

[Unofficial Translation]

**THIS AGREEMENT IS DATED** November 18, 2015.

**BETWEEN:** **Bombardier Inc.**, a corporation incorporated under the laws of Canada;

(the “**Corporation**”)

**AND:** **Caisse de dépôt et placement du Québec**, a legal person constituted under the laws of Quebec;

(the “**Subscriber**”)

**WHEREAS** the Corporation, Bombardier Transportation (Investment) UK Limited (“**BT**”) and the Subscriber have entered into a subscription agreement effective November 18, 2015, under which the Subscriber will subscribe directly or indirectly for warrants in the Corporation and convertible shares in BT, which will be indirectly wholly owned by the Corporation and will directly or indirectly own all of the entities and assets that comprise the transportation business of the Corporation (the “**Investment**”);

**WHEREAS** the Corporation acknowledges that it is important for the Subscriber, in connection with the Investment, that the Corporation’s Qualified Cash not fall below the threshold agreed upon by the parties;

**NOW THEREFORE**, in consideration of the undertakings and the covenants and agreements herein contained and subject to the terms and conditions hereof, the parties agree as follows:

**SECTION 1**  
**DEFINITIONS**

For the purposes hereof:

- 1.1 “**As-Converted Basis**” means the number of Ordinary Shares of BT (as defined in BT’s constating documents) which would be issued and outstanding if all the Convertible Shares and Additional Convertible Shares (as such terms are defined in BT’s constating documents) issued and outstanding were to be converted into Ordinary Shares of BT in accordance with their terms;
- 1.2 “**BT**” has the meaning ascribed to it in the preamble;
- 1.3 “**BT Group**” means BT and BT’s direct and indirect Subsidiaries from time to time;
- 1.4 “**CGNC**” has the meaning ascribed to it in Section 2.7;
- 1.5 “**Confidential Information**” has the meaning ascribed to it in Section 3.1;
- 1.6 “**Corporation**” has the meaning ascribed to it in the preamble;

- 1.7 **“Designated Representatives”** has the meaning ascribed to it in Section 3.1;
- 1.8 **“IFRS”** means International Financial Reporting Standards as adopted by the International Accounting Standards Board;
- 1.9 **“Investment”** has the meaning ascribed to it in the preamble;
- 1.10 **“QC Certificate”** means the certificate of the Corporation’s Chief Financial Officer referred to in Section 2.1;
- 1.11 **“Qualified Cash”** as at each quarterly or annual period-end date means the sum of:
- a) aggregate cash and cash equivalents of the Corporation’s Aerospace Group (meaning the consolidated Corporation excluding the BT Group), calculated in accordance with IFRS, as at the relevant period-end date;
  - plus*
  - b) the amount equal to the product of **A** x **B**, where:
    - A** is the aggregate cash and cash equivalents of the BT Group as at the relevant period-end date, calculated in accordance with IFRS, *minus* US\$300 million; and
    - B** is the percentage corresponding to the Corporation’s percentage ownership (direct and indirect) in BT, on an As-Converted Basis, at the relevant period-end date.
- Where, for greater certainty, cash and cash equivalents are deemed to exclude an amount equivalent to borrowed money under revolving lines of credit;
- 1.12 **“Qualified Cash Shortfall”** means the amount by which Qualified Cash is below US\$1.250 billion;
- 1.13 **“Special Initiatives Committee”** has the meaning ascribed to it in Section 2.2;

- 1.14 “**Subscriber**” has the meaning ascribed to it in the preamble;
- 1.15 “**Subsidiary**” with respect to the Corporation or BT, has the meaning ascribed to it in BT’s or the Corporation’s governing act, as applicable.

## SECTION 2 UNDERTAKINGS OF THE CORPORATION

- 2.1 The Corporation acknowledges that it is important for the Subscriber, in connection with the Investment, that the Corporation’s Qualified Cash not fall below US\$1.250 billion. For this purpose, commencing as of the closing date of the Investment, the Corporation will, not later than two days following the disclosure of its financial results for each of its first, second and third fiscal quarters and two days following the disclosure of its financial results for its fiscal years, deliver to the Subscriber a certificate of the Chief Financial Officer of the Corporation confirming the amount of the Corporation’s Qualified Cash at the end of the fiscal period in question. In addition, the Corporation will from time to time upon reasonable request from the Subscriber provide additional information in respect of matters relating to the Corporation’s Qualified Cash position.
- 2.2 In the event that a Qualified Cash Shortfall is confirmed by a QC Certificate or otherwise by the Corporation’s Chief Financial Officer, the board of directors of the Corporation will promptly form a committee (the “**Special Initiatives Committee**”) to be made up of three members of the board of directors who:
- i. must be duly qualified as independent directors in accordance with the practices and standards generally communicated by the Corporation to its shareholders; and
  - ii. must be confirmed by the Subscriber for such purpose.
- 2.3 In the event of its formation following a Qualified Cash Shortfall as confirmed by the Chief Financial Officer, the Special Initiatives Committee will be responsible for:
- i. developing a remedial action plan, including an implementation time frame, to be acted upon by the Corporation in order to eliminate any Qualified Cash Shortfall on a sustainable basis;
  - ii. exercising its best efforts to discuss with the Subscriber the various remedial action plans that it considers to be preferable and to consider the Subscriber’s views in respect of these and other possible remedial action plans with a view to reaching an agreement with the Subscriber; and
  - iii. once the remedial action plan is agreed to with the Subscriber, recommending to the Corporation the remedial action plan agreed to with the Subscriber to be implemented in response to the Qualified Cash Shortfall and oversee the execution of that plan by the Corporation.

- 2.4 The Subscriber will not unreasonably refuse to agree in respect of a remedial action plan to be recommended by the Special Initiatives Committee. Cases in which the Subscriber is entitled to refuse to agree include:
- i. any proposed remedial action plan which would result in the incurrence of additional debt by the Corporation; and
  - ii. any proposed remedial action plan which would be likely to result in a material adverse effect on the business prospects or financial condition of BT Group or BT or the Subscriber's interests as an investor in BT.
- 2.5 Once the Special Initiatives Committee has made its recommendation in respect of any remedial action plan, the Corporation will within no more than 30 days, commence diligent implementation of same. The Chief Executive Officer of the Corporation shall inform the Chief Executive Officer of the Subscriber from time to time at reasonable intervals on the Corporation's progress regarding the implementation and execution of the recommended remedial action plan.
- 2.6 In the event that at any time the Qualified Cash Shortfall is remedied on a sustainable basis, as confirmed by a QC Certificate, whether as a result of the completion of one or more remedial action plans or operational performance or otherwise, the Corporation shall then be under no obligation to pursue any remedial action plan, and may in its discretion postpone or withdraw any remedial action plan which it has commenced. In order for a Qualified Cash Shortfall to be considered as having been remedied on a sustainable basis it must be so confirmed by the Special Initiatives Committee and the Subscriber.
- 2.7 In the event that consideration is to be given by the Corporation's Corporate Governance and Nominating Committee ("**CGNC**") to the possible nomination of any new candidate for election to the Corporation's board of directors as an independent director, the Chairman of the board will:
- i. provide to the Subscriber the list of candidates under consideration by the CGNC; and
  - ii. act as facilitator for discussions between the CGNC and the Subscriber for the purpose of concluding a final candidate recommendation.

The Chairman and the CGNC will use their respective best efforts to seek and consider the views of the Subscriber as to the best candidate or candidates for election as independent directors of the Corporation and obtain the Subscriber's agreement in respect of same. For greater certainty, the foregoing rights with respect to candidates for election to the board of directors of the Corporation shall not apply with respect to any re-election of a current director.

- 2.8 The Majority Holder (as such term is defined in the Corporation's articles of amalgamation) and certain specified related parties of the Majority Holder will, through all means available to them as shareholders, fully support :
- i. the mandate of the Special Initiatives Committee;

- ii. any remedial action plan to be implemented by the Corporation in response to a recommendation of the Special Initiatives Committee; and
  - iii. the director nominating process referred to above as well as the outcome of same.
- 2.9 The foregoing obligations and rights with respect to the Corporation's Qualified Cash position and nomination of new candidates for the board of directors will apply from the closing date of the Investment as long as BT, or its successor, is a direct or indirect Subsidiary of the Corporation and the Subscriber directly or indirectly holds an equity stake in BT, or its successor, representing at least one third of the Subscriber's initial Investment (based on holding percentage on an As-Converted Basis); provided, however, that all of the foregoing obligations and rights shall automatically terminate on the fourth anniversary of the closing date of the Investment, so long as during such entire four year period there shall not have occurred any Qualified Cash Shortfall.
- 2.10 The foregoing rights of the Subscriber with respect to the maintenance of the Corporation's Qualified Cash position and the nomination of candidates for the Corporation's board of directors are personal (*intuitu personae*) to the Subscriber, and are not transferable, assignable or divisible. No person will have any third-party beneficiary rights with respect to the agreements, rights and obligations contained herein.
- 2.11 Unless otherwise agreed to, the representative of the Subscriber for all matters herein will be its Chief Executive Officer.

### SECTION 3 CONFIDENTIALITY

- 3.1 The data, information and documents that will be provided to the Subscriber by or on behalf of the Corporation orally, in writing, electronically or in any other tangible or intangible form under this agreement will constitute "**Confidential Information**", except:
- i. to the extent they are already known or become known publicly otherwise than as a consequence of a disclosure made by the Subscriber or its directors, officers, employees, representatives or agents, including its professional advisors (hereinafter collectively referred to as the "**Designated Representatives**") in breach of this agreement;
  - ii. if they have been acquired independently or have been developed by the Subscriber or its Designated Representatives without breaching the obligations entered into hereunder; or
  - iii. if they were in the lawful possession of the Subscriber or in the lawful possession of the Designated Representatives before they were provided by the Corporation.
- 3.2 The Subscriber undertakes (and undertakes to cause each of its Designated Representatives):

- i. to treat the Confidential Information with the same care applied to its own confidential information but in any event, to treat the Confidential Information as strictly confidential, regardless of its form, whether written or oral, and to abstain from using the Confidential Information except in accordance with the terms and conditions of this agreement;
- ii. to disclose, copy, transmit or otherwise disseminate the Confidential Information only to the Designated Representatives who will be involved in analyzing such information and will have been informed by the Subscriber of the confidential nature of the Confidential Information as well as the obligations entered into hereunder and who will have undertaken to comply with the terms set out in this Section 3; however, the Subscriber shall be responsible for any breach, by an act or an omission, by any one of these persons, as if such breach had been committed by the Subscriber under the terms of this agreement;
- iii. to comply with applicable laws relating to the knowledge of privileged information of the Corporation that has not been generally disclosed, including securities laws and the regulations and instruments thereunder, in particular with respect to purchasing or selling securities of the Corporation; and
- iv. to use the Confidential Information only in connection with the evaluation of Qualified Cash and the exercise of its other rights provided for hereunder.

- 3.3 The Subscriber acknowledges that any unauthorized disclosure of Confidential Information can cause irreparable damage to the Corporation and that in the event of a breach or a possible breach of any of the obligations of the Subscriber provided for in this Section 3, damage could be caused to the Corporation, which could be inadequately compensable in monetary damages, and as a consequence the Corporation will be entitled to seek an injunction to prevent the Subscriber from breaching its undertakings pursuant to this Section 3, subject to all of its other rights and remedies.
- 3.4 Upon termination of the other obligations and rights stipulated herein in accordance with the terms hereof, at the request of the Corporation, the Subscriber shall promptly return to the Corporation or destroy and cease using all Confidential Information in the possession of the Subscriber or its Designated Representatives at that time. Except for archived or backup copies that must be retained by the Subscriber or its Designated Representatives by law, applicable regulations or their respective policies regarding the retention of documents, the Subscriber and its Designated Representatives shall retain no part or copy of the Confidential Information.
- 3.5 Notwithstanding the foregoing, the Corporation acknowledges and agrees that the Subscriber may disclose the existence of this agreement as well as the details of its content in any press release that it might issue as part of a common communication strategy with the Corporation, subject to review and prior approval of such press release by the Corporation, acting reasonably. Furthermore, the parties agree that the Corporation will file this agreement in its entirety without redaction with the securities regulatory authorities on SEDAR as a separate *material contract*.

The obligations set out in this Section 3 will survive notwithstanding the termination of the other obligations and rights stipulated hereunder.

#### **SECTION 4 REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

The Subscriber represents and warrants as follows to the Corporation:

- 4.1 The Subscriber has full legal capacity, power and authority necessary to execute and deliver this agreement as well as to perform its obligations hereunder.
- 4.2 This agreement has been duly executed and delivered by the Subscriber and (assuming due authorization, execution and delivery by the Corporation) constitutes a legal, valid and binding obligation of the Subscriber enforceable against the Subscriber in accordance with its terms and conditions.

The Corporation represents and warrants as follows to the Subscriber:

- 4.3 The Corporation has full legal capacity, power and authority necessary to execute and deliver this agreement as well as to perform its obligations hereunder.
- 4.4 This agreement has been duly executed and delivered by the Corporation and (assuming due authorization, execution and delivery by the Subscriber) constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms and conditions.

#### **SECTION 5 GENERAL**

##### **5.1 Amendments**

This agreement may only be amended, regardless of the nature of such amendment, by a written instrument executed by the parties to this agreement. Any amendment made in accordance with this paragraph shall be binding upon the parties.

##### **5.2 Severability**

If any provision of this agreement is held to be illegal, invalid or unenforceable, such provision shall be severed from the agreement and the other provisions shall remain in effect.

##### **5.3 Successors and Assigns**

This agreement inures to the benefit of and binds the parties hereto, and their respective authorized successors and assigns.

#### 5.4 Counterparts

This agreement may be executed in any number of counterparts (including counterparts by facsimile or other similar form of recorded communication), and all such counterparts shall together be deemed to constitute a single document.

#### 5.5 Applicable Laws

This agreement is governed by and construed and enforced in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein. Each party irrevocably acknowledges the exclusive jurisdiction of the courts of the judicial district of Montréal in the Province of Québec and waives any objection it might raise to the laying of venue or that any proceeding brought in any such court has been brought in an inconvenient forum.

**[SIGNATURES ON THE FOLLOWING PAGE]**



**IN WITNESS WHEREOF**, the parties have executed this agreement on the date first hereinabove indicated.

**BOMBARDIER INC.**

Per: (signed) Daniel Desjardins  
Name: Daniel Desjardins  
Title: Senior Vice President, General Counsel and Corporate Secretary

Per: (signed) Louis G. Véronneau  
Name: Louis G. Véronneau  
Title: Vice President, Mergers and Acquisitions

**CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC**

Per: (signed) Christian Dubé  
Name: Christian Dubé  
Title: Executive Vice-President, Quebec

Per: (signed) Justin Méthot  
Name: Justin Méthot  
Title: Senior Director