

FORM 51-102F3

MATERIAL CHANGE REPORT

Certain statements in this material change report constitute forward-looking statements. Readers should refer to the cautionary notice regarding forward-looking statements that appears at the end of this report.

Item 1 Name and Address of Company:

Bombardier Inc. (the **Corporation**)
29th Floor
800 René-Lévesque Blvd. West
Montréal, Quebec H3B 1Y8

Item 2 Date of Material Change:

October 16, 2017

Item 3 News Release:

A press release was issued by Bombardier Inc. (**Bombardier** or the **Corporation**) on October 16, 2017.

Item 4 Summary of Material Change:

On October 16, 2017, Bombardier announced it had entered into a definitive Investment Agreement (the **Investment Agreement**) with Airbus SE (**Airbus**) regarding the acquisition by Airbus of a majority interest in C Series Aircraft Limited Partnership (**CSALP**), the entity that manufactures and sells C Series aircraft.

At the closing of the transaction, Airbus will acquire a 50.01% interest in CSALP, while Bombardier and (**IQ**) will respectively own approximately 31% and 19% of CSALP. Airbus will also enter into commercial agreements relating to (i) sales and marketing support services for the C Series, (ii) management of procurement, which will include leading negotiations to improve CSALP level supplier agreements, and (iii) customer support.

Airbus will have the right at a later time to acquire the remaining interests of Bombardier and IQ in CSALP, and Bombardier and IQ will benefit from corresponding put rights, each as more fully described below.

The transaction also provides for the issuance to Airbus, upon closing, of warrants exercisable to acquire up to 100,000,000 Class B Shares (subordinate voting) of Bombardier, as more fully described below.

Item 5.1 Full Description Of Material Change

On October 16, 2017, Bombardier announced it had entered into a definitive agreement with Airbus, and on such date *Investissement Québec* (**IQ**) and Airbus entered into a corresponding *Convention de soutien* (Support Agreement) (the **IQ Support Agreement**), each regarding the acquisition by Airbus of a majority interest in CSALP, the entity that manufactures and sells C Series aircraft.

The C Series programme is operated by CSALP in respect of which Bombardier and IQ respectively hold approximately a 63% and a 37% interest. The Investment Agreement and the IQ Support Agreement contemplate Airbus acquiring a 50.01% interest in CSALP. Airbus will enter into commercial agreements relating to (i) sales and marketing support services for the C Series, (ii) management of procurement,

which will include leading negotiations to improve CSALP level supplier agreements, and (iii) customer support. At closing, there will be no cash contribution by any of the partners, nor will CSALP assume any financial debt. The Investment Agreement also contemplates that Bombardier will continue with its current funding plan of CSALP and will fund, if required, the cash shortfalls of CSALP during the first year following the closing up to a maximum amount of US\$350 million, and during the second and third years following the closing up to a maximum aggregate amount of US\$350 million over both years, in consideration for non-voting participating units of CSALP with cumulative annual dividends of 2%, with any excess shortfall during such periods to be shared proportionately amongst Bombardier, Airbus and IQ, but in the latter case, at its discretion.

Airbus will benefit from call rights in respect of all of Bombardier's interest in CSALP at fair market value, with the amount for non-voting participating units used by Bombardier capped at the invested amount plus accrued but unpaid dividends, including a call right exercisable no earlier than 7.5 years following the closing, except in the event of certain changes in the control of Bombardier, in which case the right is accelerated. Bombardier will benefit from a corresponding put right whereby it could require that Airbus acquire its interest at fair market value after the expiry of the same period. IQ's interest is redeemable at fair market value by CSALP, under certain conditions, starting in 2023. IQ will benefit from a corresponding put right whereby it could require that CSALP, under certain conditions, acquire its interest at fair market value starting in 2023. IQ will also benefit from tag along rights in connection with a sale by Bombardier of its interest in CSALP.

The Board of Directors of CSALP will initially consist of seven directors, four of whom will be proposed by Airbus, two of whom will be proposed by Bombardier, and one of whom will be proposed by IQ. Airbus will be entitled to name the Chairman of CSALP.

Subject to obtaining the required approval from the Toronto Stock Exchange, the transaction also provides for the issuance to Airbus, upon closing, of warrants exercisable to acquire up to 100,000,000 Class B Shares (subordinate voting) of Bombardier (representing approximately 5% of the aggregate issued and outstanding Class A Shares (multiple voting) and Class B Shares of Bombardier on a fully-diluted basis, and approximately 5% 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 C\$2.29, which represents the volume-weighted average price of the Class B Shares over the five trading days ending Friday, 13 October 2017. The warrants will have a five-year term from the date of issue, will not be listed and will provide for 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.

The issuance of the warrants and their terms were negotiated between Bombardier and Airbus at arm's length and will not materially affect control of Bombardier. Security holder approval will be required under Toronto Stock Exchange 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. Such approval is expected to be obtained 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 transaction has been approved by the Boards of Directors of both Airbus and Bombardier, as well as the Cabinet of the Government of Québec. The transaction remains subject to regulatory approvals, as well as other conditions usual in this type of transaction. There are no guarantees that the transaction will be completed and that the conditions to which it is subject would be met. Completion of the transaction is currently expected for the second half of 2018.

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 Simon Letendre, Senior Advisor, Media Relations and Public Affairs, at (514) 861-9481.

Item 9 Date of Report:

October 26, 2017

Forward-looking statements

This report includes forward-looking statements, which may involve, but are not limited to: statements with respect to Bombardier's objectives, guidance, targets, goals, priorities, market and strategies, financial position, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; expected growth in demand for products and services; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry into-service of products and services, orders, deliveries, testing, lead times, certifications and project execution in general; competitive position; the completion, anticipated timing and use of the transactions described in this report; the impact and expected benefits of the transaction on operations, infrastructure, opportunities, financial condition, access to capital and overall strategy; and the receipt of regulatory and other approvals required with respect to this transaction and the anticipated timing thereof.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "shall", "can", "expect", "estimate", "intend", "anticipate", "plan", "foresee", "believe", "continue", "maintain" or "align", the negative of these terms, variations of them or similar terminology, as they relate to Bombardier and CSALP. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of Bombardier's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of Bombardier's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

By their nature, forward-looking statements require Bombardier's management to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause Bombardier's and CSALP's actual results in future periods to differ materially from forecast results set forth in forward-looking statements. While Bombardier's management consider these assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate.

With respect to the transactions discussed herein specifically, certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements with respect to Bombardier include, but are not limited to, risks associated with the failure to receive or delay in receiving regulatory (including antitrust) or other approvals or otherwise satisfy the conditions to the completion of the transaction or delay in completing the transaction and uncertainty regarding the length of time

required to complete the transaction; changes in the terms of the transaction; the failure by either party to satisfy its obligations pursuant to the transaction agreement; the impact of the announcement of the transaction on Bombardier's relationships with third parties, including commercial counterparties, employees and competitors, strategic relationships, operating results and businesses generally; the failure to realize, in the timeframe anticipated or at all, the anticipated benefits and synergies of the transaction. Certain other factors that could cause actual results to differ materially from those anticipated in the forward-looking statements with respect to Bombardier include, but are not limited to, risks associated with general economic conditions, risks associated with our business environment (such as risks associated with "Brexit", the financial condition of the airline industry, business aircraft customers, trade policy; increased competition; political instability and force majeure events or natural disasters), operational risks (such as risks related to developing new products and services; development of new business; the certification and homologation of products and services; fixed-price and fixed-term commitments and production and project execution; pressures on cash flows and capital expenditures based on project-cycle fluctuations and seasonality; our ability to successfully implement and execute our strategy and transformation plan; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; environmental, health and safety risks; dependence on certain customers and suppliers; human resources; reliance on information systems; reliance on and protection of intellectual property rights; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets; retirement benefit plan risk; exposure to credit risk; substantial existing debt and interest payment requirements; certain restrictive debt covenants and minimum cash levels; financing support provided for the benefit of certain customers; and reliance on government support), market risks (such as risks related to foreign currency fluctuations; changing interest rates; decreases in residual values; increases in commodity prices; and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the Management's Discussion and Analysis (MD&A) of Bombardier's financial report for the fiscal year ended December 31, 2016.

The assumptions underlying the forward-looking statements made in this report in relation to the transaction include the following material assumptions: the satisfaction of all conditions of closing and the successful completion of the transaction within the anticipated timeframe, including receipt of regulatory (including antitrust) and other approvals and the accuracy of Bombardier's assessment of anticipated growth divers and sector trends. For additional information relating to Bombardier with respect to the assumptions underlying the forward-looking statements made in this report, refer to the Strategic Priorities and Guidance and forward looking statements sections in the MD&A of Bombardier's financial report for the fiscal year ended December 31, 2016.

Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Other risks and uncertainties not presently known to Bombardier or that Bombardier presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Accordingly, there can be no assurance that the proposed transaction will occur or that the anticipated strategic benefits and operational, competitive and cost synergies will be realized in their entirety, in part or at all. The forward-looking statements set forth herein reflect Bombardier's management's expectations as at the date of this report and are subject to change after such date. Unless otherwise required by applicable securities laws, Bombardier expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.