Short Form Prospectus

New Issue

February 28, 2002

BOMBARDIER INC.

$200,000,000

(8,000,000 shares)

6.25% Series 4 Cumulative Redeemable Preferred Shares

The 6.25% Series 4 Cumulative Redeemable Preferred Shares (the "Series 4 Preferred Shares") will be entitled to fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, at a rate equal to $1.5625 per share per annum. The initial dividend, if declared, will be payable April 30, 2002 and will be $0.226884 per share, based upon an anticipated issue date of March 8, 2002. Thereafter, dividends will be payable quarterly on the last day of July, October, January and April each year at a rate of $0.390625 per share per quarter. Certain provisions relating to the Series 4 Preferred Shares are summarized under "Details of the Offering".

The Series 4 Preferred Shares will not be redeemable prior to March 31, 2007. On and after March 31, 2007, Bombardier Inc. ("Bombardier" or the "Corporation") may, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 4 Preferred Shares in whole or in part, at the Corporation's option, at $26.00 per share if redeemed prior to March 31, 2008, $25.75 if redeemed on or after March 31, 2008 but prior to March 31, 2009, $25.50 if redeemed on or after March 31, 2009 but prior to March 31, 2010, $25.25 if redeemed on or after March 31, 2010 but prior to March 31, 2011 and $25.00 if redeemed on or after March 31, 2011, in each case together with all accrued and unpaid dividends to the date of redemption. Alternatively, on and after March 31, 2007, the Corporation may, on not less than 30 nor more than 60 days' notice, subject to stock exchange approvals, convert all or any of the Series 4 Preferred Shares into fully paid and non-assessable Class B Shares (subordinate voting) of the Corporation (the "Class B Subordinate Voting Shares"). The number of Class B Subordinate Voting Shares into which each Series 4 Preferred Share may be so converted will be determined by dividing the applicable redemption price per Series 4 Preferred Share together with all accrued and unpaid dividends at the date of conversion by the greater of $2.00 and 95% of the then Current Market Price (as defined herein) of the Class B Subordinate Voting Shares. See "Details of the Offering".

The Corporation may, at its option, at any time grant the holders of Series 4 Preferred Shares the right, but not the obligation, to convert their shares upon notice into a further series of preferred shares of the Corporation. See "Details of the Offering".

The Toronto Stock Exchange has conditionally approved the listing of the Series 4 Preferred Shares offered under this Prospectus. Listing is subject to the Corporation fulfilling all of the requirements of such exchange on or before May 24, 2002.

CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. (collectively, the "Underwriters") have agreed to purchase the Series 4 Preferred Shares from the Corporation subject to the terms and conditions set forth in the underwriting agreement referred to under "Plan of Distribution" (the "Underwriting Agreement"). In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 4 Preferred Shares at a level above that which might otherwise prevail in the open market. See "Plan of Distribution".

Price: $25.00 per share to yield 6.25% per annum

	Price to Public(1)	Underwriters' Fee(2)	Net Proceeds to the Corporation(3)
Per Series 4 Preferred Share	$ 25.00	$ 0.75	$ 24.25
Total	$200,000,000	$6,000,000	$194,000,000

(1) The Corporation has granted an option to the Underwriters (the "Underwriters' Option"), exercisable until 24 hours prior to the closing date of the Offering, to purchase up to a maximum of 2,000,000 Series 4 Preferred Shares at the offering price to the public. If the Underwriters exercise the Underwriters' Option in full, the total price to public and the total net proceeds to the Corporation will be $250,000,000 and $242,500,000, respectively. See "Plan of Distribution". The Series 4 Preferred Shares that may be offered upon the exercise of the Underwriters' Option will also be qualified under this Prospectus.

(2) The Underwriters' fee is $0.25 for each Series 4 Preferred Share sold to certain institutions and $0.75 for all other Series 4 Preferred Shares which are sold. The Underwriters' fee set forth in the table assumes that no Series 4 Preferred Shares are sold to such institutions.

(3) Before deduction of the expenses of this issue, estimated at $500,000, which together with the Underwriters' fee will be paid from the general funds of the Corporation.

The Underwriters, as principals, conditionally offer the Series 4 Preferred Shares subject to prior sale, if, as and when issued by the Corporation and accepted by them in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Ogilvy Renault, and on behalf of the Underwriters by Stikeman Elliott.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate representing the Series 4 Preferred Shares distributed hereunder will be issued in registered form only to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the closing of this offering which is expected to occur on or about March 8, 2002 and in any event not later than March 31, 2002.

A purchaser of the Series 4 Preferred Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series 4 Preferred Shares are purchased.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Ogilvy Renault, counsel to the Corporation, and Stikeman Elliott, counsel to the Underwriters, the Series 4 Preferred Shares offered hereby, if issued on the date hereof, would be eligible investments, where applicable, without resort to the so-called "basket provisions", or their purchase would not be precluded as investments, subject to compliance with the prudent investment standards and general investment provisions and restrictions of the statutes referred to below (and, where applicable, regulations or guidelines thereunder) and, in certain cases, subject to the satisfaction of additional requirements relating to investment or lending policies or goals and, in certain cases, the filing of such policies or goals, under the following statutes:

Insurance Companies Act (Canada)
Insurance Act (Alberta)
Insurance Act (Ontario)
An Act respecting insurance (Québec) (for insurers other than guarantee fund corporations)
Trust and Loan Companies Act (Canada)
Loan and Trust Corporations Act (Alberta)
Loan and Trust Corporations Act (Ontario)
Financial Institutions Act (British Columbia)
An Act respecting trust companies and savings companies (Québec) (for a savings company which invests its own funds and a trust company which invests its own funds and deposits it receives)
Pension Benefits Standards Act, 1985 (Canada)
Employment Pension Plans Act (Alberta)
Pension Benefits Act (Ontario)
Supplemental Pension Plans Act (Québec)
The Pension Benefits Act (Manitoba)
Trustee Act (Ontario)

In the opinion of Ogilvy Renault and Stikeman Elliott, the Series 4 Preferred Shares, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this short form prospectus:

(a) the annual information form of the Corporation dated May 10, 2001, including documents incorporated by reference therein;

(b) the unaudited interim comparative consolidated financial statements as at and for the nine-month period ended October 31, 2001, together with the interim Management's Discussion and Analysis attached thereto;

(c) the audited comparative consolidated financial statements, including the notes thereto, as at and for the year ended January 31, 2001 and the report of the auditors thereon;

(d) the management proxy circular dated May 10, 2001 with respect to the annual meeting of shareholders of the Corporation held on June 12, 2001; and

(e) the material change report of the Corporation dated October 5, 2001, relating to the special charges taken by the Corporation.

All documents of the type referred to above, as well as material change reports (other than confidential material change reports), filed by the Corporation with the securities regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of the offering made hereby shall be deemed to be incorporated by reference into this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents so incorporated by reference may be obtained on request without charge from the Secretary of the Corporation at 800 René-Lévesque Boulevard West, Montréal, Québec H3B 1Y8 (Telephone: 514-861-9481). For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of this permanent information record may be obtained from the Secretary of the Corporation at the same address and telephone number. Copies may also be obtained through the internet at www.SEDAR.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

In this short form prospectus, all dollar figures are in Canadian dollars, unless indicated otherwise.

BOMBARDIER INC.

General Information

Bombardier, incorporated under the laws of Canada, has its registered office at 800 René-Lévesque Boulevard West, Montreal, Québec H3B 1Y8.

The Corporation, a diversified manufacturing and services company, is a world-leading manufacturer of business jets, regional and amphibious aircraft, rail transportation equipment and services and motorized recreational products. It is also a provider of financial services and asset management. As of October 31, 2001, Bombardier employed 79,000 people in 24 countries in the Americas, Europe and Asia-Pacific. Over ninety percent (90%) of its revenues are generated outside Canada.

Business of the Corporation

The Corporation operates in four reportable segments. Each reportable segment offers different products and services, requires different technology and marketing strategies and is headed by a President and Chief Operating Officer. The Bombardier Aerospace segment is engaged in the design, manufacture and sale of business, regional and amphibious aircraft for individuals, corporations as well as commercial airline customers. It is also engaged in the manufacture of major airframe components for aircraft designed and built by other American and European aircraft manufacturers. In addition, it provides commercial and military aviation services, including technical services and pilot training. The Bombardier Transportation segment is the global leader in the rail equipment, manufacturing and servicing industry. Its wide range of products includes passenger rail cars and complete rail transportation systems. It also manufactures locomotives, freight cars, propulsion and train control systems and provides signaling equipment and systems. The Recreational Products segment is responsible for developing, manufacturing and marketing snowmobiles, watercraft, boats, all-terrain vehicles, utility vehicles and engines. The Bombardier Capital segment offers secured financing, leasing and asset management solutions to manufacturers, retailers and other commercial businesses, primarily in North American markets. It targets industry sectors and asset classes related to its specialized core competencies and those of Bombardier manufacturing segments.

RECENT DEVELOPMENTS

Dispute with Adtranz

Bombardier announced on February 14, 2002, that discussions with DaimlerChrysler AG of Stuttgart, Germany (“DaimlerChrysler”) have failed to result in an agreement as to the value of the adjusted net assets acquired in connection with the acquisition of DaimlerChrysler Rail Systems GmbH (“Adtranz”). Under these circumstances, Bombardier has notified DaimlerChrysler that it will file a claim against it for damages under the arbitration process governed by the rules of arbitration of the International Chamber of Commerce, as set forth in the Sale and Purchase Agreement (“SPA”). It is expected that the claim will be filed within four to six months.

Under the SPA, DaimlerChrysler made contractual representations and guarantees to Bombardier, including confirmation of a level of equity of Adtranz, on the closing date of April 30, 2001. Bombardier’s claim for damages is largely based on material breaches of contractual representations and guarantees, including significant deficiency in the value of the adjusted net assets acquired. Such deficiency results from the application of United States generally accepted accounting principles and from unrecorded costs required to complete contracts with third parties. Bombardier’s claim will be in the order of €1 billion ($1.4 billion).

Bombardier Management has established the purchase price allocation taking into account all relevant information as detailed in the third quarterly report to shareholders dated November 26, 2001. Resolution of the claim will result in a reduction of the goodwill related to the acquisition of Adtranz.

Midland Mainline Contract

On February 14, 2002, Bombardier Transportation announced that it has been awarded a contract for the provision of 127 diesel-electric multiple unit cars for HSBC Rail UK Limited, to be operated by the UK’s Midland Mainline. Management estimates that the value of the contract, which also includes an initial four-year maintenance portion, is approximately $512 million (£225 million), rising to a potential $962 million (£423 million) if the maintenance portion is extended to its maximum of 15 years' duration. Deliveries of the units will commence in the second quarter of 2004, with all 127 cars to be delivered by January 2005.

Bombardier Global 5000

On February 5, 2002, Bombardier Aerospace officially launched its high-speed Bombardier Global 5000 intercontinental business jet, designed specifically to meet emerging needs in the super-large jet market. The Global 5000 aircraft is a high-speed intercontinental business jet designed for non-stop flights, capable of 4,800 nautical miles at Mach 0.85 with eight passengers plus three crew members. The first flight is anticipated in the first quarter of 2003 and type certification is expected in the first quarter of 2004.

Changes in Special Items

During the fourth quarter of 2000-2001, the Corporation decided not to close a Bombardier Transportation facility in Germany as previously announced. Principally as a result of this decision, the expected special restructuring cost for the Bombardier Transportation segment as disclosed in the third quarter report to shareholders amounting to $180 million was reduced to approximately $74 million.

In the Bombardier Aerospace segment, the special charge for severance and other involuntary termination benefits initially estimated at $45 million as disclosed in the third quarter report to shareholders will amount to $69.5 million due to a reallocation of the layoffs between various plants of the Bombardier Aerospace segment.

Order from the French National Railway Company

On December 13, 2001, Bombardier Transportation and the French National Railway Company ("**SNCF**") entered into a contract for the delivery of 500 high capacity Regional Express Trains (TER) type AGC (*Autorail Grande Capacité*). The contract is valued at approximately $2.3 billion (€ 1.65 billion). The initial firm part of the contract involves 192 trains for a total of approximately $980 million (€700 million).

Dispute with Amtrak

On November 8, 2001, the Corporation filed a claim against Amtrak in the United States District Court for the District of Columbia. The claim seeks damages in excess of $320 million (US$200 million) as compensation for additional costs incurred in connection with the Acela high-speed trainsets and locomotives contracts, including costs incurred as a result of Amtrak's failure to upgrade its infrastructure to accommodate the new equipment. On December 3, 2001, Amtrak filed a Motion to Dismiss alleging that the Corporation had failed to follow contractual dispute resolution procedures. The Corporation has vigorously contested the Motion to Dismiss, which is currently pending before the Court.

CHANGES TO CONSOLIDATED CAPITALIZATION

There have been no material changes in the loan capital or in the share capital of the Corporation since January 31, 2001 to the date hereof except for the following transactions:

- On February 22, 2001, notes amounting to $697.5 million (€500 million) bearing interest at 5.75% per annum and $388.8 million (£175 million) bearing interest at 6.25% per annum maturing in February 2008 and February 2006, respectively, were issued by the Corporation on the European markets.
- On August 1, 2001, the Corporation issued notes amounting to $250.0 million, due August 30, 2002, bearing interest at the one-month Canadian dollar bankers acceptance rate plus 0.20%.
- On August 8, 2001, Bombardier Corporation issued notes guaranteed by the Corporation amounting to $269.3 million (€200 million) due August 31, 2002 bearing interest at the three-month Euribor rate plus 0.28% and notes guaranteed by the Corporation amounting to $249.0 million (¥20 billion), due August 31, 2002, bearing interest at the three months Yen LIBOR rate plus 0.25%.

- On May 18, 2001, Bombardier Capital Ltd. ("BCL") issued notes in the amount of $100 million that mature November 29, 2004, bearing interest at 6.60% per annum. BCL also issued on July 19, 2001, notes in the amount of $200 million that mature on July 19, 2006, bearing interest at 6.35% per annum.
- On May 29, 2001, Bombardier Capital Inc. ("BCI") issued US$300 million of putable/callable notes due May 30, 2013. These notes bear interest at a rate of 5⅝% per annum for the first two years with annual resets thereafter should the notes remain outstanding.
- On June 29, 2001, BCI issued US$450 million of notes due June 29, 2006, bearing an interest rate of 6⅛% per annum.
- In July 2001, a US$50 million fixed rate term loan issued by BCI matured and was repaid.
- On November 21, 2001, BCI issued US$410 million of notes in two tranches, a one year tranche bearing an interest rate of three month LIBOR plus 2.125% maturing on November 21, 2002 and a two year tranche bearing an interest rate of three month LIBOR plus 2.250% maturing on November 21, 2003. On December 4, 2001, BCI increased the size of the two-year tranche by issuing US$100 million additional notes on the same terms as the original two year tranche.
- On December 17, 2001, BCI issued ¥ 6 billion of discount notes maturing on December 17, 2002. The discounted proceeds of this offering were swapped into US dollars by way on an interest rate/cross currency swap to yield BCI approximately US$48 million of floating rate funding.
- On December 20, 2001, BCI issued US$220 million of notes in the US private placement market. The notes mature on March 30, 2007 and bear an interest rate of 7.09% per annum.
- On January 15, 2002, US$500 million of medium term notes of BCI matured and were repaid.

USE OF PROCEEDS

The net proceeds from the sale of the Series 4 Preferred Shares offered hereunder will amount to approximately $193,500,000 ($242,000,000 if the Underwriters' Option is exercised in full) after deducting the Underwriters' fee and estimated expenses of the issue. Such fee and expenses will be paid out of the general funds of the Corporation. The net proceeds of this offering will be used to repay short term indebtedness.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "Underwriting Agreement") dated as of February 21, 2002 between the Corporation and CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc., as underwriters (the "Underwriters"), the Corporation has agreed to sell and the Underwriters have severally agreed to purchase, as principals, subject to compliance with all necessary legal requirements and to the terms and conditions contained therein, on March 8, 2002 or such other date not later than March 31, 2002 as may be agreed upon by the parties (the "Closing Date"), all but not less than all of the 8,000,000 Series 4 Preferred Shares at an aggregate price of $200,000,000, payable to the Corporation. The Corporation has granted the Underwriters' Option exercisable until 24 hours prior to the Closing Date, enabling the Underwriters to purchase up to 2,000,000 Series 4 Preferred Shares at the offering price to the public.

In consideration for their services in connection with this offering, the Corporation has agreed to pay the Underwriters a fee equal to $0.25 per Series 4 Preferred Share sold to certain institutions and $0.75 per share with respect to all other sales of Series 4 Preferred Shares. Assuming that no Series 4 Preferred Shares are sold to such institutions, the Underwriters' fee will be $6,000,000 ($7,500,000 if the Underwriters' Option is exercised in full). All fees payable to the Underwriters will be paid on account of services rendered in connection with the issue and will be paid out of the general funds of the Corporation.

The Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder on the basis of the state of the financial markets or upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Series 4 Preferred Shares if any Series 4 Preferred Shares are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series 4 Preferred Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 4 Preferred Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable stock exchanges relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 4 Preferred Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Series 4 Preferred Shares, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Series 4 Preferred Shares are being offered and sold in an "overseas directed offering" (as defined in Regulation S under the U.S. Securities Act), and as such the Underwriters have agreed that all offers and sales of the Series 4 Preferred Shares will only be directed into Canada and to the residents thereof. The distribution of this short form prospectus and the offering and sale of the Series 4 Preferred Shares are also subject to certain restrictions under the laws of certain jurisdictions outside of Canada. Each Underwriter has agreed that it will not offer for sale or sell or deliver the Series 4 Preferred Shares in any such jurisdiction except in accordance with the laws thereof.

Under the Underwriting Agreement, the Corporation agreed not to issue, sell, or announce its intention to authorize or issue, for a period of 90 days following the Closing Date, (i) any preferred shares through a public offering, private placement or otherwise or (ii) any preferred securities through a public offering, without the written consent of CIBC World Markets Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld.

EARNINGS COVERAGE RATIOS

The Corporation's dividend requirements on all of its preferred shares, after giving effect to the issue of the Series 4 Preferred Shares, as adjusted to a pre-tax equivalent amounted to $43.3 million ($47.9 million if the Underwriters' Option is exercised in full) for the 12 months ended January 31, 2001 and $43.2 million ($47.8 million if the Underwriters' Option is exercised in full) for the 12 months ended October 31, 2001, using an effective tax rate of 33.0% and 32.8% for the 12 months ended January 31, 2001 and October 31, 2001, respectively. The Corporation's interest requirements on long term debt for the 12 months ended January 31, 2001 and for the 12 months ended October 31, 2001, after giving effect to the issuance or repayment of all long term debt since the end of the above-mentioned 12 months periods to the date hereof, amounted to $546.8 million ($110.3 million excluding Bombardier Capital) and $482.4 million ($110.4 million excluding Bombardier Capital), respectively.

The Corporation's income before interest on long term debt and income taxes for the 12 months ended January 31, 2001 was $1,792.2 million ($1,539.7 million excluding Bombardier Capital), which is 3.04 times (3.01 times if the Underwriters' Option is exercised in full), and excluding Bombardier Capital, 10.02 times (9.73 times if the Underwriters' Option is exercised in full) the aggregate dividend and interest requirements on long term debt for this period. The Corporation's income before interest on long term debt and income taxes for the 12 months ended October 31, 2001 was $1,146.3 million ($1,476.5 million excluding Bombardier Capital), which is 2.18 times (2.16 times if the Underwriters' Option is exercised in full), and excluding Bombardier Capital, 9.62 times (9.33 times if the Underwriters' Option is exercised in full) the aggregate dividend and interest requirements on long term debt for this period.

The Corporation's income before interest on long term debt, special items and income taxes for the 12 months ended January 31, 2001 was $1,821.9 million ($1,489.9 million excluding Bombardier Capital), which is 3.09 times (3.06 times if the Underwriters' Option is exercised in full), and excluding Bombardier Capital, 9.70 times (9.41 times if the Underwriters' Option is exercised in full) the aggregate dividend and interest requirements on long term debt for this period. The Corporation's income before interest on long term debt, special items and income taxes for the 12 months ended October 31, 2001 was $2,104.9 million ($1,772.6 million excluding Bombardier Capital), which is 4.00 times (3.97 times if the Underwriters' Option is exercised in full), and excluding Bombardier Capital, 11.55 times (11.21 times if the Underwriters' Option is exercised in full) the aggregate dividend and interest requirements on long term debt for this period.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of the Corporation consists of (i) an unlimited number of preferred shares without nominal or par value issuable in series (the "Preferred Shares"), of which 12,000,000 have been designated Series 2 Cumulative Redeemable Preferred Shares (the "Series 2 Preferred Shares") and 12,000,000 have been designated Series 3 Cumulative Redeemable Preferred Shares (the "Series 3 Preferred Shares"), (ii) 1,792,000,000 Class A shares (multiple voting) (the "Class A Shares") and (iii) 1,792,000,000 Class B Subordinate Voting Shares.

Class A Shares and Class B Subordinate Voting Shares

As at January 31, 2002, the Corporation had outstanding 342,367,204 Class A Shares, 1,028,403,682 Class B Subordinate Voting Shares, 12,000,000 Series 2 Preferred Shares and no Series 3 Preferred Shares.

Subordination and Voting Rights

The Class A Shares and the Class B Subordinate Voting Shares rank after the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. Each Class A Share entitles the holder thereof to 10 votes and each Class B Subordinate Voting Share entitles the holder thereof to one vote.

Except for the rights, privileges, restrictions and conditions attaching to the Class A Shares and Class B Subordinate Voting Shares as described above, the Class A Shares and the Class B Subordinate Voting Shares have the same rights, are equal in all respects and will be treated by the Corporation as if they were shares of the same class.

Dividends and Liquidation

The holders of Class B Subordinate Voting Shares are entitled to receive, in each fiscal year, if declared by the Board of Directors of the Corporation, a non-cumulative dividend at the rate of $0.00015625 per share per annum and after payment or setting aside for payment of said dividend, the holders of Class A Shares and the holders of Class B Subordinate Voting Shares will be entitled, share for share, to any additional dividend which may be declared by the Board of Directors of the Corporation in such fiscal year in respect of the Class A Shares and Class B Subordinate Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Corporation, the holders of Class A Shares and the holders of Class B Subordinate Voting Shares will be entitled, share for share, to receive on a pro rata basis all of the assets of the Corporation remaining after payment of all of the liabilities, subject to the preferential rights attaching to any shares ranking prior to the Class A Shares and Class B Subordinate Voting Shares.

Conversion Privilege

Each Class A Share is convertible at any time by the holder thereof into one fully paid and non-assessable Class B Subordinate Voting Share. Each Class B Subordinate Voting Share is convertible by the holder thereof into one fully paid and non-assessable Class A Share at any time upon and after the occurrence of either one of the following events: (i) if an offer (as defined) is made to the holders of Class A Shares to acquire Class A Shares and such offer is accepted by the majority shareholder of the Corporation, namely, the Bombardier Family; or (ii) if such majority shareholder of the Corporation ceases to hold more than 50% of the outstanding Class A Shares.

Preferred Shares as a Class

Issuable in Series

The Preferred Shares are issuable in series, each series consisting of such number of shares and having such provisions as may be determined by the Board of Directors of the Corporation prior to the issue thereof.

Priority

The Preferred Shares of each series will rank equally with the Preferred Shares of all other series and will rank ahead of the Class A Shares and the Class B Subordinate Voting Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation.

Dividends

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

Voting Rights

The holders of Preferred Shares do not have the right to receive notice of, attend, or vote at, any meeting of shareholders except to the extent otherwise provided in the Articles of the Corporation in respect of any series of Preferred Shares or when holders of Preferred Shares are entitled to vote as a class or as a series as set forth in the *Canada Business Corporations Act* or any successor statute, as amended from time to time (the "CBCA"). In connection with any matter requiring the approval of the Preferred Shares as a class, each holder is entitled to one vote for each dollar of the issue price of the Preferred Shares held. Holders of Preferred Shares have no pre-emptive rights.

Modifications

The class provisions of the Preferred Shares may be amended at any time with such approval as may be required by the CBCA. The CBCA currently provides that such approval may be given by at least two-thirds of the votes cast at a meeting of the holders of Preferred Shares. The Articles of the Corporation provide, in respect of meetings of holders of Preferred Shares, that a quorum is constituted by the holders of such number of Preferred Shares carrying at least 25% of the voting rights attached to all the outstanding Preferred Shares; however, at any adjourned meeting in the event of a failure to meet the quorum requirement, the quorum will be constituted by the persons present at such adjourned meeting, irrespective of the percentage of outstanding Preferred Shares held by such persons.

Series 2 Preferred Shares

The Series 2 Preferred Shares are non-voting, redeemable at the Corporation's option at $25.00 per share on August 1, 2002 or at $25.50 per share thereafter (together with accrued and unpaid dividends) convertible on a one-for-one basis on August 1, 2002 and on August 1 of every fifth year thereafter into Series 3 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 2 Preferred Shares, such remaining number shall automatically be converted into an equal number of Series 3 Preferred Shares. Additionally, if the Corporation determines that at such time, there would be less than 1,000,000 outstanding Series 3 Preferred Shares, then no Series 2 Preferred Shares may be converted. Until July 31, 2002, the quarterly dividend rate is equal to $0.34375 per share. Thereafter, floating adjustable cumulative preferential cash dividends will be payable monthly, if declared, commencing on September 15, 2002, with the annual floating dividend rate equal to 80% of the Canadian prime rate. The dividend rate will float in relation to changes in the prime rate and will be adjusted upwards or downwards on a monthly basis to a monthly maximum of 4% of the prime rate if the trading price of the Series 2 Preferred Shares is less than $24.90 per share or more than $25.10 per share.

Series 3 Preferred Shares

The Series 3 Preferred Shares are non-voting, redeemable at the Corporation's option at $25.00 per share (together with accrued and unpaid dividends) on August 1, 2007 and on August 1 of every fifth year thereafter, convertible on a one-for-one basis at the option of the holder on August 1, 2007 and on August 1 of every fifth year thereafter into Series 2 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 3 Preferred Shares, such remaining number shall automatically be converted into an equal number of Series 2 Preferred Shares. Additionally, if the Corporation determines that at such time there would be less than 1,000,000 outstanding Series 2 Preferred Shares, then no Series 3 Preferred Shares may be converted. The initial dividend, if declared, will be payable on October 31, 2002 and the quarterly dividend rate will be fixed by the Corporation at least 45 days and not more than 60 days before the initial dividend for the first five-year period or before each subsequent five-year dividend period. Each five-year fixed dividend rate selected by the Corporation shall not be less than 80% of the Government of Canada bond yield as defined in the Articles of Amendment creating the Series 3 Preferred Shares.

Certain Provisions of the Series 4 Preferred Shares

Dividends

The holders of the Series 4 Preferred Shares will be entitled to receive fixed, quarterly, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable on the last day of July, October, January and April in each year (a "Dividend Payment Date") at a rate equal to $0.390625 per share per quarter. The initial dividend, if declared, will be payable on April 30, 2002 and will be $0.226884 per share, assuming an issue date of March 8, 2002.

Redemption by the Corporation

The Series 4 Preferred Shares will not be redeemable prior to March 31, 2007. Subject to the provisions of any shares of the Corporation ranking prior to or on a parity with the Series 4 Preferred Shares, and to the provisions described under "Restrictions on Dividends and Retirement of Shares", the Corporation may redeem at any time on or after March 31, 2007 all or from time to time any part of the then outstanding Series 4 Preferred Shares. Such redemption may be made upon payment in cash of the amount of $26.00 per share if redeemed prior to March 31, 2008, $25.75 if redeemed on or after March 31, 2008 but prior to March 31, 2009, $25.50 if redeemed on or after March 31, 2009 but prior to March 31, 2010, $25.25 if redeemed on or after March 31, 2010 but prior to March 31, 2011 and $25.00 if redeemed on or after March 31, 2011, in each case together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of redemption. The Corporation shall provide not less than 30 nor more than 60 days' notice of such redemption to each holder of Series 4 Preferred Shares to be redeemed. If less than all outstanding Series 4 Preferred Shares are at any time to be redeemed, the shares to be redeemed will be selected in such manner as the Corporation in its sole discretion may determine.

Conversion into Class B Subordinate Voting Shares at the Option of the Corporation

The Series 4 Preferred Shares will not be convertible at the option of the Corporation prior to March 31, 2007. On or after March 31, 2007, the Corporation may, subject to the approval of the Toronto Stock Exchange and such other stock exchanges on which such Series 4 Preferred Shares are then listed, at any time convert all, or from time to time any part, of the outstanding Series 4 Preferred Shares into fully paid and non-assessable Class B Subordinate Voting Shares of the Corporation. The number of Class B Subordinate Voting Shares into which each Series 4 Preferred Share may be so converted will be determined by dividing the then applicable redemption price together with all accrued and unpaid dividends to but excluding the date of conversion by the greater of $2.00 and 95% of the weighted average trading price of such Class B Subordinate Voting Shares on the Toronto Stock Exchange for the period of 20 consecutive trading days which ends on the fourth day prior to the date specified for conversion or, if that fourth day is not a trading day, on the trading day immediately preceding such fourth day (the "Current Market Price"). Fractional Class B Subordinate Voting Shares will not be issued on any conversion of Series 4 Preferred Shares but in lieu thereof the Corporation will make cash payments. The Corporation shall provide not less than 30 nor more than 60 days' notice of such conversion to each holder of Series 4 Preferred Shares to be converted. If less than all the outstanding Series 4 Preferred Shares are at any time to be converted, the shares to be converted will be selected by lot or in such other equitable manner as the Corporation may determine.

Conversion of Series 4 Preferred Shares

The Corporation may subsequent to the date hereof, at its option, create one or more further series of Preferred Shares of the Corporation, into which the holders of Series 4 Preferred Shares could have the right, but not the obligation, to convert their shares on a share-for-share basis, the conversion to be effected by such holders by tendering to the transfer agent for Series 4 Preferred Shares a conversion notice on or before the 45th day following the date of delivery, mailing, sending or publication of the notice to such holders of the conversion privilege.

Purchase for Cancellation

Subject to the provisions described under "Restrictions on Dividends and Retirement of Shares", the Corporation may at any time or times purchase for cancellation all or any part of the Series 4 Preferred Shares on the open market, by private agreement or otherwise at the lowest price or prices at which in the opinion of the Board of Directors of the Corporation such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series 4 Preferred Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series 4 Preferred Shares given as described under "Modification of Series" or any approval that may then be prescribed by law:

(i) declare or pay any dividends (other than stock dividends in shares ranking junior to the Series 4 Preferred Shares) on any shares of the Corporation ranking junior to the Series 4 Preferred Shares;

(ii) except out of the net cash proceeds of an issue of shares ranking junior to the Series 4 Preferred Shares, redeem or call for redemption or purchase or otherwise retire any shares ranking junior to the Series 4 Preferred Shares;

(iii) call for redemption, redeem, purchase or otherwise retire for value less than all of the Series 4 Preferred Shares then outstanding; or

(iv) call for redemption, redeem, purchase, make any return on capital or otherwise retire for value (except in connection with the exercise of any retraction privilege or mandatory redemption obligation attaching thereto) any other shares of the Corporation ranking on a parity with the Series 4 Preferred Shares, provided that, for greater certainty, the covenant in this paragraph (iv) shall not limit or affect any such action in respect of any class of shares ranking in priority to the Series 4 Preferred Shares;

unless, in each such case, all cumulative preferential dividends accrued on outstanding Series 4 Preferred Shares up to and including the dividend payable on the last preceding Dividend Payment Date shall have been declared and paid or set aside for payment. Any approval of the holders of the Series 4 Preferred Shares required with respect to the foregoing may be given by the affirmative vote of the holders of the majority of the shares present or represented at a meeting, or adjourned meeting, of the holders of Series 4 Preferred Shares duly called for the purpose and at which a quorum is present.

Voting Rights

The holders of Series 4 Preferred Shares will not be entitled (except as otherwise provided by law) to receive notice of, attend or vote at, any meeting of the shareholders of the Corporation unless the Corporation shall have failed to pay in full eight quarterly dividends on the Series 4 Preferred Shares, whether or not consecutive. In that event, and for only so long as any such dividends remain in arrears, the holders of Series 4 Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings, and to vote thereat, each share entitling the holder thereof to one vote.

In connection with any action to be taken by the Corporation which requires the approval of the holders of Series 4 Preferred Shares voting as a series, each such share shall entitle the holder thereof to one vote.

Rights on Liquidation

In the event of any liquidation, dissolution or winding-up of the Corporation, or any other return of capital or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series 4 Preferred Shares, the holders of the Series 4 Preferred Shares shall be entitled to be paid and to receive an amount equal to $25.00 per Series 4 Preferred Share plus accrued and unpaid dividends thereon up to and including the date of distribution, before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of Class A Shares and Class B Subordinate Voting Shares or shares of any other class of the Corporation ranking junior to the Series 4 Preferred Shares. After payment to the holders of the Series 4 Preferred Shares of the amount so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

Modification of Series

The provisions attaching to the Series 4 Preferred Shares as a series may be amended at any time with such approval as may be required by the CBCA. The CBCA currently provides that such approval may be given by at least two-thirds of the votes cast at a meeting of the holders of Series 4 Preferred Shares.

Tax Election

The Corporation will elect, in the manner and within the time period provided under Part IV.1 of the *Income Tax Act* (Canada), to pay tax at a rate such that holders of Series 4 Preferred Shares will not be required to pay tax on dividends received on the Series 4 Preferred Shares under Part IV.1 of such Act.

RATINGS

The Series 4 Preferred Shares have been given a preliminary rating of Pfd-2 by Dominion Bond Rating Service Limited ("DBRS") and P-2 by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P").

A Pfd-2 rating by DBRS is the second of five categories granted by DBRS for preferred shares and is granted to companies presenting satisfactory credit quality where protection of dividends and principal is substantial. A P-2 rating by S&P is the second of the five categories used by S&P in its Canadian preferred share rating scale. "High" and "Low" grades may be used to indicate the relative standing of a credit within a particular rating category.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Ogilvy Renault, counsel to the Corporation, and Stikeman Elliott, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series 4 Preferred Shares pursuant to this short form prospectus (a "Holder") who, for purposes of the *Income Tax Act* (Canada) (the "Act"), is, or is deemed to be, resident in Canada, deals at arm's length with the Corporation, holds such Series 4 Preferred Shares as capital property, is not a "financial institution" as defined by Section 142.2 of the Act or a "specified financial institution" as defined in the Act and is not affiliated with the Corporation. Purchasers who do not hold their Series 4 Preferred Shares as capital property, financial institutions and specified financial institutions should consult their own tax advisors with respect to their own particular circumstances.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Act, the regulations thereunder, all specific proposals to amend the Act and such regulations publicly announced by the Minister of Finance prior to the date hereof (the "Tax Proposals"), and counsel's understanding of the current published administrative policies and assessing practices of the Canada Customs and Revenue Agency ("CCRA"). This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of CCRA, whether by legislative, governmental or judicial action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations. No assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all.

Dividends

Dividends (including deemed dividends) received on the Series 4 Preferred Shares by an individual will be included in the individual's income and will generally be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

Dividends (including deemed dividends) received on Series 4 Preferred Shares by a corporation will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income.

The Series 4 Preferred Shares are "taxable preferred shares" as defined in the Act. The terms of the Series 4 Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Act so that Holders will not be subject to tax under Part IV.1 of the Act on dividends received (or deemed to be received) on the Series 4 Preferred Shares.

A "private corporation", as defined in the Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33⅓% refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Series 4 Preferred Shares to the extent such dividends are deductible in computing its taxable income.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 4 Preferred Shares (including on a redemption) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of Series 4 Preferred Shares will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain or loss arising on disposition of such Series 4 Preferred Shares. If the Holder is a corporation, any capital loss arising on a disposition of a Series 4 Preferred Share may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series 4 Preferred Share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. Generally, one-half of any capital gain will be included in computing the Holder's income as a taxable capital gain, and one-half of any capital loss may be deducted from the Holder's taxable capital gains in accordance with the rules in the Act.

Corporations that are "Canadian-controlled private corporations" as defined in the Act may be subject to an additional refundable 6⅔% tax on their "aggregate investment income" (which is defined in the Act to include an amount in respect of taxable capital gains but not dividends or deemed dividends deductible in computing taxable income).

Redemption

If the Corporation redeems Series 4 Preferred Shares, or otherwise acquires or cancels Series 4 Preferred Shares (other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital of such shares at such time as computed for purposes of the Act. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate Holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion into Class B Subordinate Voting Shares

The exercise by the Corporation of its right to convert Series 4 Preferred Shares into Class B Subordinate Voting Shares will not constitute a disposition thereof by the holder and the cost to the holder of the Class B Subordinate Voting Shares, as the case may be, so obtained will be the adjusted cost base to the holder of the converted Series 4 Preferred Shares immediately before the conversion. Counsel understands that Canada Customs and Revenue Agency takes the administrative position that a holder who receives cash not exceeding $200 in lieu of a fractional share will have the option of recognizing the capital gain or capital loss arising on the disposition of the fractional share in computing the holder's income for the taxation year in which the conversion occurs or, alternatively, of reducing the adjusted cost base of the Class B Subordinate Voting Shares received at the time of conversion by the amount of cash received by the holder.

The fair market value of Class B Subordinate Voting Shares received on conversion determined at the time of receipt in respect of declared and unpaid dividends will be included in a holder's income as a dividend and, subject to the averaging rules contained in the Act, will be the cost to the holder of such Class B Subordinate Voting Shares.

Conversion of Series 4 Preferred Shares into new Preferred Shares

A conversion of Series 4 Preferred Shares into another series of Preferred Shares will not constitute a disposition thereof and the cost to the holder of the Preferred Shares acquired on the conversion will be the adjusted cost base to the holder of the converted Series 4 Preferred Shares immediately before the conversion.

EXPERTS

Certain legal matters in connection with this offering will be passed upon by Ogilvy Renault for the Corporation and by Stikeman Elliott for the Underwriters. As of February 20, 2002, the partners and associates of Ogilvy Renault as a group and the partners and associates of Stikeman Elliott as a group, owned beneficially, directly or indirectly, less than one percent of any class of securities of the Corporation or any of its associated or affiliated companies. Pierre Legrand, Q.C., Senior Partner of Ogilvy Renault, is a director and a member of the Executive Committee and the Compensation Committee of the Board of Directors of the Corporation.

RISK FACTORS

Investors should consider the following investment considerations before making a decision to purchase Series 4 Preferred Shares, as well as the other information in this short form prospectus and the documents incorporated by reference herein (including, in particular, the "Risks and Uncertainties" section of the Corporation's Management's Discussion and Analysis for the year ended January 31, 2001).

Operational Risk

The activities conducted by the Corporation's principal business segments are subject to operational risks including competition from other businesses, performance of key suppliers, regulatory risks, successful integration of new acquisitions (including Adtranz), dependence on key personnel and reliance on information systems, all of which could affect the ability of the Corporation to meet its obligations.

Developing New Products and Services

The principal markets in which the Corporation's businesses operate experience changes due to the introduction of new technologies. To meet its customers' needs in these businesses, the Corporation must continuously design new, and update existing, products and services and invest in and develop new technologies. Introducing new products requires a significant commitment to research and development, which may not result in success. The Corporation's sales may suffer if it invests in products that are not accepted in the marketplace, are not approved by regulatory authorities, or if the products are not brought to market in a timely manner or become obsolete.

Fixed Term Commitments

The Corporation has historically offered and will continue to offer a portion of its products on fixed-term contracts, rather than contracts in which payment is determined solely on a time-and-materials basis. The Corporation generally may not terminate these contracts unilaterally. Although the Corporation often relies on tools and methodologies and past experience to reduce the risks associated with estimating, planning and performing these projects, in certain circumstances, the Corporation bears the risks of cost overruns and may be subject to late delivery penalties.

General Economic Conditions

Unfavourable economic conditions may adversely affect the business of the Corporation.

Foreign Currency Fluctuations

The Corporation is exposed to risks resulting from foreign currency fluctuations arising either from carrying its businesses from Canada in foreign currencies or through operations in foreign countries. In an effort to mitigate those risks, the Corporation makes use of derivative contracts to hedge the exposure to future cash flows in various currencies and asset/liability management involving mostly borrowing in foreign currencies to hedge foreign currency exposure arising from permanent investments in foreign countries.

Liquidity and Access to Capital Resources

The Corporation's financing and leasing subsidiary, Bombardier Capital, requires continued access to the capital markets to support its activities including, selling asset-backed securities. To satisfy its financing needs, Bombardier Capital relies on long-term and short-term debt, cash flow generated from operations. Any impediments to Bombardier Capital's ability to access the capital markets, including significant changes in market interest rates, general economic conditions or the perception in the capital markets of Bombardier Capital's financial condition or prospects, could have a material adverse effect on Bombardier Capital's financial condition and results of operations.

Risk of Delinquencies and Losses in Bombardier Capital's Portfolio

Like all finance companies, Bombardier Capital, faces the risk that it may not be able to collect on its finance receivables. This risk is mainly driven by the economic condition of the business environment in which Bombardier Capital conducts its business.

Changing Interest Rates May Adversely Affect Results of Operations

Bombardier Capital's profitability may be directly affected by the level of and fluctuations in interest rates. Bombardier Capital uses derivatives as an integral part of its asset/liability management program to reduce its overall financial risk. These derivatives, particularly interest-rate swap agreements, are used to alter interest rate exposure arising from mismatches between assets and liabilities.

Series 4 Preferred Shares

The value of Series 4 Preferred Shares will be affected by the general creditworthiness of the Corporation. These analyses discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Corporation's business, financial condition or results of operations. See also the discussion under "Earnings Coverage Ratios", which is relevant to an assessment of the risk that the Corporation will be unable to pay dividends on the Series 4 Preferred Shares.

The market value of the Series 4 Preferred Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. Real or anticipated changes in credit ratings on the Series 4 Preferred Shares may also affect the cost at which the Corporation can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

The Series 4 Preferred Shares rank equally with other preferred shares of the Corporation in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound-up, the Corporation's assets must be used to pay debt, including subordinated debt, before payments may be made on Series 4 Preferred Shares and other preferred shares.

BOOK-BASED SYSTEM

Registration of interest in and transfers of the Series 4 Preferred Shares will only be made through the book-based system administered by CDS. On or about the Closing Date, the Corporation will deliver to CDS a certificate evidencing the aggregate number of Series 4 Preferred Shares subscribed for under this offering. Series 4 Preferred Shares must be purchased, transferred and surrendered for conversion or redemption through a participant in CDS (a "CDS Participant"). All rights of an owner of Series 4 Preferred Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Series 4 Preferred Shares. Upon a purchase or conversion of any Series 4 Preferred Shares, the owner will receive only the customary confirmation. References in this short form prospectus to a holder of Series 4 Preferred Shares mean, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Series 4 Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Neither the Corporation nor the Underwriters will assume any liability for (a) any aspect of the records relating to the beneficial ownership of the Series 4 Preferred Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 4 Preferred Shares; or (c) any advice or representation made by or with respect to CDS relating to the rules governing CDS or any action to be taken by CDS or at the direction of CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series 4 Preferred Shares must look solely to CDS Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series 4 Preferred Shares.

If (i) the Corporation determines that CDS is no longer willing or able to discharge properly the responsibilities as depository with respect to the Series 4 Preferred Shares and the Corporation is unable to locate a qualified successor, or (ii) the Corporation at its option elects, or is required by law, to terminate the registration of the Series 4 Preferred Shares through the book-based system, then certificates representing the Series 4 Preferred Shares in fully registered form will be issued to the beneficial owners thereof or their nominees.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Series 4 Preferred Shares will be Computershare Trust Company of Canada at its principal office in each of the cities of Halifax, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

Dated: February 28, 2002

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of all the provinces of Canada. For the purposes of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

By: (signed) ROBERT E. BROWN
President and Chief Executive Officer

By: (signed) LOUIS MORIN
Senior Vice-President and
Chief Financial Officer

On behalf of the Board of Directors

By: (signed) LAURENT BEAUDOIN
Director

By: (signed) JEAN-LOUIS FONTAINE
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 28, 2002

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities laws of all the provinces of Canada. For the purposes of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

CIBC WORLD MARKETS INC.	SCOTIA CAPITAL INC.
By: (signed) CHARLES ST-GERMAIN	By: (signed) PHILIP I. LIEBERMAN
NATIONAL BANK FINANCIAL INC.	BMO NESBITT BURNS INC.
By: (signed) LOUIS GENDRON	By: (signed) LINE RIVARD

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