



BOMBARDIER
the evolution of mobility

**2015
ACTIVITY
REPORT**

2015 IN REVIEW



RECEIVED **TRANSPORT CANADA TYPE CERTIFICATION** FOR CS100 AIRCRAFT AND **CONFIRMED FIRST OPERATORS** FOR CS100 AND CS300 AIRCRAFT

DE-RISKED MAJOR AIRCRAFT DEVELOPMENT PROGRAMS



SECURED PRO FORMA LIQUIDITY OF **\$6.5 BILLION¹**



STRENGTHENED LEADERSHIP TEAM WITH INDUSTRY VETERANS

COVER PHOTOS

Top: *TALENT 2* Electric Multiple Unit
Bottom: *Global 7000* business aircraft

All amounts in this report are in U.S. dollars unless otherwise indicated.

¹ Pro forma liquidity comprises the Corporation's available short-term capital resources as at December 31, 2015, gross proceeds of the investment from the Caisse de dépôt et placement du Québec in Transportation received February 11, 2016, and expected gross proceeds of the investment from the Government of Québec in the *C Series* aircraft program.

**LAUNCHED
TRANSFORMATION PLAN**
AND IMPLEMENTED
STRATEGIC ROADMAP
TO 2020 FOR
SUSTAINABLE,
PROFITABLE GROWTH



RECORDED A STRONG
WORLDWIDE ORDER
INTAKE OF **\$8.8 BILLION**
IN TRANSPORTATION



ACHIEVED
ENTRY-INTO-SERVICE OF
THE **CHALLENGER 650**
AIRCRAFT

RECOGNIZED IN
THE **DOW JONES**
SUSTAINABILITY NORTH
AMERICA INDEX
FOR THE NINTH
CONSECUTIVE YEAR

**ABOUT
BOMBARDIER**
Page 2

**PRESIDENT AND
CEO MESSAGE**
Page 4

PERFORMANCE
Page 6

STRATEGY
Page 8

PRIORITIES
Page 14

COMMUNITIES
Page 38

**ABOUT
THE REPORT**
Page 39

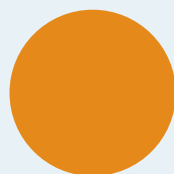
ABOUT BOMBARDIER

Bombardier is the world's leading manufacturer of both planes and trains. We take pride in our extensive portfolio of groundbreaking products that create better ways to move the world.

- Headquartered in Montréal, Canada
- Revenues of \$18.2 billion¹
- Order backlog of \$59.2 billion²
- 75 production and engineering sites in 28 countries
- 70,900 employees³
- Worldwide network of service centres
- Listed on the Toronto Stock Exchange (BBD)

2015 AT A GLANCE

Europe	North America	Asia-Pacific	Rest of world ⁴
REVENUES ¹ \$7.2B	REVENUES ¹ \$7.0B	REVENUES ¹ \$2.4B	REVENUES ¹ \$1.5B
WORKFORCE ³ 32,100	WORKFORCE ³ 33,050	WORKFORCE ³ 4,150	WORKFORCE ³ 1,600
SITES 36	SITES 20	SITES 14	SITES 5



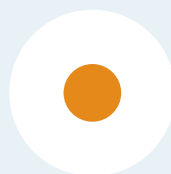
\$18.2B
TOTAL REVENUES⁵



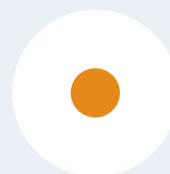
\$8.3B
TRANSPORTATION



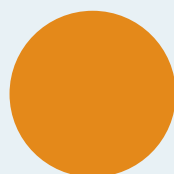
\$7.0B
BUSINESS AIRCRAFT



\$2.4B
COMMERCIAL AIRCRAFT



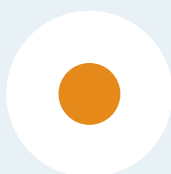
\$1.8B
AEROSTRUCTURES AND
ENGINEERING SERVICES



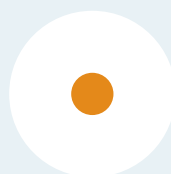
70,900
TOTAL WORKFORCE^{3,6}



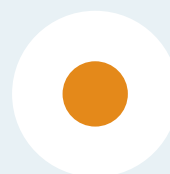
39,400
TRANSPORTATION



10,400
BUSINESS AIRCRAFT



5,050
COMMERCIAL AIRCRAFT



12,100
AEROSTRUCTURES AND
ENGINEERING SERVICES

¹ For the fiscal year ended December 31, 2015. ² As at December 31, 2015. ³ As at December 31, 2015, including contractual and inactive employees. Subsequent to the end of the fiscal year, we decided to take steps to optimize our workforce with a combination of manpower reduction and strategic hiring. These figures do not reflect the planned changes. ⁴ The Rest of world region includes South America, Central America, Africa, the Middle East and the Commonwealth of Independent States (CIS). ⁵ For the fiscal year ended December 31, 2015. Total does not agree due to \$1.3 billion in corporate and eliminations. ⁶ Total workforce includes 3,950 Product Development Engineering, Corporate Office and other employees that are not allocated to a reportable segment.

OUR BUSINESS SEGMENTS



TRANSPORTATION

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

- RAIL VEHICLES
 - TRANSPORTATION SYSTEMS
 - LOCOMOTIVES AND EQUIPMENT
 - RAIL CONTROL SOLUTIONS
 - SERVICES
-



BUSINESS AIRCRAFT

Designs, manufactures and provides aftermarket services for three families of industry-leading business jets—*Learjet*, *Challenger* and *Global*—spanning from the Light to Large categories. These three families of business jets, when combined, represent the most comprehensive offering of all business aircraft manufacturers.

- LIGHT BUSINESS JETS
 - MEDIUM BUSINESS JETS
 - LARGE BUSINESS JETS
 - CUSTOMER SERVICES
-



COMMERCIAL AIRCRAFT

Designs and manufactures a broad portfolio of commercial aircraft in the 60- to 150-seat market segment, including the *Q400* turboprop, the *CRJ700*, *CRJ900* and *CRJ1000* regional jets as well as the all-new *C Series* mainline jets. Commercial Aircraft provides aftermarket services for these aircraft as well as for the 20- to 59-seat range category.

- SINGLE-AISLE MAINLINE JETS
 - REGIONAL JETS
 - TURBOPROPS
 - SPECIALIZED AIRCRAFT
 - CUSTOMER SERVICES
-



AEROSTRUCTURES AND ENGINEERING SERVICES

Designs and manufactures complex metallic and advanced composite aircraft structural components in all classes of civil aircraft and all categories of structures, including fuselages, wings and engine nacelles. It also provides aftermarket component repair and overhaul, as well as other engineering services for both internal and external clients.

- AEROSTRUCTURES
- SYSTEM COMPONENTS
- ENGINEERING SOLUTIONS
- AFTERMARKET SUPPORT

DRIVING PERFORMANCE

Bombardier experienced unprecedented change in 2015, including the appointment of a new CEO: industry veteran Alain Bellemare. He responds below to questions about the year past and charts the road ahead.

ALAIN BELLEMARE

PRESIDENT AND
CHIEF EXECUTIVE OFFICER



Q

Looking back on 2015, what stands out for you?

A

The year 2015 was demanding but gratifying. We put the entire organization under intense scrutiny—from our business models to our product portfolio. We made hard decisions and immense changes, including appointing new leaders, adjusting our product mix to align with market demand and reworking our operating structure to drive efficiencies and accountability.

The last month of 2015 brought one of the proudest moments of the year: Transport Canada's certification of the CS100 aircraft. It is now thrilling to see it near entry-into-service.

There is still much to do but Bombardier is already significantly better prepared in 2016 to deliver a profitable future.

How is Bombardier positioning itself for future success?

We have laid the groundwork. Announced investments from the Government of Québec and the Caisse de dépôt et placement du Québec (CDPQ)¹ secured our liquidity to allow us to complete the development of aircraft programs and see them through successful entry-into-service. And importantly, we devised and embarked on a new strategic roadmap focused on four catalysts to improve performance: ① grow revenue by leveraging our investments in major programs and Transportation backlog; ② drive operational improvements by accelerating cost-reduction and working capital initiatives; ③ capture better margins by adjusting our commercial strategies; and ④ optimize our capital deployment.

This groundwork puts us in the right direction. We must now focus on execution.

How do you foresee Bombardier responding to market needs now and in the future?

The *C Series* program was launched specifically to address strong demand in the 100- to 150-seat aircraft market. Now that we are on the verge of entry-into-service, we project our share of this market will contribute significantly to our revenues by 2020.²

Additionally, following the 2015 United Nations Climate Conference in Paris, we anticipate even greater global demand for sustainable mobility options. This is an opportunity not only for the *C Series*—an aircraft program with an unparalleled environmental profile—but also for our Transportation business. Rail is the most energy-efficient transportation option for cities looking to reduce their CO₂ emissions and Bombardier's products define the energy-efficient category.

What are the biggest challenges that Bombardier must overcome?

Improving execution and profitability. Both can be achieved as we implement our current plans. On execution, we have new leadership with proven track records of delivering results. Those leaders are now intently focused on deepening the culture of accountability across our organization—with every employee playing a role.

On profitability, we will feel the pressure in the short term from the dilutive impact of the *C Series* aircraft production ramp-up. As our products hit the market and our transformation initiatives begin to yield direct and indirect cost reductions, we expect to see profitability recover meaningfully and sustainably.

During this time of change, what are you asking employees to keep in mind?

I want employees to feel part of the transformation: their actions and their contributions are what will build our future. And I always want employees to remember that customers are at the centre of everything we do. Without satisfied customers, we have no business. We must never waver on our focus of providing the best service to our customers.

Employees should also know that, even as we overhaul our operations, our priorities have not changed. We are still the company that creates better ways to move the world. Our products are innovations to be proud of. And our commitment to good corporate citizenship is unchanged.

What do you envision for Bombardier's future?

Bombardier is a company with a phenomenal history of achievement and a bright future. The road we are on is the right one to make Bombardier strong again—to be a great employer, a consistent generator of shareholder value, a champion of our communities and the leading maker of sustainable mobility solutions.

I look forward to continue working with our talented people to ensure Bombardier is once again all it can be—strong, healthy and a thriving business with revenues of \$25 billion by 2020.²

¹ The acquisition by the CDPQ was closed in February 2016. ² Forward-looking statement. Refer to forward-looking statements at the end of this report.

PERFORMANCE

5-YEAR PERFORMANCE SUMMARY¹

The following tables provide an overview of key indicators we track to measure our performance every year. They contain financial data, as well as data on health, safety and environment, and on our employees.

FINANCIAL SUMMARY (in millions of dollars unless otherwise indicated) (for fiscal years)	2015	2014	2013	2012	2011²
Revenues	18,172	20,111	18,151	16,414	17,904
EBIT ³	(4,838)	(566)	923	666	1,166
EBIT before special items ⁴	554	923	893	806	1,166
Net income (loss)	(5,340)	(1,246)	572	470	737
Adjusted net income ⁴	326	648	608	671	887
Diluted EPS ⁵ (in dollars)	(2.58)	(0.74)	0.31	0.25	0.41
Adjusted EPS (in dollars) ⁴	0.14	0.35	0.33	0.36	0.49
Net additions to PP&E and intangible assets	1,862	1,964	2,287	2,074	1,447
Cash flows from operating activities	20	847	1,380	1,438	401
Free cash flow usage ⁴	(1,842)	(1,117)	(907)	(636)	(1,046)
Order backlog (in billions of dollars) ⁶	59.2	69.1	69.7	64.9	53.9
Available short-term capital resources ^{6,7}	4,014	3,846	4,837	3,967	3,642

HEALTH AND SAFETY	2015	2014	2013	2012	2011
Accident Frequency (without restricted duty) (injury rate) ^{(a) (b)}	0.3	0.4	0.4	0.4	0.5
Accident Severity (without restricted duty) (lost day rate) ^{(a) (c)}	11	12	12	13	15
Fatalities (employees) ^(d)	1	2	1	1	0
Incident Rate ^(e)	1.7	2.0	2.0	1.9	—
Workforce Represented in Formal Joint Management-Worker Health and Safety Committees (%)	82	85	84	85	—

ENVIRONMENT ^{(a) (b) (c)}	2015	2014	2013	2012	2011
Total Energy Consumption (Gigajoules [GJ]) ^{(d) (e) (f)}	4,707,394	4,841,099	4,786,364	4,552,012	4,620,651
Fuel (renewable and non-renewable) Consumed (GJ)	2,503,369	2,620,368	2,562,708	2,431,909	2,525,091
Electricity, Steam and Hot Water (GJ)	2,204,025	2,220,731	2,223,656	2,120,102	2,095,560
Renewable Electricity (GJ) ^(g)	746,669	738,029	788,557	655,391	632,461

¹ Refer to the 5-Year Performance Summary Notes at the end of this report for all alphabetical notes in this section's tables. Refer to bombardier.com for our complete 5-Year Performance Summary. ² Our fiscal year ended December 31, 2011 comprised 11 months of Bombardier Aerospace results and 12 months of Bombardier Transportation results. ³ EBIT is defined as earnings (loss) before financing expense, financing income and income taxes. ⁴ Non-GAAP financial measures. Refer to Non-GAAP Financial Measures at the end of this report. ⁵ EPS is defined as earnings (loss) per share attributable to equity holders of Bombardier Inc. ⁶ As at December 31. ⁷ Defined as cash and cash equivalents plus the amount available under our revolving credit facilities.

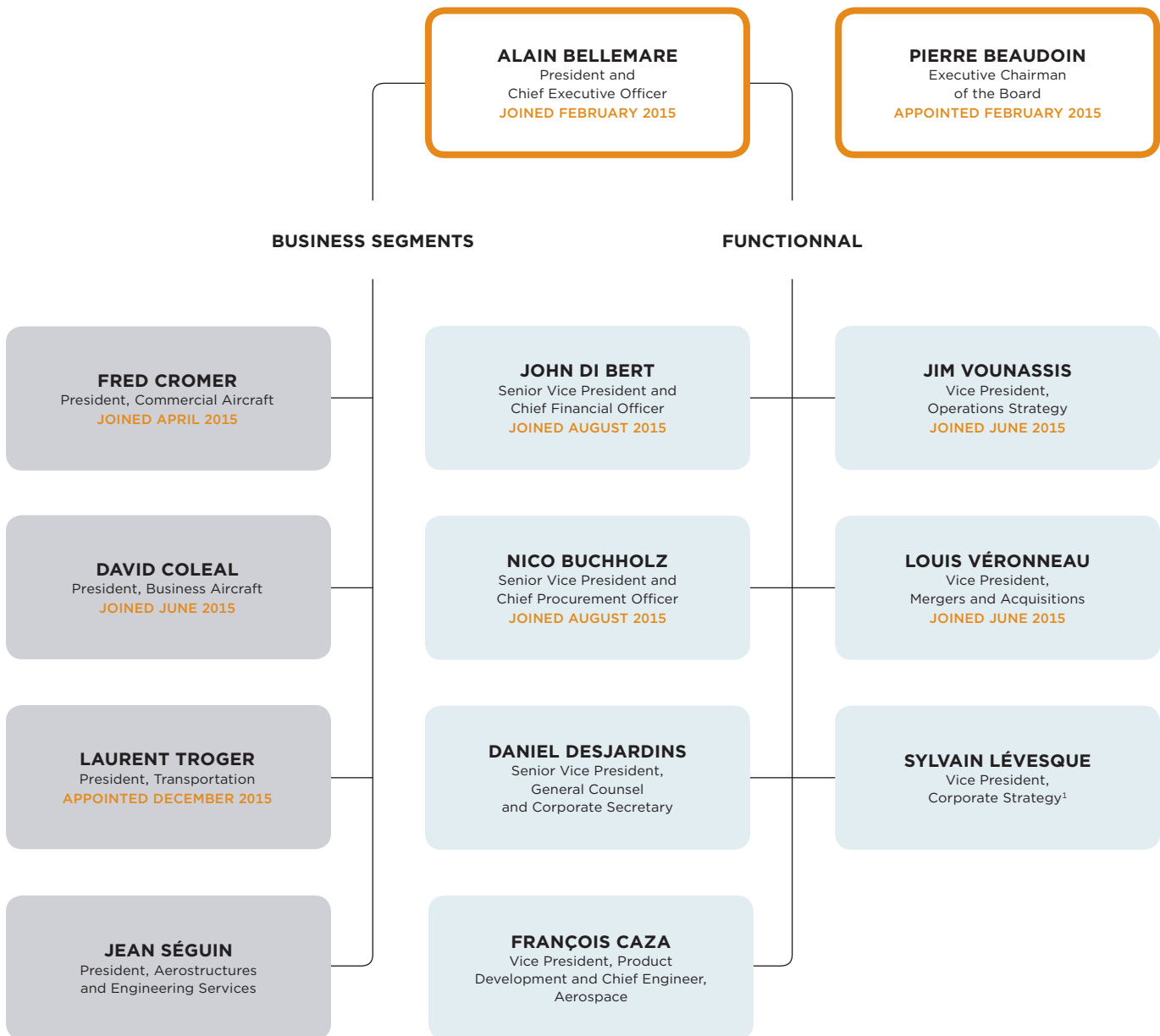
ENVIRONMENT (continued)	2015	2014	2013	2012	2011
Energy Intensity (GJ per million dollars of revenue) ^(h)	259	241	264	277	258
Greenhouse Gas Emissions (GHG) (scope 1 and scope 2) (tonnes of CO ₂ equivalent [tCO ₂ e]) ^{(d) (f) (i) (j)}	313,743	321,073	316,244	311,280	313,721
GHG Emissions - Scope 1 (tCO ₂ e)	154,820	159,712	155,483	147,769	153,643
GHG Emissions - Scope 2 (tCO ₂ e)	158,924	161,361	160,761	163,512	160,078
GHG Emissions Intensity (tCO ₂ e per million dollars of revenue) ^(k)	17	16	17	19	18
Ozone Depleting Substance Emissions ^(l)	1,629	1,097	1,099	2,518	—
Water Withdrawal (cubic metres [m ³]) ^{(d) (f)}	1,881,071	1,872,891	1,894,513	2,006,063	2,160,606
Total Waste Generated (hazardous and non-hazardous [metric tonnes]) ^{(d) (f) (m)}	50,983	54,079	56,333	55,807	55,450
Hazardous Waste (metric tonnes)	8,936	9,447	10,425	10,004	10,505
Non-hazardous Waste (metric tonnes)	42,047	44,632	45,908	45,803	44,945
Valorized Waste (hazardous and non-hazardous) (% of total waste generated) ⁽ⁿ⁾	76	77	76	76	—

EMPLOYEES	2015	2014	2013	2012	2011
Total Headcount ^{(a) (b) (c) (d)}	70,836	73,950	76,373	70,939	68,439
% of Female	17.4	17.0	17.3	—	—
% of Male	82.5	82.5	81.6	—	—
Employment Contract ^(e)	62,836	65,207	66,790	—	—
% of Full-time Employees	99.7	99.8	98.9	—	—
% of Part-time Employees	0.3	0.2	1.1	—	—
Permanent Full-time Employees	59,883	61,380	62,509	—	—
Permanent Part-time Employees	133	113	730	—	—
Temporary Full-time Employees	2,771	3,670	3,513	—	—
Temporary Part-time Employees	49	44	38	—	—
Contractuals ^(c)	8,000	8,743	9,583	7,739	7,641
Employees Covered by Collective Bargaining Agreements (%)	57.0	54.7	53.8	57.7	55.2
Employee New Hires ^(f)	4,259	4,345	5,738	4,971	5,897
Employee New Hire Rate (% of total employed, excluding contractuals)	6.8	6.7	8.6	7.9	9.7
Female	1,086	928	1,269	1,125	1,369
Male	3,173	3,417	4,467	3,846	4,528
Total Employee Turnover ^{(e) (g)}	6,183	10,548	4,302	—	—
Total Voluntary Employee Turnover ^{(e) (h)}	2,636	2,445	1,847	1,641	1,513
Total High Potential Voluntary Turnover ^{(e) (h) (i)}	143	119	63	48	46
Board of Directors	14	14	15	15	14
Female	3	3	3	3	2
Male	11	11	12	12	12
Senior Management ^(j)	53	59	38	36	34
Female	6	7	6	7	7
Male	47	52	32	29	27
Management ^(j)	4,165	4,710	4,868	4,672	4,528
Female	776	837	841	738	690
Male	3,389	3,873	4,027	3,934	3,837
Non-management ^(j)	58,671	60,497	61,922	58,528	56,270
Female	10,817	10,919	11,303	10,773	10,289
Male	47,854	49,578	50,619	47,755	45,981
Number of Employee Citizenships ^(k)	125	121	112	105	99
Equal Remuneration, Senior Management (ratio of women to men) ^{(j) (l) (m)}	0.7	0.7	—	—	—
Equal Remuneration, Management (ratio of women to men) ^{(j) (l) (m)}	0.9	0.9	—	—	—
% of Employees Receiving Performance and Career Development Reviews	90.5	86.3	91.8	—	—
High Potential Talent Pool ^(j)	1,908	2,092	2,071	1,627	1,477
Female	503	572	576	441	377
Employee Productivity (in dollars) ⁽ⁿ⁾	256,536	271,954	237,663	231,382	267,391

STRATEGY

In 2015 we re-focused our strategy in the near-term on regaining earnings power and generating better free cash flow and in the medium-term on positioning the company for sustainable growth.

We strengthened our leadership team and identified the right leaders for each segment, making eight key appointments in 2015. The new team possesses deep industry knowledge as well as the strong functional expertise and turnaround experience necessary to work across the business to achieve our goals.



¹ Also Interim Vice President, Public Affairs and Human Resources.

STRATEGIC ROADMAP

In 2015, our new leadership team performed an extensive review of our operations and took decisive actions to begin activating a five-year strategic roadmap focused on creating greater value for stakeholders. The roadmap contains three interrelated phases that together drive toward a set of achievable 2020 objectives.

2015 2016 2017 2018 2019 2020

DE-RISK > Liquidity and programs

- Secure liquidity
- Execute *C Series* aircraft program
- Execute *Global 7000* aircraft program
- Launch and drive transformation

RE-BUILD > Earnings and cash flow

- *C Series* aircraft program ramp-up
- *Global 7000* aircraft entry-into-service
- Deliver transformation
- Enhance business model
- Pursue strategic options

DE-LEVERAGE > Balance sheet

- Reduce debt
- Optimize capital structure
- Strengthen credit metrics and ratings
- Apply disciplined capital deployment

2020 OBJECTIVES¹

Revenues
\$25B+

EBIT Margin
7-8%

Free Cash Flow
Conversion
>80%
of Net Income

¹ Forward-looking statement. Refer to forward-looking statements at the end of this report.

2015 PROGRESS

In February 2015, we officially rolled out the first phase of our new strategy focused on de-risking our business. The first step was to raise \$5.6 billion of liquidity:

Closed a **\$868 million** public offering of equity in the first quarter of 2015

Issued a **\$2.25 billion** aggregate amount of unsecured Senior Notes in March 2015, due in September 2018 and March 2025

PRO FORMA LIQUIDITY OF \$6.5 BILLION¹
to sustain anticipated capital investment for aircraft programs in development

Entered into a memorandum of understanding (MOU) with the Government of Québec in October 2015 for a **\$1.0 billion** investment in our *C Series* aircraft program in return for a **49.5%** equity stake in a newly created limited partnership

Entered into a definitive agreement with the CDPQ in November 2015 for a **\$1.5 billion** convertible share investment for a **30%** stake in Transportation and closed the acquisition in February 2016

¹ Pro forma liquidity comprises the Corporation's available short-term capital resources as at December 31, 2015, gross proceeds of the investment from the CDPQ in Transportation received February 11, 2016 and expected gross proceeds of the investment from the Government of Québec in the *C Series* aircraft program.



C Series commercial aircraft family

We also made significant progress in de-risking our major aircraft programs:

C SERIES AIRCRAFT PROGRAM › The CS100 aircraft received its Transport Canada type certification and the CS300 aircraft is on track to receive its Transport Canada type certification mid-year 2016.

GLOBAL FAMILY › We reduced production rates for the *Global 5000* and *Global 6000* aircraft following the impact of current economic conditions and geopolitical issues in some regions on industry-wide order intake. We also rebased the entry-into-service date for the *Global 7000* aircraft to the second half of 2018 following an in depth review of all aspects of the program.

LEARJET 85 AIRCRAFT PROGRAM › We canceled the *Learjet 85* aircraft program due to lack of sales following prolonged market weakness in the Light aircraft category. We remain committed to the *Learjet* family of aircraft.

Finally, we developed and entered the execution phase of a comprehensive transformation plan to rebuild earnings and generate better free cash flow.



JIM VOUNASSIS

VICE PRESIDENT
OPERATIONS STRATEGY

Jim Vounassis joined Bombardier in June 2015, bringing with him a successful track record of managing companies through strategic transitions. At Bombardier he develops and drives strategies to increase value creation, including the current transformation plan.

Q

What do you see as Bombardier's strengths and weaknesses as it proceeds through the transformation plan?

A
I joined Bombardier because of its strengths: a world-class company with highly innovative products, smart and passionate employees, and a broad base of customers. I also felt I could make a real difference in the company's future given the challenges it is facing related to execution and increasing customer pressure to reduce costs—in addition to fierce competition. We are now executing on a solid plan to address these challenges, a key part of which is working as one company, sharing best practices and leveraging our scale to achieve cost savings. Our ability to work as one team to achieve what is best for Bombardier and treat company money as if it were our own is critical. This is why we are focusing on new and clear behaviours to ensure everyone in the organization owns our future and is accountable through our governance process.

How does a company the size of Bombardier begin to pivot and transform at scale?

After gaining a thorough understanding of Bombardier's structure and culture, my team created a process with three underpinning features: ① two clear key performance indicators—EBIT and free cash flow—so we can tie our transformation directly to our financial processes making it easy to understand and track; ② a tiered governance to create accountability and visibility from the top of the organization and allow rapid escalation of roadblocks; and ③ a simple gated process allowing full transparency on projects progress against deliverables and enabling us to rapidly identify areas that are on track versus those that need closer attention. Accountability and integration into day-to-day systems are key success factors of transformations and they are fully covered in our process.

What steps did you take in 2015 to drive Bombardier's operational transformation?

First, we created the Operations Strategy function to work closely with the business segments to identify opportunities, coordinate cross-functional teams and track progress, ensuring accountability across the organization. We conducted a rigorous, independent analysis to determine the improvement potential of each part of the business and set quantified achievable targets which were cascaded down in the business segments and will be met through a bottom-up approach.

We have also integrated our targets into our overall five-year plan and built them into each business segment's budget. This is crucial to our success as it ensures every element of the plan is easily tracked and has a designated owner responsible for reaching our targets. In addition, we provided each business segment's President with increased visibility on the company spending, especially for indirect goods and services, which allows us to have much tighter control over spending.

What will be the early indicators of the transformation plan's success?

Our 2020 objectives are ambitious but attainable, taking into account industry benchmarks, consultations with business segment leaders and insights from teams across the business. One of our most important moves was to centralize procurement, thereby reducing the overlap in spending between business segments. That is one of the initiatives through which we are beginning to see early indicators of success—particularly in the reduction of indirect costs such as information technology and travel costs. But while some changes will come fast, transforming a large organization comes in phases. We need to do things in the right order to make lasting change that will help us maintain our competitiveness and secure long-term profitability.

CREATING VALUE THROUGH TRANSFORMATION

The transformation plan is designed to improve Bombardier's operations and put the company back on strong financial footing. The success of the transformation will enable us to continue our decades-long track record of creating next generation mobility innovations. The transformation plan focuses on three areas. Our success in these areas is predicated on our ability to strengthen accountability at every level and to cultivate a high-performance culture.



DECREASING PROCUREMENT COSTS

Procurement improvements are at the heart of our cost reduction initiatives. To be able to achieve direct cost savings in our supplier spending, we are centralizing procurement at the corporate level for the first time. Historically each business segment managed its own suppliers, which had created significant overlap in our goods and services and support functions spend.

To spearhead this consolidation, we hired our first corporate Chief Procurement Officer, Nico Buchholz, in 2015. Nico brings an impressive track record of strategic planning and execution as well as a deep understanding of the aerospace and industrial sectors.

Nico and his team are primarily focusing on:

- restructuring the procurement team and appointing key suppliers account leaders for major suppliers;
- consolidating our supplier base and restructuring major contracts to create efficiencies and scale across our business; and
- re-examining what we need and what customers expect to standardize functional requirements across our products and business.

We expect to start seeing the results of these changes in the second half of 2016.¹

¹ Forward-looking statement. Refer to forward-looking statements at the end of this report.

PRIORITIES

As an organization built to improve how the world moves, our relationship with society and the environment is indivisible from how we perform as a business. We take into consideration many key factors that affect our ability to create value.

To effectively address these factors, we must continually identify, validate and discuss them with our stakeholders. We prioritize the issues by conducting periodic internal assessments and having ongoing conversations with our stakeholders, including customers, investors, suppliers, current and prospective employees, industry associations, non-governmental organizations and communities.

In 2014, we completed our most recent stakeholder consultation, using both quantitative and qualitative methods to determine the relative level of priority of a range of issues, drawn from the Global Reporting Initiative's (GRI) G4 Reporting Guidelines, including issues both within and outside our direct control.

These exercises led to a prioritization of the issues most material to our company's future. We actively manage these issues and endeavor to improve our performance with respect to each, year-over-year. We discuss our 2015 progress against these top issues throughout this report.

MATERIALITY MATRIX¹



- 1 Compliance, Code of Ethics and Business Conduct
- 2 Energy Efficiency of Manufacturing and Servicing Operations
- 3 Supplier Compliance
- 4 Attracting and Retaining Talent
- 5 Preventive Culture
- 6 Anti-corruption and Anti-bribery
- 7 Occupational Health and Safety
- 8 Expenses
- 9 Customer Relations and Satisfaction
- 10 Employee Engagement
- 11 Revenue Generation
- 12 Competitive Wages and Benefits
- 13 Product Delivery Time
- 14 Human Rights Screening
- 15 Compliance, Reliability and Safety

¹ Refer to the sustainability section on bombardier.com for our detailed materiality matrix.

CREATING SHAREHOLDER VALUE

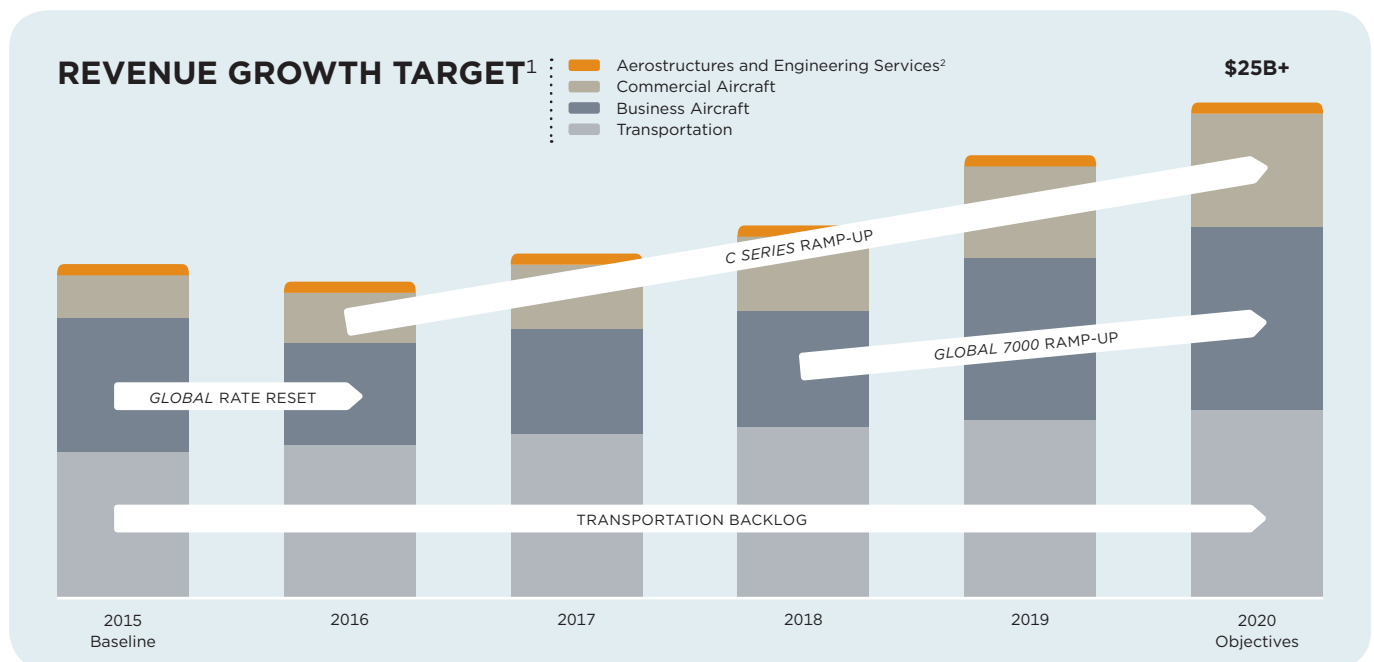
Our financial objectives are clear: to improve profitability and convert income to cash flow.

Many of our decisions in 2015 had an impact on financial results as we de-risked the business, but we began 2016 with a clear plan in place to position Bombardier for financial success.

REVENUE GROWTH

For the fiscal year ended December 31, 2015, we reported revenues of \$18.2 billion. Excluding a negative currency impact of \$1.2 billion in Transportation, our consolidated revenues decreased by 3.7%, mainly due to lower deliveries of regional jets and Large business aircraft, partially offset by higher deliveries of turboprops and Medium business aircraft.

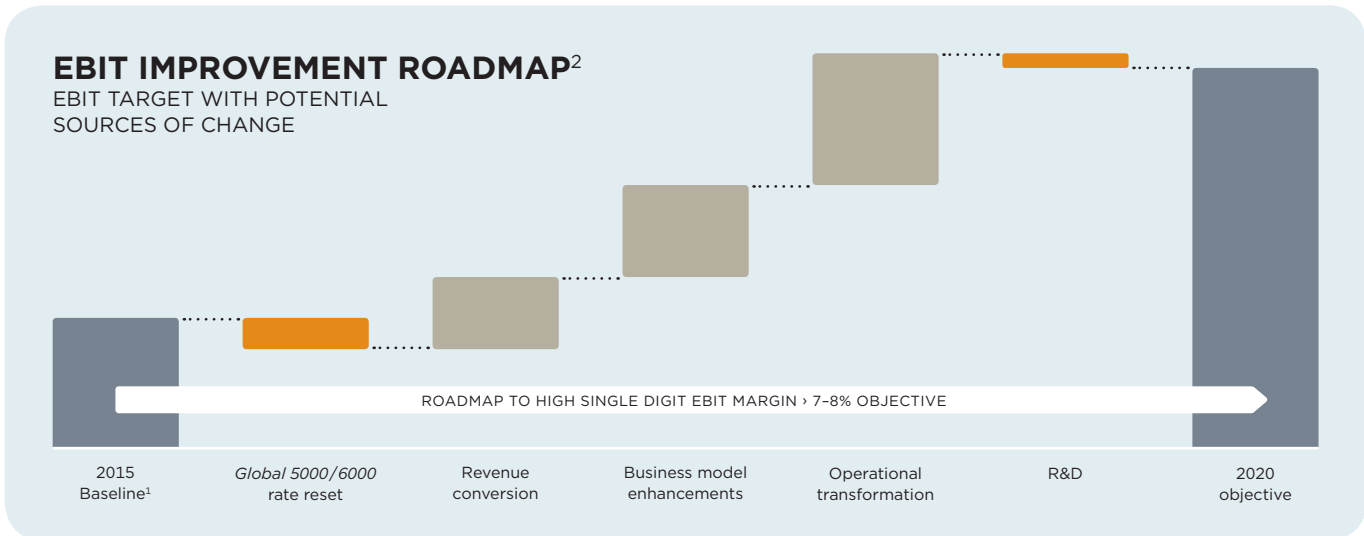
Revenue growth is at the heart of the transformation plan and our road to profitability. Our revenue target of more than \$25 billion in 2020¹ will be mostly driven by the *C Series* commercial aircraft, the *Global 7000* and *Global 8000* business jets and our strong backlog in Transportation, with 2016 being a significant year of transition.



¹ Forward-looking statement. Refer to forward-looking statements at the end of this report. ² Aerostructures and Engineering Services revenues are net of intersegment revenues.

EBIT PERFORMANCE

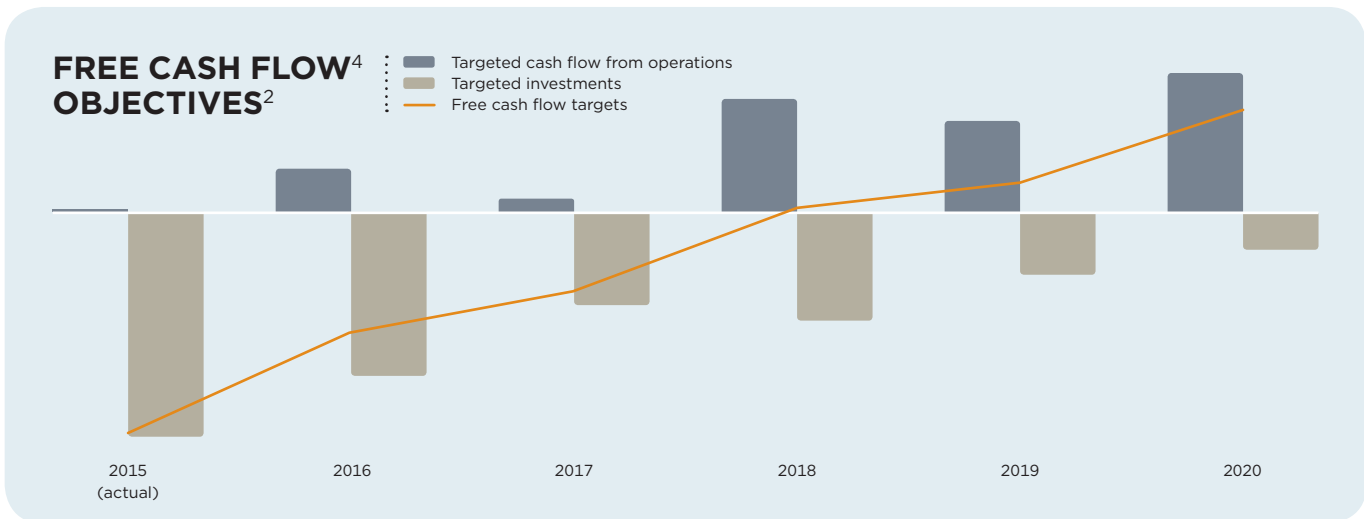
Going forward, we have a clear 2020 EBIT improvement roadmap to more than double our earnings margin from our 2015 results¹ and deliver EBIT margin in a range of 7% to 8%.² In 2016, we expect to see EBIT margin improvements across Transportation, Business Aircraft and Aerostructures and Engineering Services. We expect a larger negative EBIT in Commercial Aircraft as it ramps up the production of the *C Series* aircraft program, mainly due to the dilutive impact of the initial years of production.³



FREE CASH FLOW⁴

In 2015, we used \$1.8 billion in free cash flow⁴, slightly better than our guidance of \$1.9 billion to \$2.2 billion. Our near-term guidance reflects the necessary and appropriate actions that we expect to take to rebuild our earnings power and free cash flow generation over the next five years.

Based on our revenues and earnings objectives, our free cash flow⁴ should improve year-over-year to positive free cash flow generation in 2018.² As we improve free cash flow⁴ conversion by 2020, we expect to improve our credit ratios.² We will also introduce balanced investment strategies to sustain product development and maintain product leadership in our markets.



¹ The 2015 baseline is EBIT margin before special items, which is a non-GAAP financial measure. Refer to non-GAAP financial measures at the end of this report. ² Forward-looking statement. Refer to forward-looking statements at the end of this report. ³ Early production units in a new program incur higher costs and generally lower selling prices than units produced later in the program's life cycle. ⁴ Non-GAAP financial measures. Refer to non-GAAP financial measures at the end of this report.



JOHN DI BERT

SENIOR VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

John Di Bert joined Bombardier in August 2015 with more than 20 years of experience in aerospace and finance. He brings a track record of success in improving the performance of high-tech manufacturing companies.

Q

What role does your team play in Bombardier's transformation?

A

I've been through transformations before and that experience has taught me that the financial team's active involvement is essential. Our team is currently playing a central role in our transformation: taking the lead in understanding opportunities, assessing business cases, validating benefits, allocating resources and, most of all, creating a culture of financial discipline. To support this work, we established a dedicated financial planning and analysis team reporting directly to me, and created the new position of Head of Financial Strategy with a mandate to establish the processes and key performance indicators for disciplined capital allocation and also drive financial accountability of our transformation plan.

In your view, what are the most important steps for Bombardier to achieve positive cash flow?

We implemented significant operational improvements in 2015 that are expected to drive profitability and positive free cash flow. We ended the fourth quarter of 2015 with strong free cash flow performance, a disciplined approach to cash management and a focus on working capital in all our business segments. In fact, excluding normal cash requirements during the *C Series* ramp-up, we already see free cash flow improvement in 2016.¹ We anticipate that as a result of the strategies we set in motion in 2015 and the reduced spend on the *C Series*, company-wide free cash flow will turn positive in 2018.¹ To get there, we must execute well in 2016 and 2017, get our new products to market, deliver on our backlog and adhere to the transformation plan.

What steps has Bombardier taken to address its liquidity needs?

We have built sufficient liquidity to deliver on our five-year plan: we entered 2016 with a secured pro forma liquidity of \$6.5 billion.² The transactions we announced in 2015, including those with the Government of Québec and the CDPQ, have put us in a place where we can complete our major development programs, while taking an increasingly disciplined approach to cash management. I'm confident that we have the right level of liquidity to execute our strategic plan.

Should Bombardier encounter unexpected difficulties in the coming years, what is the backup plan for liquidity?

Our strong level of liquidity at the start of 2016 provides flexibility should we encounter unforeseen events while we complete our large investment cycle. As our investment level decreases and we start generating stronger cash flows, the amount of liquidity required will decrease. It's important to highlight that our cash usage is expected to improve by at least \$500 million in 2016 because of the cash management practices we are putting into place.¹ When free cash flows turn positive we will explore additional capital structure options to de-leverage the balance sheet.

¹ Forward-looking statement. Refer to forward-looking statements at the end of this report. ² Pro forma liquidity comprises the Corporation's available short-term capital resources as at December 31, 2015, gross proceeds of the investment from the CDPQ in Transportation received February 11, 2016 and expected gross proceeds of the investment from the Government of Québec in the *C Series* aircraft program.



LAURENT TROGER

PRESIDENT
TRANSPORTATION

Laurent Troger joined Bombardier Transportation in 2004, serving as Chief Technology Officer and Chief Operating Officer before becoming President in 2015. Prior to his appointment as President, he spearheaded the implementation of the transformation plan within Transportation.



How will Transportation grow revenues over the next several years?

We're focused on three areas in particular. We must first accelerate execution on our \$30.4 billion backlog. Next, we must bring in more contracts that allow us to leverage the full suite of our capabilities, working with customers starting in the design phase, all the way through to operation and maintenance. The \$280 million contract with Edmonton (Canada) for our *FLEXITY* light rail vehicles uses precisely this model and it's the type of work we're looking to do more of. Lastly, we must focus on winning large strategic orders in both our core and growth markets.

What are Transportation's unique selling points to further strengthen its position in key growth markets?

Many of our growth areas are emerging markets. These regions require mass transit solutions that can rapidly be operational. We are well-equipped to meet this need, as evidenced by the contract won in 2015 by our Chinese joint venture, CSR Puzhen Bombardier Transportation Systems Limited, for an *INNOVIA* APM 300 automated people mover for Shanghai Shentong Metro Co. Ltd. and by the contract for additional *MOVIA* metro cars to Delhi Metro Rail Corporation Ltd (DMRC). The new trains in Delhi will increase DMRC's existing fleet of *MOVIA* metros to 776, making it one of the largest in the world. Both of Transportation's sites in India will be involved in executing this project. This global coverage of local footprints, along with long-term commitments help us shape our customers' sustainable mobility strategies.

What benefits will the transformation deliver?

The transformation will help us reach our targets for increased revenues, improved cash flow and reduced costs at an increased pace. One of the pillars of the transformation where we expect to yield the greatest dividends is standardization. By transitioning to a standardized product platform approach, we can reuse proven solutions while customizing to meet each customer's needs and reducing lead time and risk in our development and execution phases. This approach also enables us to continually identify and apply best practices across our products to improve their performance and reduce their environmental footprint.

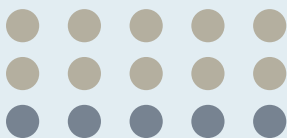
How are you preparing to meet the sustainable transportation needs of the future?

Customer expectations regarding eco-friendly transport are increasing and will no doubt continue to rise as governments commit to long-term environmental goals. To meet and exceed these expectations, we apply our EcoDesign process to all our products. Approximately 80% of the environmental impacts of rail vehicles and aircraft are determined at the design stage, so using the EcoDesign approach is critical. The approach has led to countless innovations over time, including the game-changing, battery-powered Class 379 *ELECTROSTAR* train that began passenger service with British Railways in 2015. It allows for eco-friendly travel even in rural areas of the country where diesel or electrified rail services are not suitable.

ECO4 TECHNOLOGIES

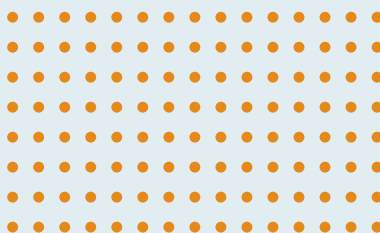
Our modular suite of *ECO4* technologies are also part of our offering in sustainable transport solutions. These technologies support our holistic, lifecycle-oriented approach and are conceived to help operators face the growing need for optimal fleet management, efficient operations and low product lifecycle costs.

15 *ECO4*
TECHNOLOGIES



5 INDUSTRY-FIRST
TECHNOLOGIES

120 APPLICATIONS



- Overall energy savings up to 50%
- Reduced noise pollution
- Minimized CO₂ emissions
- Reduced lifecycle costs
- Improved efficiency and performance

TRANSPORTATION

The rail transportation sector represents a resilient market with steady growth.

The accessible rail market is expected to yield a compound annual growth rate (CAGR) of 2.7% over the next four years with the outlook for all regions remaining positive.¹

Several key indicators including population growth, increasing urbanization and heightened environmental awareness are expected to continue to drive improvement in the market over the next several years. With rail accounting for one of the lowest environmental impact, as little as 3.3% of transport related CO₂ emissions, it offers one of the most sustainable mobility options available in the market.² And following the landmark 2015 Paris Agreement on climate change, we expect to see renewed interest among governments to actively seek out and invest in low-carbon transportation solutions such as rail.

This is of course good news for Bombardier as we are well positioned to provide many of these solutions. In fact, for a long time, we have been proactively communicating the environmental benefits of our products to current and potential customers through our Environmental Product Declarations (EPD), which provide customers with a standardized way of measuring and comparing the environmental impact of each of our products against others. Since publishing our first EPD for the Stockholm metro more than 15 years ago, we have published 16 EPDs, the most recent of which was published in 2015 for AZUR, the new metro vehicles in Montréal, Canada.

In 2015, Transportation:

- Sustained strong order intake of \$8.8 billion across all product segments and geographic regions leading to a backlog of \$30.4 billion at the end of the fiscal year.
- Maintained market leadership for all major rolling stock segments in Europe and metros in North America and strengthened our positions in China, India and Australia.
- Received homologation for the V300ZEFIRO Italy very high speed train, which entered into commercial service in June 2015.
- Powered Berlin's electric bus line with our *PRIMOVE* technology, making the city the first capital with a fully electric, inductively charged, emissions free bus line in the city centre.

HIGHEST GROWTH EXPECTED IN SERVICES AND SYSTEMS

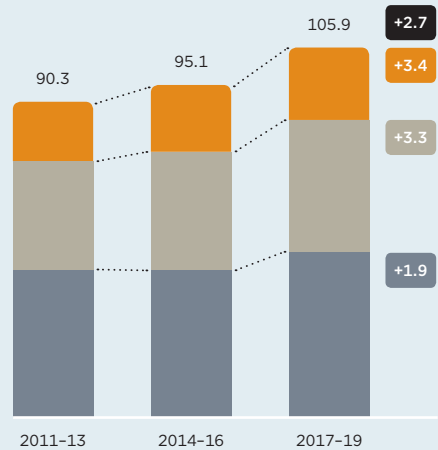
ANNUAL TARGET MARKET³

(three-year average orders; in billions of dollars)

BY PRODUCT SEGMENT

- Systems & Signalling
- Services
- Rolling stock

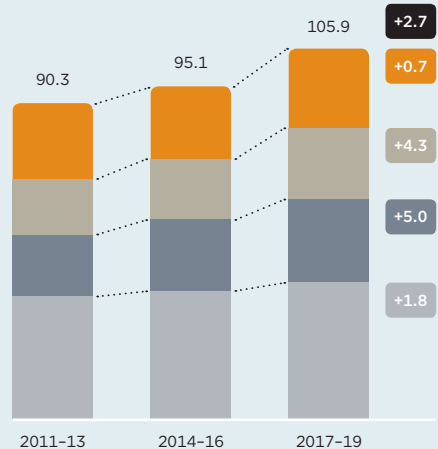
Total CAGR
2012-2018
%



BY GEOGRAPHICAL REGION

- Rest of world⁴
- North America
- Asia-Pacific
- Europe

Total CAGR
2012-2018
%



¹ UNIFE 2014 World Rail Market Study "Forecast 2014 to 2019". ² International Union of Railways: "Railway Handbook 2014. Energy Consumption & CO₂ Emissions". ³ Based on total rail market as defined by UNIFE, excluding markets non-accessible for Transportation which are associated with contracts that are awarded to local players without open-bid competition, and segments in which Transportation does not actively compete, including the infrastructure segment, shunter segment and certain freight wagon services. ⁴ Rest of world includes South America, Central America, Africa, the Middle East and the CIS.



TRANSFORMING FOR PROFITABLE GROWTH

We also made significant progress against our transformation plan in 2015:

INCREASING STANDARDIZATION

We introduced a stronger platform approach, standardizing engineering and upfront development across geographies.

CENTRALIZING OUR SUPPLY CHAIN

We developed a global procurement strategy to consolidate our supplier base and, as a result, optimize costs and reduce risk.

STRENGTHENING ORGANIZATION AND KEY ACCOUNT MANAGEMENT

We adopted a more customer-focused approach with an eye toward efficiency and customer service.

EMPOWERING PROJECT MANAGEMENT

We instituted a leaner organization to accelerate decision-making and ensure accountability among project managers.

In 2016, we will continue to focus on these areas while also working to improve our inventory management, our backlog efficiency and our overall competitiveness.



DAVID COLEAL

PRESIDENT
BUSINESS AIRCRAFT

David Coleal joined Bombardier in 2015, having previously held leadership positions in aerospace for more than a decade. He brings a strong track record of improving productivity, execution, competitiveness and financial performance.



What will be the key growth drivers for Business Aircraft in the next 10 years?

The first is the entry-into-service of the *Global 7000* in the second half of 2018. The aircraft is a class-defining product that positions us well to capture a large portion of the anticipated growth in the Large aircraft segment. The other is customer services. As this is a high-margin activity, it is a core focus of our business model enhancements. The demand for customer services is in large part driven by the size of our fleet. With the industry's largest installed base in segments in which we compete and a strong order backlog of \$17.2 billion, we see services as a real growth opportunity.

What is your view of the current market for business aviation?

The market is undoubtedly competitive and I don't expect that to change in the short-term. In May 2015, we proactively reduced our *Global 5000* and *Global 6000* production rates to better align with market demand and to avoid any potential short-term oversupply in the market. Having the right capacity will strengthen the brand and ensure our success for the long-term. We will constantly monitor the market to capture opportunities and be disciplined in our pricing to protect the value of our aircraft.

How do you plan to achieve improved financial performance?

We are making strategic business model enhancements to better leverage our class-leading aircraft and solidify long-term profitability. This includes tightening our sales strategy to focus more on direct-to-market channels. In activating this new approach, we terminated select sales representatives and distribution agreements in 2015 and restructured certain customer commercial agreements. Our sales team is well-equipped to increase our position in the marketplace and we expect our current industry-leading backlog to become even stronger as we activate these channels more fully.

Our transformation plan sees us all playing a part in turning Business Aircraft into a higher-performing organization in terms of operations, quality and financial performance. We are adopting a new mindset across our segment to drive performance, improve cash generation, reduce costs and strengthen employee engagement.

BUSINESS AIRCRAFT CUSTOMER SERVICES

Demand for customer support is expected to grow in the coming years and Business Aircraft's worldwide support network is well positioned to seize this growth opportunity.

2

24/7 Customer response centres

15

Customer mobile response vehicles

1

Dedicated aircraft for airborne support

15

Regional support offices

60+

Maintenance facilities

2

Training facilities; in Montréal and Dallas

3,000

Customers trained per year

14

Parts facilities worldwide

BUSINESS AIRCRAFT

Long-term fundamentals of the business aircraft market remain strong and we anticipate continued wealth creation in mature markets as well as increased penetration of business jets in emerging markets. Bombardier's industry-leading portfolio of products across three market segments positions us well to maximize our share of the new demand, building on strong foundations of:



Robust leadership team of industry veterans and functional experts



Backlog of \$17.2 billion¹, the largest in the industry²



Installed base of **4,400+ aircraft worldwide¹**, leading the industry²



Class-leading products



Challenger 650 aircraft



Learjet 75 aircraft

In 2015, Business Aircraft also focused on improving growth and long-term profitability. Through new products, business model enhancements and operational transformation, we:

- expanded our customer services business;
- increased focus on direct-to-market sales channels;
- optimized our pre-owned inventory to protect the value of our portfolio; and
- achieved the entry-into-service of the newly-upgraded *Challenger 650* aircraft.

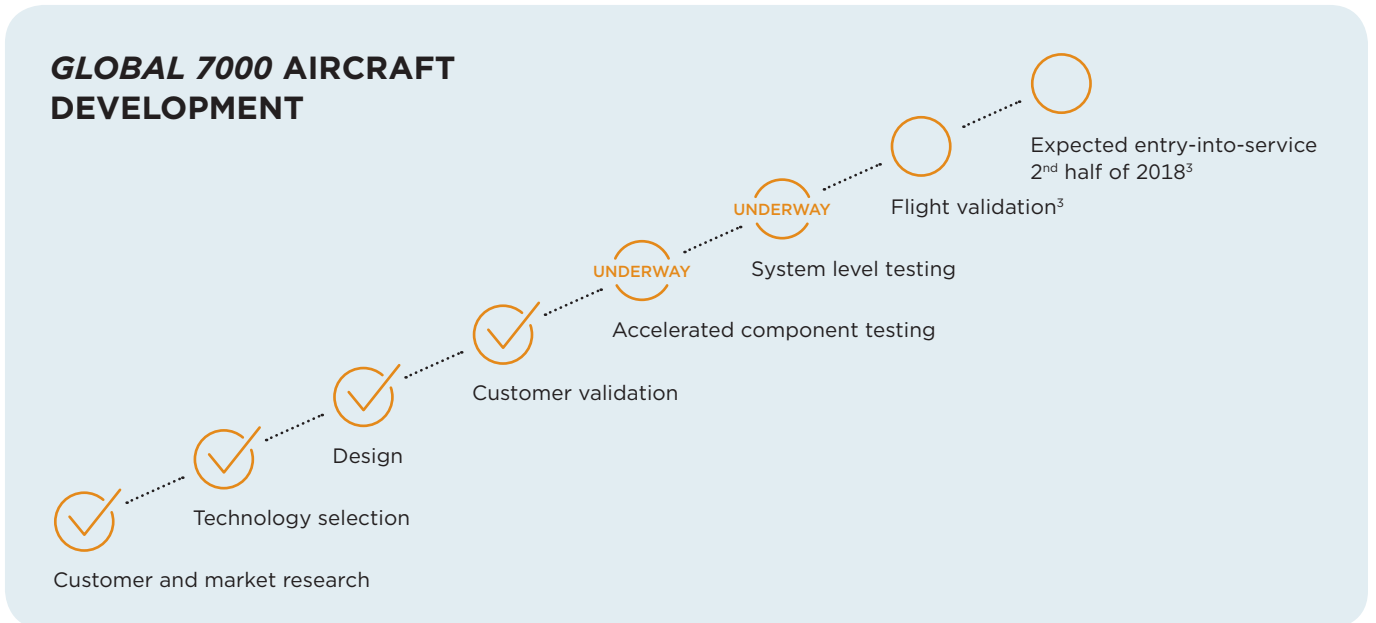
We also made the decision to reduce our production rates of our *Global 5000* and *Global 6000* aircraft to align with market demand, canceled the *Learjet 85* aircraft program due to lack of sales following prolonged market weakness in the Light category and restructured some of our commercial customer agreements.

¹ As at December 31, 2015. ² In segments in which we compete.



The *Global 7000* aircraft¹ is a class-defining product with industry-leading features including:

<p>BREAKTHROUGH INTERIOR</p>	<p>HIGH-SPEED CAPABILITY</p>	<p>LOW-SPEED HANDLING</p>
<p>First and only business jet to offer four unique living spaces</p>	<p>Exceptionally fast with a Maximum Operating Speed of Mach 0.925²</p>	<p>Unique steep approach capabilities</p>



¹ Product under development. Refer to disclaimers at the end of this report. ² Under certain operating conditions. ³ Forward-looking statement. Refer to forward-looking statements at the end of this report.



FRED CROMER

PRESIDENT
COMMERCIAL AIRCRAFT

Fred Cromer joined Bombardier in 2015 with nearly 25 years of commercial aviation experience. In his first year, Cromer oversaw the launch of Commercial Aircraft's operational transformation and the certification of the *CS100* aircraft.



What growth do you anticipate in Commercial Aircraft programs over the next several years?

We have a strong market position in our existing programs. The *Q400* is the most capable turboprop in the market as well as the most profitable for airlines. The *CRJ Series* program is the most successful regional jet program; it has a low operating cost and the largest installed base. These programs will hold steady but the real growth will come from the addition of the *C Series* aircraft. Revenue will begin to grow slowly as we start delivering the aircraft with our launch operator, Swiss International Air Lines (SWISS). But it should then begin to steadily increase, contributing significantly to our revenues by 2020.¹

What is the market opportunity for the *C Series* aircraft?

As someone who has studied hundreds of airplanes and bought billions-worth over the course of my career, it's very exciting to introduce the *C Series* aircraft. The *C Series* is a remarkable feat of engineering. As the only 100% new aircraft designed for the 100- to 150-seat market, it is well-positioned to capture a sizable share of the 7,000 airplanes expected to be delivered in this segment over the next 20 years.² Now that the planes are flying, we have received heightened interest and accelerated the pace of sales discussions with marquee airlines.

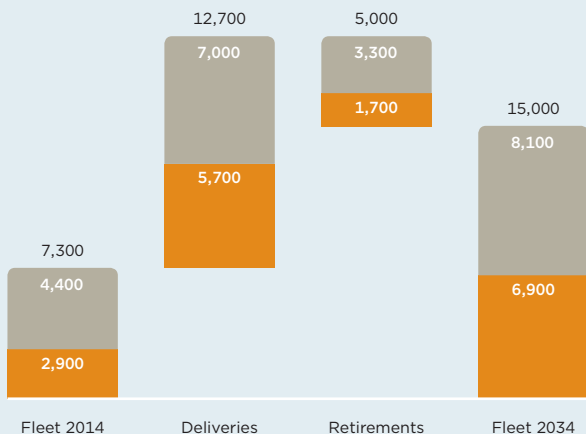
How will you ensure successful entry-into-service for the *C Series* aircraft?

Over the last 30 years, Bombardier has introduced more than 25 aircraft models to the market. We know how to do this successfully but it takes discipline and focus. We are working diligently with SWISS to make the process as seamless as possible, while continuing to build the order backlog for both the *CS100* and *CS300* aircraft. We are also growing our global infrastructure in line with the entry-into-service schedule.

From a reliability perspective, we are feeling very good about where we are. During recent route-proving testing, conducted in North America and Europe, the *CS100* aircraft flew 450 hours mimicking an airline environment and completed more than 70 city pair flights.³

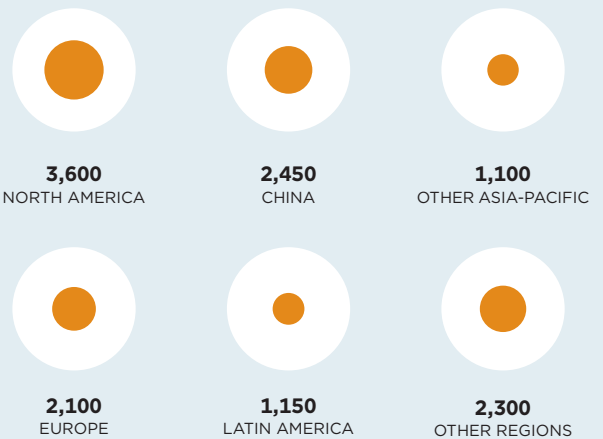
60- TO 150-SEAT COMMERCIAL AIRCRAFT FLEET EVOLUTION BY CATEGORY 2014-2034⁴

■ 100- to 150-seat
■ 60- to 100-seat



60- TO 150- SEAT COMMERCIAL AIRCRAFT DELIVERIES FORECAST BY REGION 2014-2034⁴

TOTAL: 12,700 UNITS



¹ Forward-looking statement. Refer to forward-looking statements at the end of this report. ² Bombardier Commercial Aircraft Market Forecast 2014-2034 available on bombardier.com; Bombardier Quality of Services Index analysis. ³ Product under development. Refer to disclaimers at the end of this report. As at March 31, 2016. ⁴ In units. As stated in our Commercial Aircraft Market Forecast 2014-2034 available on bombardier.com.

COMMERCIAL AIRCRAFT

The commercial aircraft market continues to build momentum as passenger traffic levels and forecast airline financial performance improve. Our flexible portfolio includes a variety of optimally designed aircraft with a range of cabin layouts that offer the best economics, leading to lower breakeven points and additional profits for the operators.



Q400 turboprop



CRJ900 regional aircraft

In 2015, we took some important steps to better position Bombardier and take full advantage of the market's momentum:

- Achieved certification and announced SWISS as the first operator for the CS100 aircraft, and announced airBaltic as the first operator for the CS300 aircraft.
- Secured additional liquidity through the announced investment by the Government of Québec, which will allow us to complete the C Series program.
- Hired a new Head of Sales and restructured the sales and marketing function to help increase orders.
- Sharpened our focus on customer relationships by refining our product targeting to meet specific customer needs.






Moving forward, we are focusing on four key drivers to improve our financial performance:

- Secure a stream of incremental orders to gain positive market momentum.
- Ramp up C Series aircraft production to meet projected demand while focusing on condensing the learning curve to get to profitability as quickly as possible.
- Leverage the new procurement processes to reduce costs and gain efficiencies.
- Strengthen our market position for the CRJ family of aircraft and the Q400 turboprop.



First CS300 aircraft assembly for airBaltic, Mirabel, Canada

The *C Series*¹ airliners are the first all-new single-aisle aircraft in the 100- to 150-seat segment in more than 30 years. The aircraft integrate a lighter design and more efficient technology—resulting in superior operating performance and exceeding original targets. Other *C Series* aircraft advantages include:

				
<p>Up to 12,000 pounds lighter than other aircraft in the same seat category</p>	<p>Greater than 20% fuel burn advantage leading to 20% CO₂ reduction compared to in-production aircraft</p>	<p>Greater than 10% unit cost advantage compared to similarly-sized, re-engined aircraft</p>	<p>Up to \$13 million extra value per aircraft</p>	<p>Quietest in-production commercial jets in their class</p>

In addition to best-in-class economics and performance, every *C Series* aircraft interior configuration is designed to deliver a widebody feel in a single-aisle aircraft. The aircraft also offer unmatched passenger comfort with the widest seats in their class.

With the *CS100* aircraft scheduled to enter into service in the second quarter of 2016, we are now focused on ramping up production to ensure efficiency and profitability. We will issue an EPD at delivery of the aircraft—an industry first enhancing environmental transparency—and we will continue to do so for all future aircraft at entry-into-service.

The *C Series* aircraft program is expected to enter into service with a firm order backlog of more than 300 aircraft or up to 800 aircraft including all options and commitments². Amongst these is a firm order from Delta Air Lines, Inc. for 75 *CS100* aircraft with options for an additional 50 and a Letter of Intent from Air Canada for 45 *CS300* aircraft with options for an additional 30, including conversion rights to the *CS100* aircraft, both signed in the first quarter of 2016.

¹ Product under development. Refer to disclaimers at the end of this report. ² The other agreements consist of conditional orders, letters of intent, options and purchase rights.



JEAN SÉGUIN

PRESIDENT
AEROSTRUCTURES AND
ENGINEERING SERVICES

Jean Séguin was appointed to his present role in 2014 and is the first leader of the newly-formed Aerostructures and Engineering Services business segment. He brings to this position more than 30 years of experience across a wide array of functions from research and development and operations to engineering.



What do you see as the growth drivers for this new business segment?

We're a nearly \$2 billion business in revenues today. Our growth over the next five years will primarily be driven by our involvement with the production of the *C Series*, *Global 7000* and *Global 8000* aircraft. Customers outside of Bombardier are also critical to our success. Currently, about a quarter of our business is done for external clients and we receive very high customer satisfaction marks from these engagements. We intend to build on this strong foundation.

How are you ensuring that your supply chain can meet the development needs of new aircraft?

The development of the *C Series*, *Global 7000* and *Global 8000* aircraft has certainly put pressure on our supply chain and requires extra capacity. To scale up appropriately, we've embedded some of our engineers and specialists in our procurement teams and stepped up efforts to collaborate with our suppliers, ensuring they can accommodate our higher volume needs and provide us with cost benefits commensurate with the larger contracts.

How is the transformation contributing to Aerostructures and Engineering Services?

The transformation is key to our growth and we have a solid plan in place to reduce procurement costs, implement tighter controls over our working capital and increase our overall productivity. Consolidating our spend with suppliers and leveraging economies of scale will help us reduce our costs significantly. For example, we have already put detailed strategies in place to reduce the cost of commodities such as those used in composites, fabricated metal parts, hardware and electrical components. All these measures will help us better contribute to Bombardier's overall competitiveness.

How is the Aerostructures and Engineering Services business differentiated from competitors' offerings?

Our engineering capabilities are the best in the business. Perhaps one of the most striking examples of our leadership is the composite wing and aft fuselage made for the *C Series*—innovations made possible by our EcoDesign approach—that help reduce the aircraft's fuel usage.

Our global footprint is also an important differentiator: we were one of the first in the industry to expand globally, first opening a site in Mexico in 2005 followed by Morocco in 2014, to complement our sites in Northern Ireland and Canada. Our Belfast and Saint-Laurent sites, in which we have invested more than \$2 billion in recent years and which are core to the business, will continue to be world class centres of excellence with unique expertise. Our sites in Mexico and Morocco, developed over the years, and our global supply chain will be further leveraged to help drive cost down and to deliver competitive products to the market.

AEROSTRUCTURES AND ENGINEERING SERVICES

Aerostructures and Engineering Services designs and builds aerostructures for Bombardier and other aircraft and aerostructure manufacturers. Aerostructures is a steady market and is expected to show robust growth in the mid- to long-term based on key market indicators including economic growth, air passenger traffic and aircraft demand. We are well positioned to take advantage of this growth with our array of capabilities and expertise and a global manufacturing footprint. We anticipate steady growth through 2020, largely driven by new platforms. Our structures include:

- COCKPITS
- FUSELAGE COMPONENTS
- NACELLES
- TAILCONES
- HORIZONTAL AND VERTICAL STABILIZERS
- WING SUB-ASSEMBLIES AND COMPONENTS

DELIVERING FOR OUR CUSTOMERS

Meeting and exceeding our customers' expectations is the foundation for our growth. We are gratified that so many of our existing customers are repeat customers, an ultimate mark of satisfaction for us.

Across our business segments, we have restructured our teams and implemented new initiatives to become an ever more customer-focused organization. Given the critical need for collaboration with customers, we are giving particular attention to our customer satisfaction and engagement systems within these initiatives.

BUSINESS AIRCRAFT



Niki Lauda (left) and Peter Likoray, Senior VP Sales, celebrate Lauda's purchase of a *Global 7000* jet

Within Business Aircraft, we have a support network of over 90 customer service and support facilities, and prepositioned teams around the world. Through our comprehensive portfolio of Business Aircraft customer support offerings and a sophisticated inventory management system, we are available to our operators every day, any time, across the globe. In 2015, we continued to expand this network:

- Established a joint venture with Tianjin Airport Economic Area to open a new maintenance facility in Mainland China.
- Opened a new Regional Support Office in Munich, Germany.
- Introduced customer response mobile vehicles in Amsterdam (Netherlands) and Nice (France).

We are also making changes to our strategic sales approach, terminating select third-party sales representative and distribution agreements so our sales team can have more direct engagement with Business Aircraft customers and prospects, particularly in the Middle East and North Africa.

COMMERCIAL AIRCRAFT



CS100 aircraft for SWISS

We continued to expand our global commercial aircraft customer service network in 2015 with the announcements of new support locations in the Netherlands and the Middle East and the opening of a new Authorized Service Facility in India. Our more than 35 support locations provide customer services and solutions including maintenance and parts services as well as flight crew and technical training services. We also ensure our operators have a single point of contact for all critical and aircraft-on-ground requests.

As we prepare for the CS100 aircraft's entry-into-service and the accompanying new customer relationships, we are building the customer service function for the program and have already launched a new portal to support *C Series* aircraft customers with more than 60 new or upgraded features, including the ability to submit and track issues online. Our *Q Series* and *CRJ Series* aircraft customers will be migrated to the new portal in 2017. An Aircraft Health Monitoring System that offers capabilities including local and remote diagnostics of aircraft systems and automated performance monitoring and reporting will also be available to *C Series* aircraft customers.



SPACIUM commuter train for the French national railways (SNCF)

TRANSPORTATION



Frecciarossa very high speed train in partnership with Hitachi Rail Italy

To further elevate customer service in Transportation in 2015, we focused on empowering project managers—our primary customer contacts—to ensure they have what they need to cater to each customer’s unique needs. We also started pairing every customer with an executive sponsor to ensure that our communication with them is seamless and consistent and that customer requirements and preferences are implemented efficiently.

At times, the complexity of our products leads to challenges with product delivery time, which unfortunately is not unusual in our industry. But these challenges are not insurmountable and we continue to be strongly focused on resolving these issues including by implementing a number of transformation initiatives. We are also applying creative solutions, including a recent effort to pilot the use of virtual reality to envision a finished train before it is ever physically constructed, which could help reduce time and cost-intensive design changes later in the process.

PRODUCT SAFETY AND RELIABILITY

Along with our unwavering commitment to customer service, manufacturing safe and reliable products is our most important responsibility across all business segments.

Our Design for Safety approach is critical to ensure that all products comply with health and safety regulations and voluntary codes. We also work closely with our customers to help them put safety best practices into operation while our products are in market. One of the ways we do this is through our long-standing Safety Standdown program, which in 2015 provided specialized safety training to more than 1,800 aviation professionals across 10 countries.

Reliability runs hand-in-hand with our commitment to safety and while we are proud of the reliability of our products, we are always looking to enhance their performance. In 2015, we introduced a new continuous improvement program at Business Aircraft for the *Challenger 350* aircraft and completed 23 reliability improvement-related projects at Commercial Aircraft. Reliability was also a particular consideration in the design of the *C Series* aircraft: one of the express objectives of the clean-sheet design was to allow for easy maintainability and operation. Customers and potential customers have already noted this as one of the *C Series* aircraft’s advantages in their early experiences with the products.

OPERATING SAFELY, ETHICALLY AND EFFICIENTLY



Q400 turboprop wiring harness assembly, Querétaro, Mexico

HEALTH, SAFETY AND ENVIRONMENT

While much has changed at Bombardier over the past year, our vision to be a leader in Health, Safety and Environment (HSE) Preventive Culture remains. For us, this means taking a highly proactive approach to limiting HSE risks.

Our HSE Policy guides the practice of our Preventive Culture and in 2015 we updated this policy to align with the new ISO 14001:2015 standard. The notion of HSE leadership was also embedded in our values and commitments to reinforce management's accountability. We also conducted regular trainings and facilitated best practice sharing across our community of HSE practitioners with clarification of HSE roles and responsibilities for employees across the business.

We received two awards in 2015 for our HSE efforts. Our Saint-Laurent Aerostructures and Engineering Services site won first place at the Commission on occupational health and safety (CSST) Grand Prix for the Montréal area for replacing hand riveting with robotics to reduce ergonomic risk in the production of the *C Series* aircraft. Transportation was recognized for 20 years of outstanding commitment to environmental improvement through the European Eco-Management System and Audit Scheme (EMAS).

OCCUPATIONAL HEALTH AND SAFETY

Unfortunately, we suffered one employee fatality during testing activities in December 2015 at our Transportation site in Savli, India. Local improvement actions are now being deployed and regular reviews with senior management are conducted to ensure proper implementation.

Globally, the event triggered reviews of critical risks in testing areas. Lessons learned from these reviews are shared amongst Operations and the HSE Community. Furthermore, Transportation's President shared his expectations to senior management regarding HSE Preventive Culture and risk management.

In 2015, we experienced an accident frequency of 0.3 compared to 0.4 in 2014 and an accident severity of 11 compared to 12 in 2014.

We are now conducting quarterly health and safety reviews with business segment Presidents to ensure health and safety receives ongoing attention from our senior leaders.

In 2015, we also continued to measure the deployment of the HSE Preventive Culture. In our aerospace segments, standard HSE programs are audited internally on a monthly basis. As new standards are developed, including on HSE Leadership and HSE Risk Management, they will be embedded in the audit program.

In Transportation, the Bombardier Corporate Audit Services and Risk Assessment (CASRA) team conducted an audit of health and safety processes and initiatives to provide direction for improvement efforts. We have already started implementing the recommended improvements in management accountability and risk management to ensure everyone has the tools and knowledge they need to create, maintain and encourage an HSE Preventive Culture.

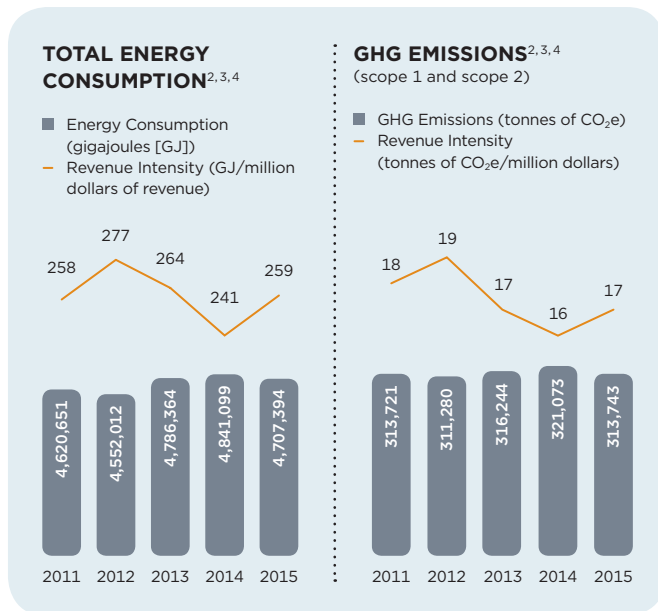
ENERGY EFFICIENCY

In 2015, we continued to work toward our energy targets:

- Reduce absolute energy consumption and GHG emissions by 1% between 2014 and 2016, based on 2013 data.
- Reduce energy consumption and GHG emissions by 3% per 200,000 worked hours between 2014 and 2016, based on 2013 data.

We reduced our absolute energy consumption by 2.8% in 2015 compared to 2014, bringing us to 1.6% below 2013 levels. We also reduced our GHG emissions by 2.3%—or 7,330 tonnes of CO₂e—in 2015 compared to 2014. This reduction is equivalent to taking more than 1,540 passenger cars off the road for a year¹ and brings us 0.8% below 2013 levels. As part of our initiatives to reduce our energy consumption, we installed energy efficient lighting and equipment at sites in the United States, Germany, Hungary and Canada, which alone result in GHG emissions reductions of more than 225 tonnes and projected annual savings of \$161,000.

While our absolute energy consumption and GHG emissions decreased, our energy consumption per 200,000 worked hours increased in 2015. This increase is directly related to the reduction in our workforce and production rates: while worked hours decreased, in many cases, facilities still needed to maintain some operations, prohibiting a corresponding decrease in energy consumption. Given this trend, we anticipate achieving the first energy target by our deadline but will most likely miss the second. We are however, continuing to evaluate our operations including looking at potential improvements against production rate realities and setting new short-term targets to work toward starting in 2017.



SUPPLY CHAIN

All Bombardier suppliers are required to adhere to our Supplier Code of Conduct, which is based on the principles of the United Nations Global Compact. The Code includes standards regarding labour and human rights practices. These topics are also covered in our conversations with suppliers and in our regular supplier evaluation and monitoring processes, including spot checks,⁵ with a special focus on high-risk markets such as China, India and Mexico to ensure adherence. In 2015, we conducted 25 supplier spot checks. No significant breaches or human rights violations were discovered.

As we continue to consolidate our supplier base through the transformation plan, sustainability remains a key criteria for supplier selection and qualification. By engaging with suppliers who are incorporating advanced sustainability practices into their operations and by working with others to help them enhance their practices, we are able to keep compliance costs down and more easily satisfy customers' increasingly specific sustainability requirements.

We also work closely with suppliers to help them comply with emerging regulations including putting special effort in supporting smaller suppliers to build their capacity to comply with the REACH⁶ legislation in 2015. However, supplier compliance is an industry-wide issue so we work cooperatively with peers and associations such as the International Aerospace Environmental Group and the MACH initiative⁷ to share best practices and adopt consistent standards.

RAILSPONSIBLE

In 2015, Transportation, along with important customers, key suppliers and industry peers, founded Railponsible, an initiative to drive the continuous improvement of sustainability practices within the railway industry supply chain. The initiative aims to support best practice sharing and capacity building among suppliers and to promote an increase in transparent reporting. As its first action, in March 2015, Railponsible launched a common supplier assessment on the EcoVadis platform, allowing suppliers to complete a single form to report on sustainability practices to all Railponsible members. In 2015, 244 third-party audits were completed through EcoVadis.

¹ Source: United States Environmental Protection Agency. ² 2011 data has been updated to address internal audit findings by the CASRA team. ³ Some of this data has been third-party verified. The verification covers sites that qualify under the European Union Emission Trading Scheme (EU ETS). ⁴ Some of this environmental data has been third-party verified. The verification covers sites participating in the EMAS. ⁵ Spot-checks are informal, unannounced checks completed by trained Bombardier procurement, engineering or quality managers. ⁶ Registration, Evaluation, Authorisation and Restriction of Chemicals. ⁷ The MACH initiative is based in Québec (Canada) and is designed to optimize the performance of Québec's aerospace supply chain and increase its global competitiveness.

ETHICS AND INTEGRITY

Our Code of Ethics and Business Conduct sets clear standards of behaviour that all employees and Board members are expected to follow. The Code also outlines guiding principles to ensure our actions are consistent with Bombardier's values and reputation.

In 2015, the Ethics and Compliance Office received 115 allegations of Code violations. While this number marks a 27% increase from 2014, we believe the increase is at least in part due to an increased level of employee awareness of what constitutes a violation and how to report it as a result of increased ethics and compliance trainings, including more face-to-face training courses. Out of the 115 allegations, 37% were substantiated and 74% were human resources related (e.g., discrimination, harassment and employee relations). None were significant violations.

We will continue to build our ethics course catalogue in 2016 to ensure employees have sufficient channels and mechanisms to understand and abide by ethics rules and expectations. We will also continue to investigate and address any reported violations in a timely manner.

ANTI-CORRUPTION AND ANTI-BRIBERY

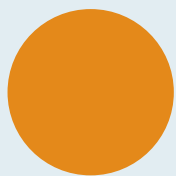
Bombardier has a zero tolerance policy regarding corruption. Nevertheless, we inevitably encounter potential corruption and bribery risks, particularly in certain regions. In 2015, we implemented several new processes and support mechanisms for employees to know how to react in certain situations, including face-to-face trainings, e-modules and newsletters.

We also issued several new employee training programs on subjects including "Facilitation Payments and Corruption," "The Use of Intermediaries and Lobbyists" and "Contract Fraud and Competitive Intelligence". In 2016, we will publish country-specific brochures for high-risk markets to better adapt trainings and address corruption and bribery issues in each region.

The investigation in Brazil regarding allegations of cartel activity remains ongoing and Bombardier continues to cooperate with investigations.¹

TOTAL TAXES BORNE² AND COLLECTED³ BY BOMBARDIER FOR 2015⁴

We pursue a tax strategy that is aligned with Bombardier's business strategy and conforms to our Code of Ethics and Business Conduct. In alignment with our Corporate Tax Policy, we have put in place multiple resources, processes and controls to ensure that we are in full compliance with all applicable laws, including statutory obligations related to filings, payments, withholding obligations and disclosures to authorities.



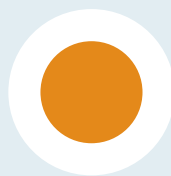
\$1.6B

TOTAL



\$855M

INCOME TAXES



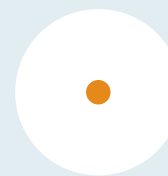
\$681M

PAYROLL TAXES AND SOCIAL CHARGES



\$25M

TRANSACTION AND SALES TAXES



\$41M

PROPERTY, BUSINESS AND OTHER TAXES

¹ For additional information on the investigation in Brazil, refer to our 2015 Financial Report page 221. ² Includes income taxes paid on profits, payroll taxes and social charges, unrecoverable transaction and sales taxes and taxes on property and business operations. The total amount of taxes borne by Bombardier in 2015 was \$483 million. ³ Includes personal income taxes, social charges and transaction taxes. The total amount of taxes collected by Bombardier in 2015 was \$1.1 billion. ⁴ For significant locations only (Canada, United States, United Kingdom, Germany, France and Mexico).

EMPOWERING OUR EMPLOYEES



Our employees are the most powerful drivers of Bombardier's success. Though overall recruitment was low in 2015, our focus was set on hiring new leaders to successfully drive our current transformation.

In 2015, we had to reduce our workforce due to the cancellation of the *Learjet 85* aircraft program and the production rate decrease for the *Global 5000* and *Global 6000* aircraft. As we continue our pivot, we will need to continually reassess and realign our workforce to mirror future needs and act more nimbly. To that end, we announced plans in early 2016 to reduce our global workforce by an additional 7,000 employees throughout 2016 and 2017, partially offset by hiring in certain growth areas, mainly for the *C Series* program and Transportation contracts.

This was a difficult decision but one we believe will ultimately make Bombardier stronger and will increase our competitiveness. We continue to drive ongoing strategic recruitment activities across the business through social media, career fairs, the employee referral program and our university partnerships, in addition to other channels.

EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Despite our current state of transition, Bombardier's employees remain passionate and dedicated to our commitment to the evolution of mobility. We have been very purposeful in our communications with employees throughout the year. Through company-wide communications and one-on-one channels, we are committed to informing them of changes in a timely manner while encouraging them to participate by challenging the status quo, sharing their ideas and raising issues. Engaged employees are critical to the success of our transformation and we will continue to motivate them to play an active role.

The transformation, more than anything, has demonstrated the tremendous capacity our employees have and we continue to harness that by providing opportunities for professional development, advancement and recognition. Cultivating and celebrating high potential talent is an imperative for us and we have several programs in place to strengthen the experience, knowledge and aspirations each employee brings to his or her role.

Recognizing the impact of an operational transformation on employees, we decided to use 2015 to review and redesign our annual employee engagement survey to better align with Bombardier's future direction. While we finalize the changes, we are placing even more weight on the feedback we receive from employees through other channels.

Another area where we are looking to more closely align with our new direction is our compensation model. We are considering a shift to tie percentage of salary increases more closely to individual performance. We have started to make the shift at the higher levels already: the pay for performance model will apply to all short-term incentives for executive-level positions¹ in 2016. Moreover, we used transformation metrics—free cash flow and EBIT for the year—as the main key performance indicators for bonuses in 2015.

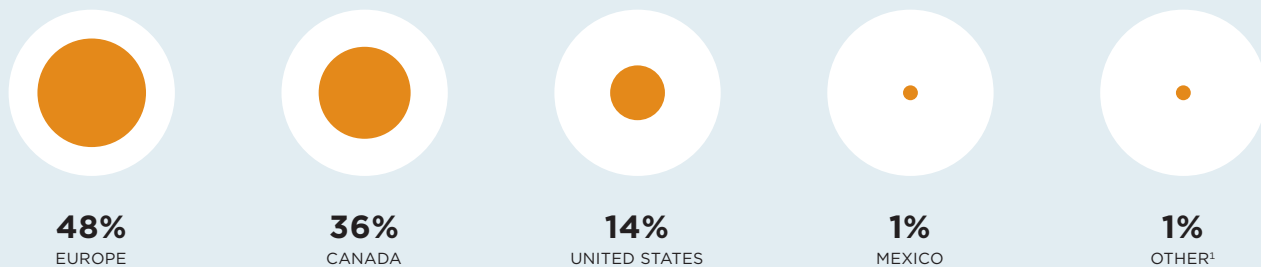
We believe these changes will be important as we increase company-wide emphasis on a high-performance culture.

¹ Defined as director and above.

COMMUNITIES

Part of working in a community is supporting that community. In 2015, we contributed \$1.7 million along with the time and talents of our employees to meet a range of local needs, with a focus on furthering education, environmental sustainability and entrepreneurship.

CONTRIBUTION BREAKDOWN BY REGION



KEY COMMUNITY PROGRAMS AND PARTNERSHIPS

HUERDENSPRINGER+ > A mentoring project based in Berlin (Germany) that is supporting disadvantaged youth to make career choices and help them enter the job market. In 2015, 17 employees served as mentors.

CITYWIDE EMPLOYERS' FORUM > An employers' forum, chaired and supported by Bombardier, targeting areas of Belfast (Northern Ireland) with high, long-term unemployment. Focusing on employability initiatives and skills, the forum helped 36 individuals secure jobs in 2015.

NO.9 IMAGINING MY SUSTAINABLE CITY > A four-day intensive program in Toronto, Canada, that teaches grade seven and eight students about eco-design, renewable energy, energy conservation, waste and water management and sustainable transportation. To date, the program has reached 1,500 students.

FIRST ROBOTICS QUÉBEC > A hands-on engineering experience for students to design, build and program an industrial-sized robot in only six weeks. We have been an active partner in the competition's planning, execution and promotion since its creation in 2012. In 2015, we provided financial support and 80 employees volunteered at the competition.

INSPIRING FUTURE AVIATORS > A program designed by our Service Center in Hartford (United States) and the New England Air Museum. The goal of this partnership is to join history and modern technology to inspire young students to consider career opportunities in the aviation industry. The students first visit the New England Air Museum where they learn about aircraft and aviation history. They then discover aviation technologies and career opportunities through a tour of Bombardier's facility and aircraft.

SIERRA GORDA > A long-term partnership with community organization working to protect the Sierra Gorda Biosphere Reserve in Mexico. In 2015, our support focused on reducing CO₂ emissions through a voluntary carbon offset project.

YOUNG LEADERS PROGRAM > A month-long program providing technical and skills training to graduate students from engineering universities in India. Since the beginning of the program in 2013, we have recruited 72 Young Leaders graduates.

¹ Other includes Australia, Brazil, China, India and Nepal.

About the Report

This publication is a continuation of our commitment to transparent financial and non-financial reporting. It is designed to provide our stakeholders with a full view of how we endeavor to create long-term shareholder and societal value.

The 2015 Bombardier Activity Report takes guidance from the GRI's G4 Reporting Guidelines and the International Integrated Reporting Council framework. The reporting process is led by our Sustainability and Integrated Communications Committee, which includes representatives from across Bombardier—including from Communications, Ethics and Compliance, HSE, Investor Relations, Finance, Strategy and Legal, as well as key leaders from our four business segments—to help define and oversee the implementation of our sustainability strategy.

We want this report to be only a part of our ongoing dialogue with stakeholders and welcome your feedback and questions at csr@bombardier.com.

Scope

This report addresses Bombardier's performance across all our facilities worldwide including our joint ventures. We have included financial data for Bombardier Inc. and its subsidiaries as well as updates on the societal, environmental, governance and economic issues that are most important to the company and our stakeholders as determined through our 2014 materiality assessment.

This report includes quantitative data reflecting our performance for the year ended December 31, 2015, as well as material forward-looking information. Most of the financial information in this report is extracted from our 2015 Financial Report. All financial figures are in U.S. dollars unless otherwise stated. For more detailed information regarding our financial disclosures for the year ended December 31, 2015, please see our 2015 Financial Report.

Data Verification

The information provided for our environmental indicators is partially verified by an external party. Energy and GHG emissions data from our Belfast, U.K. site is verified by external parties under the EU ETS, which includes BSI Assurance UK Ltd., located at Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8PP. In addition, seven German sites, as well as our sites in Matranovak (Hungary), Ceska Lipa (Czech Republic), Vienna (Austria) and Wroclaw (Poland), receive annual external verification of all environmental data under the EMAS.

In 2011 and 2013, our CASRA function conducted audits of our Corporate Social Responsibility (CSR) reports' conformity to the GRI principles, the effectiveness of the processes and systems we use to report CSR data and the reliability and quality of our performance indicators. Operated as an independent organization with no ties to our business entities, CASRA can be regarded as a second-party verifier. It applied recognized standards such as AA 1000 and ISAE 3000 to conduct the audits. We have continued to define and implement action plans to improve the quality of data. For HSE data, this has included a standardized procedure to report data into our central data management system.

Performance Summary Notes

Health and Safety

- (a) 2011 data has been updated to address internal audit findings by the CASRA team.
- (b) The accident frequency rate measures the number of accidents that had one or more lost days excluding restricted duty days expressed per 200,000 hours worked.

- (c) The accident severity rate is the number of lost days expressed per 200,000 hours worked. The total number of lost days includes days away from work and excludes days in restricted duty.
- (d) In 2015, we suffered one employee fatality at one of our rail transportation sites in India.
- (e) The incident rate is the number of recordable cases, expressed per 200,000 hours worked. The total number of recordable incidents includes: – The total number of work-related fatalities – The total number of lost time accidents cases (excluding restricted duty) – The total number of restricted duty cases – The total number of occupational sickness and disease cases (excluding restricted duty) – The total number of occupational sickness and disease restricted duty cases – The total number of medical treatment

Environment

- (a) The scope of our reported environmental and energy data includes: buildings we own or lease long term and manage as the sole tenant, with more than 4,645 square metres (50,000 square feet) of conditioned space; sites having 150 employees or more; sites that are considered primary production/operation and service facilities; our two aerospace and transportation main administrative offices; and joint ventures where we own more than 50% of voting shares and where we have operational control.
- (b) We have adjusted the environmental data for 2011 to ensure joint ventures that are less than 50% and not under Bombardier operational control are excluded from the scope of our reported environmental data.
- (c) In some cases, the data does not always add up to the corresponding sub-totals and totals, which we did not round.
- (d) Some of this environmental data has been third-party verified. The verification covers sites participating in the EMAS.
- (e) Energy consumed within our organization includes non-renewable and renewable fuel, and the purchase of electricity, steam and heat. We do not include energy purchase for cooling and do not sell energy. We do not currently measure the energy consumed outside the organization. Energy consumption data is compiled through invoice or meter measurements from our sites and consolidated in a central database. Factors from the International Energy Agency, Energy Statistics Manual, were used to convert energy consumption volumes into GJ.
- (f) 2011 data has been updated to address internal audit findings by the CASRA team.
- (g) Renewable electricity includes electricity consumption at our sites in Canada (Quebec), Belgium (Brugge), Sweden (Västerås) and Germany (Berlin).
- (h) Energy intensity relates to energy consumed within our organization, covering both renewable and non-renewable fuel as well as the electricity, steam and hot water purchased at our sites.
- (i) Some of this data has been third-party verified. The verification covers sites that qualify under the EU ETS.
- (j) We report GHG emissions based on an operational control consolidation approach. The scope 1 emission factors are compiled from the International Panel for Climate Change. The scope 2 emission factors are compiled from local utilities, provinces/States, and national inventories, where available. For scope 1 and 2, we apply the International Panel for Climate Change (2007 Fourth Assessment Report) Global Warming Potentials to our calculations, which includes the following gases: carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), and Hydrofluorocarbons (HFCs). The base year for scope 1 and 2 GHG emissions is 2013 to reflect a three-year target setting cycle. We have not yet set a base year for scope 3 emissions.
- (k) GHG intensity relates to scope 1 and 2 emissions only. It includes the following gases: CO₂, CH₄, N₂O, and HFCs.

- (l) Ozone-depleting substances (ODS) are used in air conditioning units, freezers and refrigerants in our facilities, trains and aircraft. We calculate the GHG emissions using the amount of ODS replaced during equipment servicing and then apply the relevant global warming potentials from the International Panel (2007 Fourth Assessment Report) covering hydro fluoro carbons.
- (m) We confirm our disposal methods through reports provided to us by our disposal contractors. Composted waste is included in our energy valorization numbers. We do not dispose any waste by deep well injection. We also do not have on-site storage.
- (n) Valorized waste refers to hazardous and nonhazardous waste which has been redirected to a process that reuses, recycles, composts and combusts the waste into useful product or sources of energy. The number reported is the percentage of valorized waste as compared to our total waste generated (including both hazardous and non-hazardous waste).

Employees

- (a) Total headcount includes active and inactive employees and contractuels. Subsequent to the end of the fiscal year, we decided to take steps to optimize our workforce with a combination of manpower reduction and strategic hiring. These figures do not reflect the planned changes.
- (b) Active employees are permanent full-time, permanent part-time, temporary full-time, temporary part-time and paid apprentices. Inactive employees are on short-term leave, maternity and parental leave, and other long-term leave including long-term disability.
- (c) Contractuels include interim managers (also called consultants at Transportation), non-employees (aerospace business segments), and agency outsourced employees. Our contractuels do not perform a substantial portion of the work for Bombardier.
- (d) Gender is not documented for some contractuels
- (e) Employee number excludes contractuels.
- (f) New hire is a measure of permanent employees hired externally within the reporting period.
- (g) Total Turnover includes all turnover reasons (e.g. dismissals, lay-offs and retirements).
- (h) Voluntary Turnover measures the percentage of new voluntary departures (employee-initiated terminations) based on the total new hire population. The 2014 new hire voluntary turnover by gender number was amended to represent the gender percentage based on the total new hire population. The gender percentage was previously reported based on the total new hire voluntary turnover population.
- (i) High-Potential employees are identified based on their proven track record and their perceived capacity to take on new challenges in the short term.
- (j) Senior management is defined as senior leadership positions having a direct report to the president and CEO or business segment presidents. Management defined as managers and up. Non-management positions defined as all other non-management positions. Excluding contractuels.
- (k) Number of different citizenships registered for all employees included in the employed workforce at the end of the reporting period.
- (l) Remuneration ratios exclude unionized employees. Numbers represent total for all Significant locations.
- (m) The 2014 remuneration ratios for senior management, management and non-management were recalculated to reflect the definitions of employee categories of footnote (j). Calculations for previous years have not been restated.
- (n) Employee productivity is the total revenues divided by the total headcount, including contractuels. Employee productivity numbers for 2011 and 2012 were restated to address data calculations inconsistencies.

Forward-Looking Statements

This Activity Report 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 completion of the investment by the Government of Québec in the *C Series* aircraft program (the *C Series* Investment) and the use of proceeds therefrom; the effects of the *C Series* Investment and of the private placement of a minority stake in Transportation to the CDPQ (the CDPQ Investment and, with the *C Series* Investment, the Investments) on the range of options available to us, including regarding our participation in future industry consolidation; the capital and governance structure of the Transportation segment following the CDPQ Investment, and of the Commercial Aircraft segment following the *C Series* Investment; the impact and expected benefits of the Investments on our operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the impact of the sale of equity on our balance sheet and liquidity position.

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

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the financial condition of the airline industry, of business aircraft customers, and of 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 commitments and production and project execution; pressures on cash flows based on project-cycle fluctuations and seasonality; our ability to successfully implement our 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; existing debt and interest payment requirements; certain restrictive debt covenants; 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 Management's Discussion and Analysis (MD&A) of the Corporation's 2015 Financial Report. Certain important assumptions by management in making forward-looking statements include, but are not limited to: that ongoing due diligence investigations by the Government of Québec will not identify any materially adverse facts or circumstances; the satisfaction of all conditions to the completion of the *C Series* Investment, including the receipt of any required third party, regulatory and other approvals. For additional information with respect to the assumptions underlying the forward-looking statements made in this Activity Report, refer to the Guidance and forward-looking statements sections in the Corporation's 2015 Financial Report. There can be no assurance that the *C Series* Investment will be undertaken or completed in whole or in part, or of the timing, size and proceeds of any such transaction, which will depend on a number of factors.

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 management's expectations as at the date of this Activity Report 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 Activity Report are expressly qualified by this cautionary statement.

Forward-looking statements for Transportation in this Activity Report are based on:

- current order backlog;
- the realization of upcoming tenders and our ability to capture them;
- normal contract execution and the continued deployment and execution of key transformation initiatives, especially those impacting direct and indirect procurement costs, labor efficiency and working capital improvement;
- our ability to transfer best practices and technology across production;
- our ability to execute and deliver business model enhancement initiatives;
- our ability to recruit and retain highly skilled resources to deploy our product development strategy;
- revenue conversion and phase out of our legacy contracts;
- a sustained level of public sector spending;
- the ability of our supply base to support the execution of projects; and
- stability of foreign exchange rates

Forward-looking statements for Business Aircraft in this Activity Report are based on:

- current firm order backlog and estimated future order intake;¹
- a lower level of aircraft deliveries in fiscal year 2016 compared to fiscal year 2015 due to the production rate reset on the *Global 5000* and *Global 6000* aircraft program and growth from customer services;
- the continued deployment and execution of key transformation initiatives, especially those impacting direct and indirect procurement costs, labor efficiency and working capital improvement;
- our ability to execute and deliver business model enhancement initiatives;
- our ability to meet scheduled entry-into-service dates and planned costs for the *Global 7000* and *Global 8000* aircraft program;
- our ability to recruit and retain highly skilled resources to deploy our product development strategy;
- the ability of our supply base to support planned production rates; and
- stability of foreign exchange rates.

Forward-looking statements for Commercial Aircraft in this Activity Report are based on:

- current firm order backlog and estimated future order intake;²
- ramp-up of the production of the *C Series* aircraft program including learning curve improvements;
- our ability to strengthen our market position and product value proposition for the *CRJ* and *Q400* aircraft programs;
- the continued deployment and execution of key transformation initiatives, especially those impacting direct and indirect procurement costs, labour efficiency and working capital improvement;
- our ability to meet scheduled entry-into-service dates and planned costs for the *C Series* aircraft program;
- our ability to recruit and retain highly skilled resources to deploy our product development strategy;
- the ability of our supply base to support planned production rates; and
- stability of foreign exchange rates.

¹ Demand forecast is based on the analysis of main market indicators, including real GDP growth, industry confidence, corporate profitability within our customer base, pre-owned business jet inventory levels, aircraft utilization, aircraft shipments and billings, installed base and average age of the fleet. For more details, refer to our 2015 Financial Report. ² Demand forecast is based on the analysis of main market indicators, including real GDP growth, passenger traffic levels, fuel prices, airline profitability, environmental regulations, aircraft shipments, replacement demand, installed base, aircraft utilization rates and average age of fleet. For more details, refer to our 2015 Financial Report.

Forward-looking statements for Aerostructures and Engineering Services in this Activity Report are based on:

- a similar level of production in fiscal year 2016 compared to fiscal year 2015;¹
- the continued deployment and execution of key transformation initiatives, especially those impacting direct and indirect procurement costs, labor efficiency and working capital improvement;
- the ability of our global manufacturing footprint to leverage lower cost geographies and emerging economies;
- our ability to meet scheduled EIS dates and planned costs for new aircraft programs;
- our ability to recruit and retain highly skilled resources to deploy our product development strategy;
- the ability of our supply base to support our planned production rates; and
- stability of foreign exchange rates.

Forward-looking statements in this Activity Report related to the five-year plan are also based on²:

- increased share of higher margin and lower risk contracts in the order backlog, as well as a balanced distribution of orders across segments and geographies;
- stability of the global competitive and economic environment as well as continued favourable trends³ impacting our Transportation business;
- our investment in new products and aircraft programs will drive revenue growth with the C Series aircraft program being the principal revenue driver for our Commercial Aircraft reportable segment and the Global 7000 and Global 8000 aircraft program being the principal revenue driver for our Business Aircraft reportable segment;
- an increased level of aircraft deliveries and improved pricing;
- higher proportion of services revenue;
- ramp-up of the production of the C Series and Global 7000 and Global 8000 aircraft programs including learning curve improvements;
- product development spend to decline over the coming years to reach more stable levels toward the end of our five-year plan in line with amortization;
- the satisfaction of all conditions to complete the previously announced investment in the C Series aircraft program by the Government of Québec including the completion of definitive agreements, the receipt of consents from third parties, the completion of an internal pre-closing reorganization and the receipt of required regulatory approvals;
- the sufficiency of our pro forma liquidity position to execute our plan over the planned period;
- the ability to identify and enter into further risk sharing partnerships; and
- the gradual de-leveraging of our balance sheet toward the end of our five-year plan, in the context of improved operating performance and earnings growth, conversion of our earnings into cash and disciplined capital deployment.

Non-GAAP Financial Measures

This Activity Report is based on reported earnings in accordance with International Financial Reporting Standards (IFRS). Reference to generally accepted accounting principles (GAAP) means IFRS, unless indicated otherwise. This Activity Report is also based on non-GAAP financial measures including EBIT before special items, adjusted net income, adjusted earnings per share and free cash flow. These non-GAAP measures are mainly derived from the consolidated financial statements but do not have standardized meanings prescribed by IFRS; therefore, others using these terms may define them differently. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of our consolidated financial statements with enhanced understanding of results and related trends and increases the transparency and clarity of the core results of our business. Refer to the Non-GAAP financial measures, Consolidated results of operations, and Liquidity and capital resources sections in Overview in the MD&A of the Corporation's 2015 Financial Report for definitions of these metrics and reconciliations to the most comparable IFRS measures.

Disclaimer

The C Series and Global 7000 and Global 8000 aircraft programs are currently in development, and as such are subject to changes in family strategy, branding, capacity, performance, design and/or systems. All specifications and data are approximate, may change without notice and are subject to certain operating rules, assumptions and other conditions. This document does not constitute an offer, commitment, representation, guarantee or warranty of any kind. On October 28, 2015, due to the lack of sales following the prolonged market weakness, we canceled the Learjet 85 aircraft program.

Trademarks

Bombardier, Challenger, Challenger 350, Challenger 650, CRJ, CRJ700, CRJ900, CRJ1000, C Series, CS100, CS300, ECO4, ELECTROSTAR, FLEXITY, Global, Global 5000, Global 6000, Global 7000, Global 8000, INNOVIA, Learjet, Learjet 75, Learjet 85, MOVIA, PRIMOVE, Q400, SPACIUM and The Evolution of Mobility are trademarks of Bombardier Inc. or its subsidiaries.

The printed version of this Activity Report uses paper containing 30% post-consumer fibres, certified EcoLogo and processed chlorine free. Using this paper, instead of virgin paper, saves:



9
trees



387 kg
of waste, equivalent to the content of 8 waste containers



3,540 kg
of CO₂ emissions, equivalent to the annual emissions of 1 car



8 GJ
of energy, equivalent to the energy used by 35,039 60W light bulbs for one hour



31,530 L
of water, equivalent to one person's consumption of water in 90 days



2 kg
of NO_x emissions, equivalent to the emissions of 1 truck in 5 days

Data issued by the paper manufacturer. FSC® is not responsible for calculating resources saved when using this paper.

Printed in Canada
ISBN: 978-2-923797-36-6
Legal deposit, Bibliothèque et Archives nationales du Québec
All rights reserved. © May 2016 Bombardier Inc. or its subsidiaries.



Completely recyclable – the responsible choice

¹ Demand forecast is based on the main market indicators including number of new products in development or upgrades to existing platforms by original equipment manufacturers and production rates. For details, refer to our 2015 Financial Report. ² Refer to Guidance and forward-looking statement section in Overview as well as Guidance and forward-looking statement section in each reportable segment in the 2015 Financial Report. Refer to the forward-looking statement disclaimer above. ³ Demand forecast is based on the analysis of main market indicators. For more details, refer to the market indicators in the Industry and economic environment section for each reportable segment of our 2015 Financial Report.

Learn more about our worldwide activities at:

BOMBARDIER.COM



BOMBARDIER
the evolution of mobility