

Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

Bombardier Inc.
29th Floor,
800 René-Lévesque Blvd. West
Montréal, Quebec H3B 1Y8

Item 2 Date of Material Change

October 29, 2015.

Item 3 News Release

A press release was issued by Bombardier Inc. (**Bombardier** or the **Corporation**) on October 29, 2015.

Item 4 Summary of Material Change

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

On October 29, 2015, Bombardier reported its financial results for the third quarter ended September 30, 2015, including \$3.2 billion and \$1.2 billion charges recorded in special items mainly related to impairments on *C Series* and *Learjet 85* program tooling, respectively.

Bombardier also announced on October 29, 2015 the execution of a memorandum of understanding which contemplates a \$1.0 billion investment by the Ministère de l'Économie, de l'Innovation et des Exportations du Québec (through Investissement Québec) (the **Government**) for a 49.5% equity stake in a newly-created limited partnership (the **Investment**) to which would be transferred the assets, liabilities and obligations of the *C Series* aircraft program. The Investment also includes the issuance to the Government of warrants exercisable to acquire up to 200,000,000 Class B shares (subordinate voting) in the capital of Bombardier (**Class B Shares**), at an exercise price per share equal to the US\$ equivalent of \$2.21 Cdn on the date of execution of definitive agreements.

Item 5.1 Full Description of Material Change

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

On October 29, 2015, Bombardier reported its financial results for the third quarter ended September 30, 2015. Revenues totalled \$4.1 billion for the quarter, compared to \$4.9 billion for the same period last fiscal year.

For the third quarter ended September 30, 2015, earnings (loss) before financing expense, financing income and income taxes (EBIT) totalled a loss of \$4.6 billion, compared to earnings of \$171 million for the same period last fiscal year.

Net loss totalled \$4.9 billion, or loss per share of \$2.20, due to charges in special items including \$3.2 billion and \$1.2 billion charges mainly related to impairments on *C Series* and *Learjet 85* program tooling, respectively, compared to net income of \$74 million, or earnings per share (EPS) of \$0.03, for the same period the previous year. On an adjusted basis, net income amounted to \$2 million, or EPS of nil, for the third quarter ended September 30, 2015, compared to \$222 million, or \$0.12, for the same period the previous year. For the three-month period ended September 30, 2015, free cash flow usage (cash flows from operating activities less net additions to property, plant and equipment (PP&E) and intangible

assets) amounted to \$816 million, compared to a usage of \$368 million for the same period last year. As at September 30, 2015, available short-term capital resources of \$3.7 billion included cash and cash equivalents of \$2.3 billion, compared to \$3.8 billion and \$2.5 billion, respectively as at December 31, 2014. The overall backlog reached \$61.8 billion as at September 30, 2015, compared to \$69.1 billion as at December 31, 2014.

Bombardier also announced on October 29, 2015 the execution of a memorandum of understanding which contemplates a \$1.0 billion Investment by the Government for a 49.5% equity stake in a newly-created limited partnership to which would be transferred the assets, liabilities and obligations of the *C Series* aircraft program. This newly created limited partnership will be owned 50.5% by Bombardier and, as a subsidiary of Bombardier, will carry on the operations related to the Corporation's *C Series* aircraft program. After the Investment, the newly created limited partnership will continue to be consolidated in Bombardier's financial results. The Investment has been approved by the Board of Directors of Bombardier and the Cabinet of the Government of Québec, and remains conditional upon the completion of definitive agreements, the receipt of consents from third parties, the completion of an internal pre-closing reorganization, the receipt of required regulatory approvals and other customary conditions precedent. The proceeds of the Investment will be used entirely for cash flow purposes of the *C Series* program.

The Investment also includes the issuance to the Government of warrants exercisable to acquire up to 200,000,000 Class B Shares (representing approximately 8.18% of the aggregate issued and outstanding Class A Shares (multiple voting) in the capital of Bombardier (**Class A Shares**) and Class B Shares assuming the exercise of the warrants, and approximately 8.90% of the aggregate issued and outstanding Class A Shares and Class B Shares on a non-diluted basis), at an exercise price per share equal to the US\$ equivalent of \$2.21 Cdn on the date of execution of definitive agreements, which represents a premium to the 5-day VWAP of the Class B Shares on the Toronto Stock Exchange (**TSX**) as of October 20, 2015. The TSX has determined to accept notice of the private placement of warrants and has conditionally approved the listing of the Class B Shares issuable pursuant to the terms of the warrants on the TSX. Listing will be subject to Bombardier fulfilling all of the listing requirements of the TSX. The warrants will have a five-year term from the date of issue and will not be listed on the TSX. The warrants (and any Class B Shares issuable pursuant to the exercise of the warrants prior to the expiration of the applicable hold period), will be subject to a statutory four-month hold period. The warrants will contain market standard adjustment provisions, including in the event of corporate changes, stock splits, non-cash dividends, distributions of rights, options or warrants to all or substantially all shareholders or consolidations.

Security holder approval is required under TSX rules due to the fact that the warrants will be issued later than 45 days from the date upon which the exercise price was established, as set out in Section 607(f)(i) of the TSX Company Manual. Such approval has been obtained, as agreed with the TSX, by way of written consent of shareholders holding more than 50% of the voting rights attached to all of Bombardier's issued and outstanding shares.

The Investment was negotiated between Bombardier and the Government at arm's length and will not materially affect control of Bombardier.

The definitive agreements are expected to be entered into on or before January 1, 2016, or such other date as the Corporation and the Government shall agree, and disbursement of the Investment and issuance of the warrants will occur over two equal installments, expected to take place on April 1, 2016 and June 30, 2016 subject to the conditions to closing.

The Investment contemplates a continuity undertaking providing that Bombardier shall maintain in the Province of Québec, for a period of 20 years, the newly-created limited partnership's the Province of Québec, for a period of 20 years, the newly-created limited partnership's operational, financial and strategic headquarters, manufacturing and engineering activities, shared services, policies, practices and investment plans for research and development, in each case in respect of the design, manufacture and marketing of CS100 and CS300 aircraft and after-sales services for these aircraft and that Bombardier will operate the facilities located in Mirabel for these purposes.

The Government's interest in the partnership will be redeemable in certain circumstances.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For any inquiries with respect to this material change report, please contact Isabelle Rondeau, Director, Communications at (514) 861-9481.

Item 9 Date of Report

November 2, 2015.