subordinate voting share otherwise issuable equal to the product of the fraction of the Class B subordinate voting share otherwise issuable and the greater of Cdn $2.00 or 95% and such Current Market Price. The Corporation may, at its option, at any time grant the holders of Series 4 Preferred Shares the right, but not the obligation, to convert their shares upon notice into a further series of Preferred Shares on a share-for-share basis.

Security Ratings

As at February 15, 2017, the Corporation had a long-term debt rating of B from Fitch Ratings Ltd. ("Fitch") with a negative outlook. The Corporation has also received a Corporate Family Rating of B2 and long-term debt ratings of B3 from Moody's Investors Service, Inc. ("Moody's") with a stable outlook as well as long-term debt ratings of B- from Standard & Poor's ("S&P") with a stable outlook. Fitch has also rated the preferred shares of the Corporation as a CCC+, while S&P rated the preferred shares as CCC- on the global scale or P-5 (low) on the Canadian scale.

S&P rates long-term debt by rating categories ranging from a high of AAA to a low of D, Moody's ratings range from a high of Aaa to a low of C, Fitch's ratings range from a high of AAA to a low of D.

A B- long-term debt rating by S&P is the sixth highest rating of ten categories. An obligor with long term debt rated in the B category is more vulnerable than the obligors rated in the BB category but currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments. Moody's B long-term debt rating is the sixth highest rating of nine categories. A B rating is used for long term debt considered to be speculative and which is subject to high credit risk. The "2" numerical modifier indicates that the obligor and/or obligations have a ranking that is in the mid-range of the B rating category and the "3" numerical modifier indicates a ranking that is in the lower end of the B rating category. A B long-term debt rating by Fitch is the sixth highest rating of eleven categories and indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

A preferred share rating of CCC+ from Fitch is also used to give an indication of a corporate issuer's relative vulnerability to default on an ordinal scale where this rating indicates a substantial credit risk being present. In addition, a preferred share rating in the CCC category from S&P indicates that the obligation is vulnerable to nonpayment, and is dependent upon favourable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuance of securities as well as an issuer's credit quality and disregard certain factors such as market risk or price risk. These factors should be considered by investors as risk factors in their investment decision making process.

The credit ratings accorded by S&P, Moody's and Fitch are not recommendations to purchase, hold or sell securities. There is no assurance that the ratings will remain in effect for any given period of time or that the rating will not be revised or withdrawn entirely by S&P, Moody's or Fitch in the future if it is in their judgment that circumstances so warrant.

During the past two years, the Corporation has made normal course payments to Moody's, Fitch and S&P in connection with their rating services, which include annual surveillance fees covering Bombardier's outstanding securities, in addition to one-time rating fees when securities are initially issued.

MARKET FOR THE SECURITIES OF THE CORPORATION

The Corporation's Class A shares, Class B subordinate voting shares, Series 2 Preferred Shares, Series 3 Preferred Shares and Series 4 Preferred Shares are listed for trading on the TSX under the symbols "BBD.A", "BBD.B", "BBD.PR.B", "BBD.PR.D" and "BBD.PR.C", respectively. The following table sets forth the reported high, low and closing sale prices in Canadian dollars and the cumulative volume of trading of each of the Corporation's securities listed for trading on the TSX for the periods indicated:

Month of year ended 2016		Class A Shares "BBD.A"	Class B Subordinate Voting Shares "BBD.B"	Series 2 Preferred Shares "BBD.PR.B"	Series 3 Preferred Shares "BBD.PR.D"	Series 4 Preferred Shares "BBD.PR.C"
December	High	$2.39	$2.20	$8.88	$8.99	$17.50
	Low	$2.01	$1.83	$8.01	$8.09	$15.60
	Close	$2.33	$2.16	$8.85	$8.89	$17.49
	Volume	1,730,027	129,830,399	330,697	87,836	319,984
November	High	$2.25	$2.05	$8.52	$8.60	$16.99
	Low	$1.90	$1.72	$8.02	$8.09	$15.68
	Close	$2.05	$1.88	$8.45	$8.42	$16.28
	Volume	1,813,876	86,451,728	234,445	66,140	283,254
October	High	$2.14	$1.90	$8.49	$9.00	$17.20
	Low	$1.88	$1.70	$7.94	$8.42	$16.21
	Close	$2.02	$1.78	$8.12	$8.64	$16.69
	Volume	1,327,373	70,438,658	126,418	49,518	178,670
September	High	$2.35	$2.16	$8.90	$9.23	$17.88
	Low	$1.76	$1.56	$7.80	$8.19	$16.43
	Close	$2.03	$1.80	$8.30	$8.60	$16.79
	Volume	2,379,251	137,444,935	217,066	65,251	196,572
August	High	$2.36	$2.15	$8.90	$9.53	$18.00
	Low	$2.17	$1.91	$8.10	$8.44	$16.44
	Close	$2.33	$2.15	$8.84	$9.11	$17.90
	Volume	1,660,150	77,196,310	133,162	67,146	243,971
July	High	$2.40	$2.19	$8.99	$9.43	$17.75
	Low	$2.12	$1.91	$8.18	$8.66	$15.75
	Close	$2.35	$1.96	$8.72	$8.95	$16.57
	Volume	1,558,693	81,505,204	196,886	55,537	296,968
June	High	$2.25	$2.01	$8.32	$8.82	$15.99
	Low	$2.02	$1.69	$7.85	$7.82	$14.55
	Close	$2.22	$1.94	$8.15	$8.65	$15.91
	Volume	1,501,232	103,966,551	156,200	58,503	199,063
May	High	$2.48	$2.05	$8.36	$8.23	$16.25
	Low	$2.14	$1.79	$7.70	$7.68	$14.38
	Close	$2.15	$1.97	$8.20	$8.18	$15.98
	Volume	3,651,219	142,738,833	135,753	55,682	271,609
April	High	$3.35	$2.28	$8.50	$8.44	$16.94
	Low	$1.35	$1.21	$6.28	$6.61	$12.01
	Close	$2.25	$1.89	$8.10	$8.10	$15.20
	Volume	11,393,778	322,425,142	407,853	123,824	446,806

March	High	$1.56	$1.43	$6.99	$6.95	$13.18
	Low	$1.21	$1.06	$6.40	$6.42	$10.02
	Close	$1.43	$1.32	$6.65	$6.64	$12.00
	Volume	2,429,843	173,556,917	132,087	38,236	271,567
February	High	$1.47	$1.33	$6.84	$7.01	$11.29
	Low	$0.89	$0.72	$4.99	$4.78	$7.78
	Close	$1.24	$1.06	$6.80	$6.57	$10.19
	Volume	5,154,956	255,512,427	306,731	85,827	362,576
January	High	$1.53	$1.36	$7.30	$7.10	$12.86
	Low	$0.99	$0.87	$6.26	$5.82	$9.67
	Close	$1.08	$0.98	$6.45	$6.04	$9.72
	Volume	3,005,823	167,245,154	322,194	66,731	230,664

DIRECTORS AND EXECUTIVE OFFICERS

The names of the directors and executive officers of the Corporation, their municipality of residence, the positions held by them within the Corporation, the principal occupations of the directors, the period during which each director has exercised his or her mandate, as well as the number of Class A shares or Class B subordinate voting shares, as the case may be, of the Corporation that the directors, as at February 15, 2017, owned beneficially or over which they exercised control or direction, are indicated below. No Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares are held by any director.

Directors

Name, Municipality of Residence, Principal Occupation(s) and Position(s) Held Within the Corporation	Period of Service as a Director	Class A Shares[1]	Class B Subordinate Voting Shares[1]
Laurent Beaudoin, C.C., FCPA, FCA Westmount, Québec, Canada Chairman Emeritus of the Board of Directors	1975 to date	13,302,944[2]	8,695,136[2]
Pierre Beaudoin Westmount, Québec, Canada Executive Chairman of the Board of Directors	2004 to date	512,859	815,112
Alain Bellemare Verdun, Québec, Canada President and Chief Executive Officer of the Corporation	2015 to date		605,388
Joanne Bissonnette[3] Montréal, Québec, Canada Corporate Director	2012 to date	–	5,824
J. R. André Bombardier Montréal, Québec, Canada Vice Chairman of the Board of Directors	1975 to date	65,401,042	7,335,910
Martha Finn Brooks [c] [d] Atlanta, Georgia, United States Corporate Director	2009 to date	–	30,000
Jean-Louis Fontaine Montréal, Québec, Canada Vice Chairman of the Board of Directors	1975 to date	4,097,472[4]	6,465
Sheila Fraser, FCPA, FCA[a] Ottawa, Ontario, Canada Corporate Director	2012 to date	—	—
August W. Henningsen [b] [c] Hamburg, Germany Corporate Director	2016 to date	—	—
Daniel Johnson [d] Montréal, Québec, Canada Counsel, McCarthy Tétrault, LLP	1999 to date	—	1,200
Jean C. Monty[a] [b] [d] [e] Montréal, Québec, Canada Corporate Director	1998 to date	25,000	175,000

Vikram Pandit [a] [c] New York, New York, United States Chairman and Chief Executive Officer, The Orogen Group (a company leveraging opportunities for the financial services industry)	2014 to date	—	—
Patrick Pichette [b] [c] Palo Alto, California, United States Advisor, Google Inc. (Internet related services and products)	2013 to date	—	6,000
Carlos Represas[b] [c] [d] Mexico City, Mexico Corporate Director	2004 to date	—	—
Beatrice Weder di Mauro[a] Singapore Professor of International Macroeconomics, Johannes Gutenberg University Mainz	2016 to date	—	—

(1) The number of shares held is given as at February 15, 2017.
(2) Includes 500,000 Class A shares and 8,695,136 Class B subordinate voting shares over which Mr. Beaudoin exercises control jointly with his wife, Ms. Claire Bombardier Beaudoin, through Beaudier Inc., a portfolio holding company of the Beaudoin family which is controlled by Mr. Laurent Beaudoin and Ms. Claire Bombardier Beaudoin, through holding companies which they control. Ms. Claire Bombardier Beaudoin also exercises, through holding corporations which she controls, control or direction over 60,873,490 Class A shares.
(3) Ms. Janine Bombardier, mother of Ms. Joanne Bissonnette, exercises, through holding corporations which she controls, control or direction over 61,973,491 Class A shares and 7,110,137 Class B subordinate voting shares.
(4) Ms. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls, control or direction over 60,701,887 Class A shares and 7,070,136 Class B subordinate voting shares.

(a) Member of the Audit Committee
(b) Member of the Human Resources and Compensation Committee
(c) Member of the Finance and Risk Management Committee
(d) Member of the Corporate Governance and Nominating Committee
(e) Lead Director

Each director remains in office until the following annual shareholders' meeting or until the election of his/her successor, unless he/she resigns or his/her office becomes vacant as a result of his/her death, removal or any other cause.

Executive Officers who are not Directors

Name and Municipality of Residence	Position Held Within the Corporation
Daniel (Dan) Brennan Montréal, Québec, Canada	Senior Vice President, Human Resources
Nico Buchholz Ulmen, Germany	Senior Vice President, Strategic Initiatives
François Caza Montréal, Québec, Canada	Vice President, Product Development and Chief Engineer, Aerospace
David Coleal Wichita, Kansas, United States	President, Business Aircraft
Frederick (Fred) Cromer Palos Verdes Estates, California, United States	President, Commercial Aircraft
Daniel Desjardins Westmount, Québec, Canada	Senior Vice President, General Counsel and Corporate Secretary
John Di Bert Laval, Québec, Canada	Senior Vice President and Chief Financial Officer
Jean Séguin Montréal, Québec, Canada	President, Aerostructures and Engineering Services
Laurent Troger Berlin, Germany	President, Transportation
Dimitrios (Jim) Vounassis Laval, Québec, Canada	Chief Transformation and Procurement Officer

As at February 15, 2017, the directors of the Corporation (other than Mr. J. R. André Bombardier) and the executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, 17,938,275 Class A shares and 10,671,445 Class B subordinate voting shares, representing 5.71% and 0.55% respectively, of the outstanding shares of each such class.

The directors and executive officers of the Corporation who have not occupied their current principal occupations for more than five years have otherwise had the following principal occupations during that period:

- Alain Bellemare has been President and Chief Executive Officer since February 13, 2015, prior to which he held the positions of President and Chief Executive Officer between July 2012 and January 2015 and Chief Operating Officer between September 2011 and July 2012, at UTC Propulsion and Aerospace Systems.
- Dan Brennan has been Senior Vice President, Human Resources since February 10, 2017, prior to which he was Group Director Human Resources and Talent Development at CHR Plc since December 2014. Between August 2010 and November 2014, he was Senior Vice President, Global Head of Group Human Resources at ISS World Service.

- Nico Buchholz has been Senior Vice President, Strategic Initiatives since January 25, 2017, prior to which he was Senior Vice President and Chief Procurement Officer since August 31, 2015. Before joining Bombardier, he held the position of Executive Vice President, Deutsche Lufthansa AG since March 2001.
- François Caza has been Vice President, Product Development and Chief Engineer of Product Development Engineering, Bombardier Aerospace since September 2014, prior to which he was Vice President and Chief Engineer, Bombardier Aerospace since March 2004.
- David Coleal has been President, Business Aircraft since June 15, 2015, prior to which he was Executive Vice President and General Manager of Spirit Aerosystems between August 2011 and May 2015.
- Fred Cromer has been President, Commercial Aircraft since April 9, 2015, prior to which he was President of International Lease Finance Corporation between March 2011 and January 2015.
- John Di Bert has been Senior Vice President and Chief Financial Officer since August 10, 2015, prior to which he held positions of increasing responsibility in his 14 years at Pratt & Whitney Canada (P&WC), including, Vice President, Customer Service, between 2013 and 2015 and Vice President, Finance, between 2007 and 2013.
- Daniel Desjardins has been Senior Vice President, General Counsel and Corporate Secretary since May 10, 2012, prior to which he was Senior Vice President, General Counsel and Assistant Secretary since October 1, 2003.
- Sheila Fraser joined the Board of Directors of Bombardier on May 10, 2012. She was the Auditor General of Canada from 2001 to 2011.
- August W. Henningsen joined the Board of Directors of Bombardier on April 29, 2016. He is the former Chief Executive Officer of Lufthansa Technik AG, a position he held from April 2000 until his retirement in April 2015. Between December 2015 and May 2016, he was a consultant for Plane View Partners.
- Vikram Pandit has been Chairman and Chief Executive Officer of The Orogen Group since 2016, prior to which he was Chairman of TGG Group since 2013. Between December 2007 and October 2012, he was Chief Executive Officer of Citigroup Inc.
- Patrick Pichette has been an advisor for Google Inc. since May 2015 prior to which he was Chief Financial Officer for Google Inc. since August 2008.
- Jean Séguin has been President, Aerostructures and Engineering Services since August 20, 2014, prior to which he held positions of increasing responsibility within the Corporation, including, since November 2010, Vice President, Quality, Achieving Excellence System, Engineering and Manufacturing.
- Laurent Troger has been President, Bombardier Transportation since December 9, 2015 prior to which he held positions of increasing responsibility within the Corporation, including, Chief Operating Officer, Bombardier Transportation, Chief Technology Officer, Bombardier Transportation between January 2015 and December 2015, President Western Europe, Middle East and Africa, Transportation between October 2013 and January 2015 and President Rolling Stock Atlantic and Services between October 2011 and September 2013.
- Jim Vounassis has been Chief Transformation and Procurement Officer since January 25, 2017, prior to which he was Vice President, Operations Strategy since June 15, 2015. Prior to joining Bombardier, he was Vice President, Global Operations at Pharmascience since 2012.

LEGAL PROCEEDINGS

In the normal course of operations, the Corporation is a defendant in certain legal proceedings currently pending before various courts in relation to product liability and contract disputes with customers and other third parties. The Corporation intends to vigorously defend its position in these matters.

While the Corporation cannot predict the final outcome of legal proceedings pending as at December 31, 2016, based on information currently available, the Corporation does not expect the resolution of these legal proceedings to have a material adverse effect on its financial position.

Transportation

Since the fourth quarter of 2016, one of the Corporation's subsidiaries is cooperating with police authorities in relation to an on-going investigation against unidentified suspects alleging unethical actions but without providing any particulars. The investigation is ongoing but at this time no charges have been laid against either the Corporation, its subsidiary, or any of its employees. The underlying contract in Transportation that has given rise to this matter is currently also being audited by a multilateral financial institution pursuant to a contractual right. The audit is still ongoing and no results have been communicated to the Corporation or its subsidiary. The Corporation's policy is to comply with all applicable laws and it is fully cooperating with the investigation and the audit. Due to the nature of these proceedings, it is not possible at this time to identify potential outcomes or consequences, if any, for the Corporation or its subsidiary in connection therewith.

Investigation in Brazil

On March 20, 2014, Bombardier Transportation Brasil Ltda. ("BT Brazil"), a subsidiary of the Corporation, received notice that it was among the 18 companies and over 100 individuals named in administrative proceedings initiated by governmental authorities in Brazil, including the Administrative Council for Economic Protection ("CADE"), and the São Paulo Public Prosecutor's office, following previously disclosed investigations carried on by such governmental authorities with respect to allegations of cartel activity in the public procurement of railway equipment and the construction and maintenance of railway lines in São Paulo and other areas. Since the service of process in 2014 on BT Brazil, the competition authority has decided to detach the proceedings against 43 individuals whom it claims to have been difficult to serve process and has also issued additional technical notes dealing with various procedural objections raised by the defendant corporations and individuals. BT Brazil is currently contesting before the courts both the decision to detach the proceedings against 43 individuals and decisions by CADE restricting physical access to some of the forensic evidence.

BT Brazil as a result of the administrative proceedings initiated by CADE in 2014 became a party as defendant to legal proceedings brought by the São Paulo State prosecution service against it and other companies for alleged 'administrative improbity' in relation to refurbishment contracts awarded in 2009 by the São Paulo metro operator CMSP and for 'cartel' in relation to a five-year maintenance contract with the São Paulo urban transit operator CPTM signed in 2002. In September 2015, the prosecution service of São Paulo announced a second public civil action for 'cartel' in relation to the follow-on five year maintenance contract covering the period 2007 to 2012. In addition, BT Brazil was served notice and joined in December 2014 to a civil suit as co-defendant first commenced by the São Paulo state government against Siemens AG in the fall of 2013 and from whom the State government seeks to recover loss for alleged cartel activities.

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

Triumph Litigation

Triumph Aerostructures LLC ("Triumph"), a supplier to the Corporation on the *Global 7000* and *Global 8000* program, filed a lawsuit against the Corporation with the Quebec Superior Court, District of Montreal on December 22, 2016, seeking approximately $340,000,000 (or CAD $455,000,000) in compensation for alleged directed changes by the Corporation to the wing requirements that Triumph claims are outside the scope of the contract as well as for alleged delays and disruption in connection with the contract. The Corporation intends to vigorously defend itself against the claims asserted in the litigation, and, at the appropriate time, file its claims against Triumph to recover the costs incurred by the Corporation for the two year adjournment of the entry-into-service of the *Global 7000* announced in July 2015 and for other program disruptions attributable to Triumph. Despite the litigation, Triumph remains bound under the contract to support the *Global 7000* and *Global 8000* program.

Metrolinx

In July 2016, Bombardier Transportation Canada Inc. ("BTCI") received a notice of default in respect of its contract to supply 182 Light vehicles to Metrolinx. The contract was entered into on June 14, 2010. The value of the contract is $770 million CDN ($573 million). BTCI is actively opposing the notice of default utilizing the Dispute Resolution Process under the contract. On October 28, 2016, Metrolinx served BTCI with a Notice of Intention to Terminate the Contract on the basis of the notice of default. In order to prevent Metrolinx from serving a notice of termination until such time as the dispute resolution process is concluded including all adjudication by the Dispute Resolution Panel and any subsequent appeals, BTCI filed an application in Ontario Superior Court on February 10, 2017 seeking an order maintaining the status quo and declaring that Metrolinx is not permitted to terminate the contract. BTCI intends to fulfill its obligations under the Contract.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for each class of the Corporation's publicly listed securities is Computershare Investor Services Inc. at its principal office in each of the Canadian cities of Montréal, Toronto, Calgary and Vancouver.

MATERIAL CONTRACTS

Other than those contracts entered into during the normal course of business, the only contracts that are material to the Corporation and that were entered into within the fiscal year ended December 31, 2016, or before such year and after January 1, 2002 that are still in effect, and which are required to be filed with Canadian securities regulatory authorities pursuant to applicable securities laws, are as follows:

a) The Transportation Subscription Agreement mentioned under "Item 2 - General Development of the Business, section 2.2 - History", a copy of which was filed on the Corporation's profile on SEDAR (www.sedar.com) on November 25, 2015, as further described in "Sale of a Minority Share" at pages 97 and 98 of the Corporation's MD&A, which pages are incorporated by reference into this Annual Information Form;

b) An agreement dated as of November 18, 2015, between Bombardier and CDPQ, a copy of which was filed on the Corporation's profile on SEDAR (www.sedar.com) on November 25, 2015, pursuant to which Bombardier and CDPQ agreed to a cash reserve threshold of at least $1.25 billion. The agreement provides that in the event Bombardier's cash reserves fall below that level, the Board of Bombardier will create a Special Initiatives Committee composed of three independent directors acceptable to CDPQ, and responsible to develop an action plan to restore cash reserves above that threshold. The implementation of the plan, once agreed with CDPQ, will be overseen by the Special Initiatives Committee. In addition, with respect to the nomination of any new independent directors of Bombardier, Bombardier will work collaboratively with CDPQ and seek to obtain CDPQ's agreement on the final candidate(s) recommended to the Board. In connection with this agreement, the Bombardier family has committed to fully support any action plan recommended by the Special Initiatives Committee and agreed to by CDPQ, as well as the new selection process for new independent directors of the Board of Directors; and

c) The *C Series* Subscription Agreement mentioned under "Item 2 - General Development of the Business, section 2.2 - History", a copy of which was filed on the Corporation's profile on SEDAR (www.sedar.com) on June 30, 2016, as further described in "Strategic Partnership" on pages 72 and 73 of the Corporation's MD&A, which pages are incorporated by reference into this Annual Information Form.

INTEREST OF EXPERTS

Ernst & Young LLP is the independent auditor who prepared the Auditors' Reports to the shareholders of Bombardier Inc. under Canadian generally accepted auditing standards. Ernst & Young LLP has confirmed to the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables professionnels agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to chartered accountants in the other provinces of Canada.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Information

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

The Charter of the Audit Committee is reproduced in Schedule 1 attached to this Annual Information Form.

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

Sheila Fraser, FCPA, FCA, (Chair) - Ms. Fraser has been the Chair of the Audit Committee since May 1, 2014. Ms. Fraser has a Bachelor of Commerce degree as well as several Honorary Doctorates of Laws degrees. She served as Auditor General of Canada from 2001 to 2011. Prior to joining the Office of the Auditor General as Deputy Auditor General in 1999, Ms. Fraser was a partner at Ernst & Young LLP for 18 years, in the Québec City office. She has been named as Trustee to the IFRS Foundation, the oversight body of the International Accounting Standards Board. She is also the Chair of the audit committee of Manulife Financial Corporation.

Jean C. Monty - Mr. Monty was appointed as member of the Audit Committee at the meeting of the Board of Directors of the Corporation held on May 1, 2014. Mr. Monty was the Chairman of the Board of Directors and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.) until his retirement on April 24, 2002, following a 28-year career. Prior to joining BCE Inc., he was Vice Chairman and Chief Executive Officer of Nortel Networks Corporation. He joined Nortel in October 1992 as President and Chief Operating Officer, becoming President and Chief Executive Officer in March 1993. He began his career at Bell Canada in 1974 and held numerous positions in the BCE group. He was, until 2016, Chairman of the audit committee of Alcatel-Lucent SA and member of the audit committee of Nokia Corporation and is a member of the audit committee of Fiera Capital.

Vikram Pandit - Mr. Pandit was appointed as member of the Audit Committee at the meeting of the Board of Directors of the Corporation held on April 29, 2016. Mr. Pandit is the Chairman and Chief Executive Officer of The Orogen Group (company leveraging opportunities for the financial services industry). He is the former Chief Executive Officer of Citigroup Inc. (multinational financial services corporation), a position he held from December 2007 until he resigned in October 2012. Prior to that, he had been Chairman and Chief Executive Officer of Citi Alternative Investments in 2007, after Old Lane, LLC, a hedge fund of which he was a founding member and Chairman of the members committee since 2006, was acquired by Citigroup Inc. Mr. Pandit began his career at Morgan Stanley as an associate in 1983 and became President and Chief Operating Officer of the company's institutional securities and investment banking businesses in 2000. Mr. Pandit received his Ph.D. in Finance and B.A. in Engineering from Columbia University in 1986.

Beatrice Weder di Mauro - Ms. Weder di Mauro was appointed as a member of the Audit Committee at the meeting of the Board of Directors of the Corporation held on April 29, 2016. Ms. Weder di Mauro has been a professor of economics, economic policy and international macroeconomics at the Johannes Gutenberg University of Mainz since 2001 and a research fellow at INSEAD in Singapore. Ms. Weder di Mauro was a member of the German Council of Economic Experts from 2004 to 2012. In 2010, she was a resident scholar at the International Monetary Fund (IMF) in Washington, DC and, in 2006, a visiting scholar at the IMF in Washington, D.C. She was an associate professor of economics at the University of Basel between 1998 and 2001 and a research fellow at the United Nations University in Tokyo from 1997 to 1998. Prior to this, she was an economist at the IMF in Washington, DC. Ms. Weder di Mauro earned her PhD in economics at the University of Basel in 1993 and received her habilitation there in 1999. She was a member of the audit committee of Roche from 2006 to 2016 and is a member of the audit committee of UBS Group AG.

Appointment of Auditors

For each of the financial years ended December 31, 2016 and 2015, Ernst & Young LLP, billed the Corporation the following fees for services:

Fees	Fiscal Year Ended December 31, 2016	Fiscal Year Ended December 31, 2015
Audit fees	$11,562,000	$11,476,000
Audit related fees	$1,350,000	$1,000,000
Tax fees	$5,503,000	$7,233,000
All other fees	$174,000	$224,000
Total Fees	$18,589,000	$19,933,000

In the table above, the terms in the column "Fees" have the following meanings: "Audit fees" refers to all fees incurred with respect to audit services, being the professional services rendered by the Corporation's independent auditors for the audit of its consolidated annual financial statements and those of its subsidiaries and the review of the Corporation's quarterly consolidated financial statements as well as services normally provided by the Corporation's independent auditors in connection with statutory and regulatory filings and engagements; "Audit-related fees" refers to the aggregate fees billed for assurance and related services by the Corporation's independent auditors that are reasonably related to the performance of the audit or review of its consolidated financial statements and are not reported under "Audit fees" including audits of the Corporation's employee benefit plans and other attest services, as well as due diligence and other related services; "Tax fees" refers to the aggregate fees billed for professional services rendered by the Corporation's independent auditors for tax compliance, expatriate and global mobility compliance services, tax advice, and tax planning, including the preparation or review of tax returns, transfer pricing documentation and assistance with tax audits, rendered to the Corporation and its many subsidiaries around the world; and "All other fees" refers to the aggregate fees billed for products and services provided by the Corporation's independent auditors, other than "Audit fees", "Audit-related fees" and "Tax fees", consisting primarily of translation of financial information and assistance with respect to a claim. The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the independence of the Corporation's independent auditors. The Audit Committee has adopted a policy that prohibits the Corporation from engaging its independent auditors for "prohibited" categories of non-audit services and requires pre-approval by such Committee of audit services and other services within certain permissible categories of non-audit services.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's management proxy circular for its most recently completed financial year. Additional financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year.

All information incorporated by reference into this Annual Information Form is contained or included in one of the Corporation's continuous disclosure documents filed with the Canadian securities regulatory authorities which may be viewed on SEDAR at www.sedar.com.

Where a section of this Annual Information Form incorporates by reference information from one of the Corporation's other continuous disclosure documents, such section makes specific reference to the document in which such information is originally contained or included, as well as to the relevant section.

FORWARD-LOOKING STATEMENTS

This Annual Information Form includes forward-looking statements, which may involve, but are not limited to: statements with respect to the Corporation's objectives, guidance, targets, goals, priorities, market and strategies, financial position, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; expected growth in demand for products and services; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; competitive position; the expected impact of the legislative and regulatory environment and legal proceedings on the Corporation's business and operations; available liquidities and ongoing review of strategic and financial alternatives; the impact and expected benefits of the investment by the Government of Québec in the C Series Aircraft Limited Partnership and of the private placement of a minority stake in Transportation by the CDPQ on the Corporation's operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the impact of such investments on the Corporation's balance sheet and liquidity position.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "shall", "can", "expect", "estimate", "intend", "anticipate", "plan", "foresee", "believe", "continue", "maintain" or "align", the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Corporation's actual results in future periods to differ materially from forecast results set forth in forward-looking statements. While the Corporation considers these assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, risks associated with general economic conditions, risks associated with the Corporation's business environment (such as risks associated with the financial condition of the airline industry, business aircraft customers, and the rail industry; trade policy; increased competition; political instability and force majeure), operational risks (such as risks related to developing new products and services; development of new business; the certification and homologation of products and services; fixed-price and fixed-term commitments and production and project execution; pressures on cash flows based on project-cycle fluctuations and seasonality; the Corporation's ability to successfully implement and execute the Corporation's strategy and transformation plan; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; the environment; dependence on certain customers and suppliers; human resources; reliance on information systems; reliance on and protection of intellectual property rights; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets; retirement benefit plan risk; exposure to credit risk; substantial existing debt and interest payment requirements; certain restrictive debt covenants and minimum cash levels; financing support provided for the benefit of certain customers; and reliance on government support), market risks (such as risks related to foreign currency fluctuations; changing interest rates; decreases in residual values; increases in commodity prices; and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the MD&A which may be viewed on SEDAR at www.sedar.com. For additional information with respect to the assumptions underlying the forward-looking statements made in this Annual Information Form, refer to the Guidance and forward-looking statements sections in Overview, Business Aircraft, Commercial Aircraft, Aerostructures and Engineering Services and Transportation in the MD&A which may be viewed on SEDAR at www.sedar.com.

Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect the Corporation's expectations as at the date of this Annual Information Form and are subject to change after such date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

SCHEDULE 1

CHARTER OF THE AUDIT COMMITTEE

BOMBARDIER INC.

Audit Committee

1.1 Membership and Quorum

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

1.2 Frequency and Timing of Meetings

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

1.3 Chairman of the Audit Committee

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

A. Providing leadership to enhance the Audit Committee's effectiveness

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

B. Managing the Audit Committee

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

1.4 Mandate of the Audit Committee

A. Purpose

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

B. Objectives

The objectives of the Audit Committee are :

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

C. Meetings

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

D. Duties and Responsibilities

- As they relate to the Board and financial reporting

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

  b) Maintain a free and open line of communication with the management of Bombardier, the Senior Director, Corporate Audit Services and Risk Assessment and the independent auditor.

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

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

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

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

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

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

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

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

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

l) Ensure that procedures are in place for

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

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

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

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

- As they relate to the independent auditor

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

b) Recommend to the Board a firm of independent auditors for submission to the shareholders of Bombardier.

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

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

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

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

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

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

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

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

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

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

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

- As they relate to the Senior Director, Corporate Audit Services and Risk Assessment

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

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

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

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

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

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

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

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

1.5 Miscellaneous

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

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

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