No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities 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 legislation and may not be offered or sold in the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities legislation or pursuant to an exemption therefrom. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

SUPPLEMENTED PREP PROSPECTUS

Initial Public Offering May 21, 2013

BRP INC.

$262,300,000

12,200,000 Subordinate Voting Shares

This prospectus qualifies the distribution (the "Offering") of 12,200,000 subordinate voting shares (the "Subordinate Voting Shares") of BRP Inc. (the "Company" or "BRP") at a price of $21.50 per Subordinate Voting Share (the "Offering Price"). The Offering consists of an initial public offering of 12,200,000 Subordinate Voting Shares by the Company. See "Plan of Distribution". The Company will use the net proceeds from the Offering as described in this prospectus. See "Use of Proceeds". The Offering is being underwritten by BMO Nesbitt Burns Inc. ("BMO"), RBC Dominion Securities Inc. ("RBC"), UBS Securities Canada Inc., Citigroup Global Markets Canada Inc., Wells Fargo Securities LLC ("Wells Fargo"), CIBC World Markets Inc., Desjardins Securities Inc., Scotia Capital Inc., National Bank Financial Inc. and Robert W. Baird & Co. Incorporated ("Baird") (collectively, the "Underwriters"). If the Over-Allotment Option (as defined below) is exercised in full, an aggregate of an additional 1,830,000 Subordinate Voting Shares will be offered by the Company.

Upon completion of the Offering, the Company will have two classes of issued and outstanding shares: the Subordinate Voting Shares, and the multiple voting shares of the Company (the "Multiple Voting Shares" and, together with the Subordinate Voting Shares, the "Shares") held by Bain Capital Luxembourg Investments S.à r.l. ("Bain Capital"), Beaudier Inc., 4338618 Canada Inc. (together with Beaudier Inc., the "Beaudier Group") and Caisse de dépôt et placement du Québec ("CDPQ" and, together with Bain Capital and Beaudier Group, the "Principal Shareholders"). The Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the multiple voting, conversion and subscription rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to six votes on all matters. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefit from protection provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares. See "Description of Share Capital – Shares – Take-Over Bid Protection". Upon completion of the Offering and assuming no exercise of the Over-Allotment Option, the Company's issued and outstanding Shares will consist of 19,273,218 Subordinate Voting Shares and 97,023,344 Multiple Voting Shares. See "Description of Share Capital".

Upon completion of the Offering, the Principal Shareholders will collectively hold 100% of the Company's issued and outstanding Multiple Voting Shares. After giving effect to the Offering, the Principal Shareholders will hold approximately 83.4% of the Company's total issued and outstanding Shares and will hold approximately 96.8% of the voting power attached to all of the Shares (approximately 82.1% and 96.5%, respectively, if the Over-Allotment Option is exercised in full) and, as a result, will have a significant influence on the Company. See "Principal Shareholders", "Securityholders Agreements – Nomination Rights Agreement" and "Risk Factors". All of the Multiple Voting Shares held after the Offering by the Principal Shareholders, together with the Subordinate Voting Shares held by the Company's directors, officers and senior management, will be subject to contractual lock-up agreements with the Underwriters. See "Plan of Distribution – Lock-Up Arrangements".

There is currently no market through which the Subordinate Voting Shares may be sold and purchasers may not be able to resell the Subordinate Voting Shares purchased under this prospectus. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares, and the extent

of issuer regulation. See "Risk Factors". The Toronto Stock Exchange ("TSX") has conditionally approved the listing of the Subordinate Voting Shares to be issued pursuant to the Offering and that may be sold pursuant to the exercise of the Over-Allotment Option under the symbol "DOO", subject to the Company fulfilling all the listing requirements of the TSX on or before August 13, 2013, including the distribution of the Subordinate Voting Shares to a minimum number of public holders.

In connection with the Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market. See "Plan of Distribution".

An investment in the Subordinate Voting Shares is subject to a number of risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described under "Risk Factors" before purchasing the Subordinate Voting Shares.

Price: $21.50 per Subordinate Voting Share

	Price to the Public[1]	Underwriters' Commission	Net Proceeds to the Company[2]
Per Subordinate Voting Share	$ 21.50	$ 1.13	$ 20.37
Total Offering[3]	$262,300,000	$13,770,750	$248,529,250

(1) The price of the Subordinate Voting Shares has been determined by negotiation between the Company and the Underwriters.

(2) After deducting the Underwriters' Commission payable by the Company but before deducting the expenses of the Offering which are estimated to be approximately $7.7 million and will be paid by the Company out of the proceeds of the Offering.

(3) The Company has granted to the Underwriters an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from the closing of the Offering (the "Closing"), to purchase from the Company up to 1,830,000 additional Subordinate Voting Shares (representing 15% of the Subordinate Voting Shares offered hereunder) on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes (the "Over-Allotment Option"). The Company will pay the Underwriters' Commission with respect to the Offering and the Over-Allotment Option (if it is exercised). If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Commission" and "Net Proceeds to the Company" will be $301,645,000, $15,836,362.50 and $285,808,637.50, respectively. This prospectus qualifies the distribution of the Over-Allotment Option and up to 1,830,000 Subordinate Voting Shares to be sold by the Company upon exercise of the Over-Allotment Option by the Underwriters. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires those shares under this prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets out the number of Subordinate Voting Shares that may be sold by the Company to the Underwriters pursuant to the Over-Allotment Option:

	Number of Subordinate Voting Shares Available	Exercise Period	Exercise Price
Over-Allotment Option	1,830,000	Up to 30 days following Closing	$21.50 per Subordinate Voting Share

The Underwriters, as principals, conditionally offer the Subordinate Voting Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters 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 Company by Stikeman Elliott LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. **The Underwriters may offer the Subordinate Voting Shares at a lower price than stated above**. **See "Plan of Distribution".**

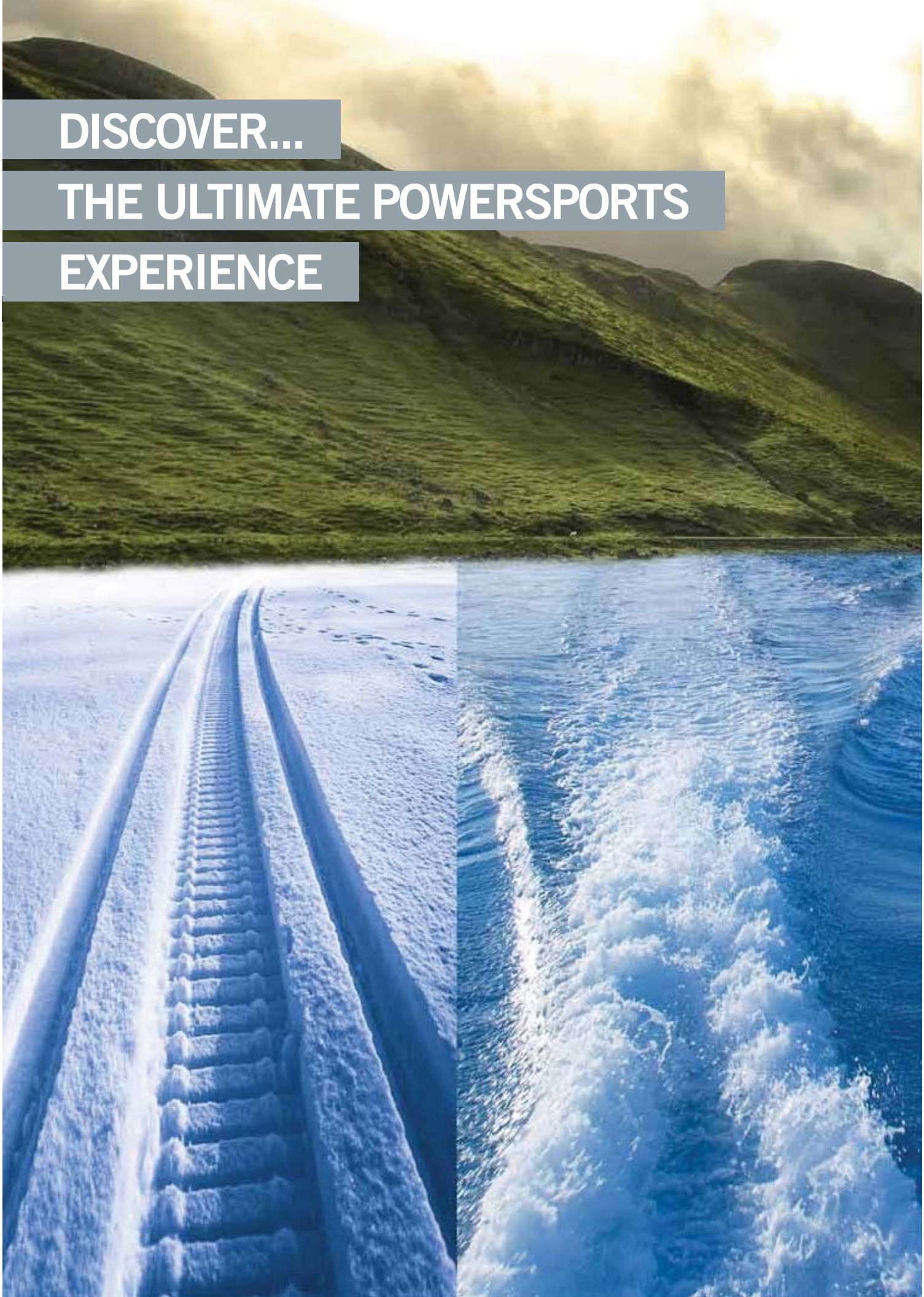
Certain of the Underwriters are affiliates of banks that are or will upon completion of the Offering be members of one or more syndicates of lenders that have made credit facilities available to subsidiaries of the Company. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Company may be considered a "connected issuer" with such Underwriters for the purposes of securities regulations in certain provinces and territories of Canada. See "Plan of Distribution" and "Relationship Between the Company and Certain Underwriters".

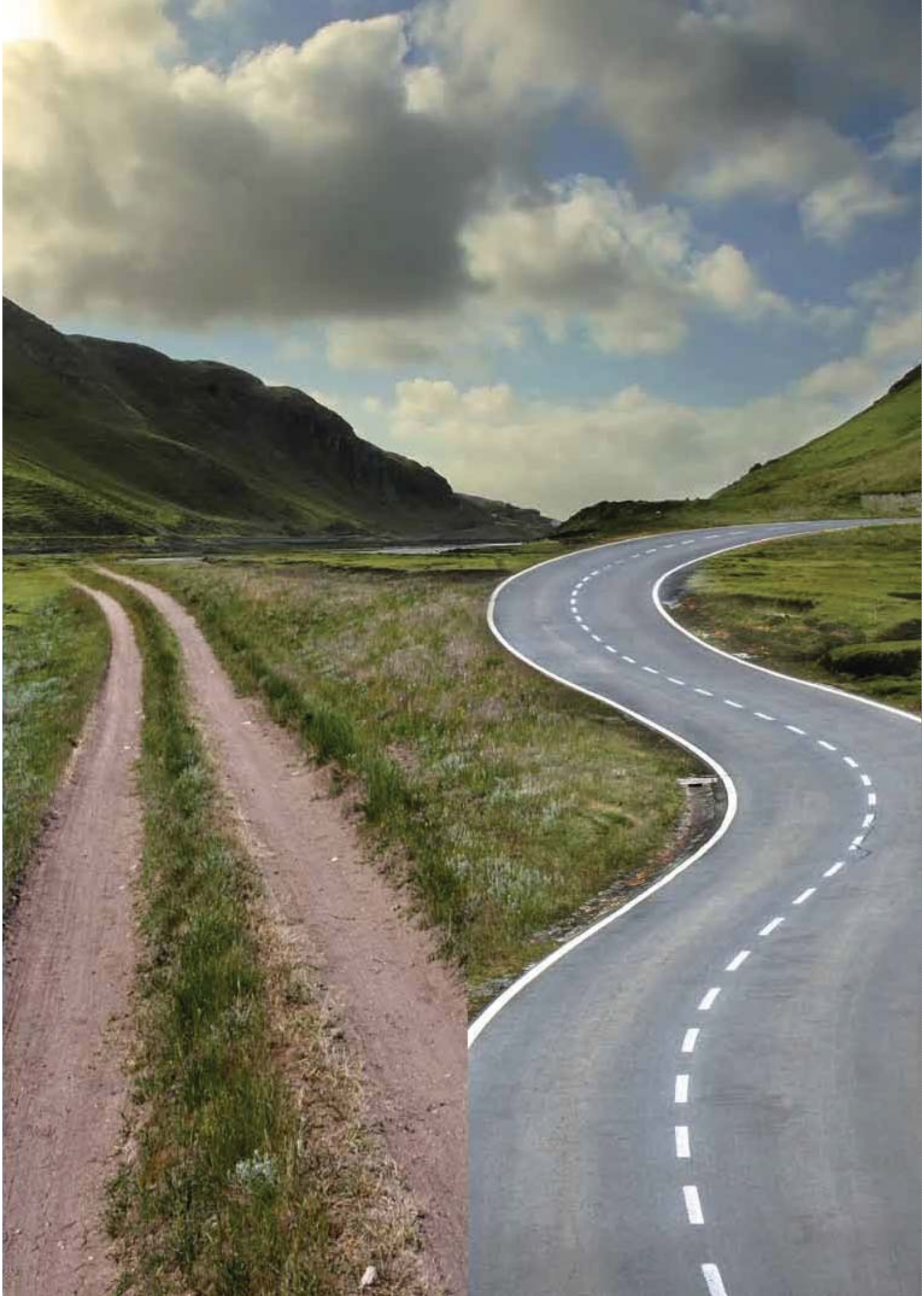
Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that Closing will occur on or about May 29, 2013 (the "Closing Date"), or such later date as the Company and the Underwriters may agree, but in any event not later than June 28, 2013. The Offering will be conducted under the book-based system. A purchaser of Subordinate Voting Shares will receive only a customer confirmation from the registered dealer from or through which the Subordinate Voting Shares are purchased and who is a CDS Clearing and Depository Services Inc. ("CDS") depository service participant. No certificates will be issued to purchasers except in certain limited circumstances, and registration will be made in the depository service of CDS. See "Plan of Distribution".

Wells Fargo and Baird are not registered to sell securities in any Canadian jurisdiction and, accordingly, will only sell Subordinate Voting Shares outside of Canada.

Prospective purchasers of Subordinate Voting Shares should rely only on the information contained in this prospectus. The Company has not, and the Underwriters have not, authorized any other person to provide prospective purchasers with additional or different information. If anyone provides prospective purchasers with additional or different or inconsistent information, including information or statements in media articles about the Company, prospective purchasers should not rely on it. The Company is not, and the Underwriters are not, making an offer to sell or seeking offers to buy Subordinate Voting Shares in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing in this prospectus is accurate only as of the date of the prospectus (or as of such other date stated in the prospectus), regardless of its time of delivery or of any sale of Subordinate Voting Shares.

OUR OBJECTIVE: DELIVER THE ULTIMATE POWERSPORTS EXPERIENCE


DISCOVER...
THE ULTIMATE POWERSPORTS
EXPERIENCE



OVER FIFTY YEARS OF INNOVATION

Ski-Doo **MX Z**

BRP is passionate about delivering "The ULTIMATE Powersports Experience." BRP takes pride in being at the forefront of design and innovation – it's part of our heritage, it's in our blood.

Because at BRP, we don't just believe in riders, WE ARE RIDERS… seeking that next Ultimate Ride.

1959

The first Ski-Doo snowmobile is launched. J.A. Bombardier is first individual to mass-produce snowmobiles and creates a new sport.

1968

First Sea-Doo personal watercraft is launched.

1988

The new generation of Sea-Doo PWCs is launched, creating a whole new industry.

Sea-Doo **GTS** 130

SEASONAL PRODUCTS

"The sled that dominated... was Lynx Rave 800. It feels safe and undramatic but at the same time it is overwhelmingly fast."
– Snowrider, Sweden
(English translation from Swedish)

''The braking capability of this new design is not just an evolutionary improvement but a revolutionary improvement to the safety of these vessels."
– Captain Mark Rizzo, Chief of the Coast Guard

1998
BRP enters the ATV market.

2003
Bombardier Recreational Products Inc. becomes a privately held company.

2003
Launch of E-TEC technology

Can-Am **Renegade** 800R

YEAR-ROUND PRODUCTS

"Can-Am has taken the word 'upgrade' to a whole new level with its new-generation Renegade, Outlander, and Commander 1000 Limited models and given ATV and UTV consumers a reason to get excited again about new model releases." – *ATV Riders.com*

"Even now, three years later, the Spyder still turns heads. The high curiosity factor isn't just about novelty. The Spyder's swooping design – BRP designers call it the "flowing edge" – inspired the same exciting feelings in others as I get when riding it." – *Rider Magazine*

2006

Rebirth of the legendary Can-Am brand and the launch of the first Can-Am ATV.

2007

BRP creates a new category with its first "on-road" vehicle, the Can-Am Spyder roadster.

2010

BRP brings Can-AM DNA to the side-by-side market by introducing the Can-Am Commander line-up.

Can-Am **Spyder** STS

PROPULSION SYSTEMS

"The respect for the environment does not prevent the Evinrude engines, once in the water, to express brilliant performance and top class acceleration." – *Moto d'Acqua e Fuoribordo Magazine*

"The 912 iS, which BRP/Rotax is marketing as an eco-engine... you get a more efficient engine with sophisticated self-diagnostics than even an owner can use. ... In short, your airplane engine is getting closer to your car engine and it`s about time, thanks very much." – *AVweb*

2012

Launch of the Can-Am Maverick.

Can-Am **Maverick MAX** 1000R X rs

PARTS & ACCESSORIES

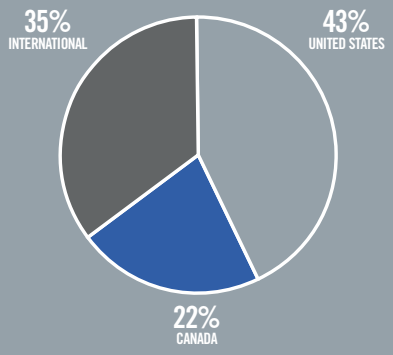
Innovation at BRP extends beyond the design and engineering of our vehicles to the parts, accessories and technical riding gear we make to complete the riding experience.

SOLID PERFORMANCE

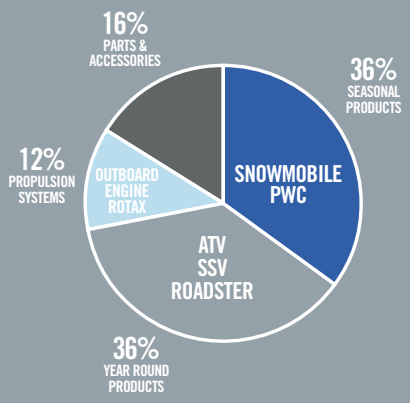
BRP Inc. is a world leader in the design, manufacturing, marketing and distribution of recreational powersport products, headquartered in Valcourt, Canada. BRP became independent from Bombardier Inc. in 2003 and employs a global workforce of approximately 6,800.

BRP's activities span the world, with a portfolio of leading brands sold in 105 countries. The introduction of two new product lines (Spyder roadster, SSV) has expanded its market opportunities.

FISCAL YEAR 2013 (January 31, 2013)



% REVENUES BASED ON GEOGRAPHY



% REVENUES BASED ON CATEGORY

Note: Chart includes contribution from sport boats.

REVENUES
$2.9B

$336M
NORMALIZED EBITDA

THE BENEFITS OF A GLOBAL MANUFACTURING FOOTPRINT

A global manufacturing footprint has improved our margins.

Valcourt, Canada
Snowmobiles, PWC, Roadster

Gunskirchen, Austria
Engines

Rovaniemi, Finland
Snowmobiles

Sturtevant, USA
Outboard Engines

Juarez, Mexico
ATV, SSV

Querétaro, Mexico
PWC, Engines

GLOBAL MARKET POSITION*

ski-doo LYNX Snowmobile	#1
SEA-DOO PWC	#1
can-am Recreational SSV	#2
can-am ATV	#4
can-am Spyder	No direct competitor
EVINRUDE Outboard Engines**	#4

*Based on management estimate
**OE greater than 30hp

Nothing is more valuable than your playtime. That is why BRP is dedicated to continually finding new and better ways to help you enjoy your favorite powersports. From snow to water to both on and off-road fun, our passion for adventure fuels the innovations that result in the ultimate powersports experience for our customers. We value the land and water we play on and are committed to protecting it.

Our desire to thrill is paired with an emphasis on rider responsibility, placing personal safety above all else. So that each outing can be the most enjoyable, memorable and thrilling experience possible. Because your free time should be your best time. **www.brp.com**

BRP

SKI-DOO® LYNX® SEA-DOO® EVINRUDE® ROTAX® CAN-AM®

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GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, the "Company" and "BRP" refer to BRP Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them. Unless otherwise indicated, the disclosure contained in this prospectus assumes that (i) the Over-Allotment Option has not been exercised, and (ii) the transactions referred to under "Pre-Closing Reorganization" have been completed.

Certain capitalized terms and phrases used in this prospectus are defined in the "Glossary of Terms" beginning on page 164.

References to "management" in this prospectus mean the persons who are identified in this prospectus as the executive officers of the Company. See "Directors and Officers". Any statements in this prospectus made by or on behalf of management are made in such persons' capacities as officers of the Company and its operating subsidiaries, as applicable, and not in their personal capacities.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

The Company presents its consolidated financial statements in Canadian dollars. In this prospectus, all references to "$" or "dollars" are to Canadian dollars and references to "U.S.$" or "U.S. dollars" are references to United States dollars. Amounts are stated in Canadian dollars unless otherwise indicated.

All references in this prospectus to "Fiscal 2014" are to the Company's fiscal year ending January 31, 2014, to "Fiscal 2013" are to the Company's fiscal year ended January 31, 2013, to "Fiscal 2012" are to the Company's fiscal year ended January 31, 2012, to "Fiscal 2011" are to the Company's fiscal year ended January 31, 2011, and to "Fiscal 2010" are to the Company's fiscal year ended January 31, 2010.

This prospectus contains consolidated financial statements for Fiscal 2013, Fiscal 2012 and Fiscal 2011, all of which have been prepared in accordance with International Financing Reporting Standards ("IFRS").

All references in this prospectus to "North America" are to Canada and the United States, and exclude Mexico. All references in this prospectus to "Western Europe" include Austria, Belgium, France, Germany, Ireland, the United Kingdom, Italy, Luxembourg, Netherlands, Spain and Switzerland, and all references to "Eastern Europe" include Estonia, Russia, Slovenia and Ukraine.

References to Company or market data for a season for snowmobiles refer to the 12 months ended March 31 for North America and Russia and to the 12 months ended June 30 for Scandinavia, for personal watercrafts refer to the 12 months ended September 30 for North America, for all-terrain vehicles and side-by-side vehicles refer to the 12 months ended June 30 for North America, for roadsters refer to the 12 months ended October 31 for North America, for outboard engines refer to the 12 months ended June 30 for North America and for each other jurisdiction for one of these products or for each of the other products refer to the calendar year, in each case for the particular year indicated. Any references to seasonal data for multiple products refer to each product's respective season for the particular year indicated.

NON-IFRS MEASURES

This prospectus makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including EBITDA, Normalized EBITDA, Normalized Net Income, Pro-forma earnings per share and Pro-forma normalized earnings per share to provide investors with supplemental measures of the Company's operating performance. The Company believes non-IFRS measures are important supplemental measures of operating performance because they eliminate

items that have less bearing on the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements. Because other companies may calculate these non-IFRS measures differently than the Company does, these metrics are not comparable to similarly titled measures reported by other companies. The Company refers the reader to "Selected Consolidated Financial Information" for the definitions and reconciliations of EBITDA, Normalized EBITDA and Normalized Net Income presented by the Company to the most directly comparable IFRS measure. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations".

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

Discussions containing forward-looking statements may be found, among other places, under "Industry Overview", "Business of the Company", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors". Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" section of this prospectus: impact of adverse economic conditions on consumer spending; decline in social acceptability of the Company's products; fluctuations in foreign currency exchange rates; high levels of indebtedness; unavailability of additional capital; unfavourable weather conditions; seasonal sales fluctuations; the Company's ability to comply with product safety, health, environmental and noise pollution laws; dependence on dealers, suppliers, financing sources and other strategic partners who may be sensitive to economic conditions; large fixed cost base; inability of dealers and distributors to secure adequate access to capital; supply problems, termination or interruption of supply arrangements or increases in the cost of materials; restrictive covenants in the Company's financing and other material agreements; competition in product lines; loss of members of management team or employees who possess specialized market knowledge and technical skills; inability to maintain and enhance reputation and brands; adverse determination in any significant product liability claim against the Company; significant product repair and/or replacement due to product warranty claims or product recalls; reliance on a network of independent dealers and distributors to manage the retail distribution of products; dependence on customer relationships for the sale of original equipment manufacturer products; unsuccessful management of inventory; risks associated with international operations; inability to enhance existing products and develop and market new products; protection of intellectual property; failure of information technology systems; declining prices for used versions of products and oversupply by competitors; unsuccessful execution of manufacturing strategy; actual results may differ from financial outlook; changes in tax laws and unanticipated tax liabilities; higher fuel costs; deterioration in relationships with employees; pension plan liabilities; natural disasters; failure to carry proper insurance coverage; no prior public market for Subordinate Voting Shares; volatile market price for Subordinate Voting Shares; no current plans to pay dividends; public company expenses; conduct of business through subsidiaries; significant influence by Principal Shareholders; and future sales of Shares by Principal Shareholders, directors, officers or senior management of the Company. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this prospectus are made as of the date of this prospectus, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations. The forward-looking statements contained in this prospectus are expressly qualified by this cautionary statement.

MARKET AND INDUSTRY DATA

The Company has obtained the market and industry data presented in this prospectus from a combination of internal Company surveys, third party information, and the estimates of management. There are limited sources that report on the Company's markets and industries. As such, much of the market and industry data presented in this prospectus is based on internally-generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which the Company competes. While the Company believes its internal surveys, third party information and the estimates of management are reliable, the Company has not verified them, nor have they been verified by any independent sources. While the Company is not aware of any misstatements regarding the market and industry data presented in this prospectus, such data involve risks and uncertainties and are subject to change based on various factors, including those factors discussed under "Forward-Looking Statements" and "Risk Factors".

All market and industry size information is based on management estimates compiled from available retail sales data for the majority of markets, and from wholesale and import data in respect of markets where retail sales data is not available. All market and industry positions are calculated as a percentage of units sold in the applicable market. Additionally, all references in this prospectus relating to sales and revenues from, or unit volumes for, products, product lines or product categories are based upon management's internal calculations and estimates.

TRADEMARKS AND TRADENAMES

This prospectus includes trademarks, such as *BRP*®, *Ski-Doo*®, *Sea-Doo*®, *Can-Am*®, *Evinrude*®, *Lynx*®, *Rotax*® and *Johnson*®, which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trademarks and tradenames referred to in this prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and tradenames. See "Business of the Company – Brands and Products". All other trademarks used in this prospectus are the property of their respective owners.

ENFORCEMENT OF LEGAL RIGHTS

Certain of the Company's directors, namely Joshua Bekenstein, Yvonne Hao, Carlos Mazzorin, Nicholas Nomicos, Edward Philip and Joseph Robbins, reside outside of Canada. Each of these directors has appointed BRP Inc. as agent for service of process at the following address: 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if such person has appointed an agent for service of process.

EXCHANGE RATE DATA

The Company discloses certain financial information contained in this prospectus in U.S.$. The following table sets forth, for the periods indicated, the high, low, average and end of period noon rates of exchange for one U.S.$, expressed in Canadian dollars, published by the Bank of Canada during the respective periods.

	Fiscal 2013	Fiscal 2012	Fiscal 2011
	($)	($)	($)
Highest rate during the year	1.0418	1.0604	1.0778
Lowest rate during the year	0.9710	0.9449	0.9862
Average noon spot rate for the year[(1)]	0.9973	0.9912	1.0265
Rate at the end of the year	0.9992	1.0052	1.0022

(1) Determined by averaging the rates on the last Friday of each month and the last business day of each quarter during the respective period.

On May 17, 2013, the noon rate of exchange posted by the Bank of Canada for conversion of U.S.$ into Canadian dollars was U.S.$1.00 equals $1.0269.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in the Subordinate Voting Shares. Please refer to the "Glossary of Terms" beginning on page 164 of this prospectus for a list of defined terms used herein.

INDUSTRY OVERVIEW

BRP competes in certain categories of the powersports industry and in propulsion systems for motorized vehicles and boats.

Powersports Industry

The powersports industry is comprised of several product categories, including snowmobiles, personal watercrafts ("PWC"), off-road vehicles ("ORV") such as all-terrain vehicles ("ATV") and recreational side-by-side vehicles ("SSV"), and motorcycles. BRP competes directly in the snowmobile, PWC, ATV and recreational SSV categories, and indirectly in a sub-segment of the motorcycle category (specifically the On-Road Motorcycles of 500cc+), with the *Can-Am Spyder* roadster.

Management estimates that the categories of the powersports industry in which the Company competes generated sales in key global markets of approximately $18 billion in season 2012 based on total volume of approximately 1.5 million units, with North American volume accounting for approximately 61% of this unit volume.

Market Overview

A majority of powersports products are used for recreational purposes. Powersports products appeal to a wide range of users, but the main consumers tend to be enthusiasts for whom riding represents an important part of their lifestyle. The typical powersports enthusiast may own multiple vehicles and is generally seeking the latest product with the most advanced high performance technology, as well as branded clothing and innovative accessories.

Sales of powersports vehicles are correlated to the macro-economic environment. During the most recent economic downturn, wholesale volumes were impacted by a slowdown in consumer demand and retail sales. The resulting build-up of dealer inventory forced manufacturers to further reduce output. Management estimates that the North American powersports market experienced a retail unit volume decline of approximately 46% from a level of approximately 1.6 million units in season 2008 to approximately 0.9 million units in season 2011.

Outlook

Management believes that the outlook for industry volumes is positive, supported by the following factors:

- *Improving Macroeconomic Environment.* Industry volumes are expected to be favourably impacted by improvements in the economic environment. Management also expects volumes to increase as consumers choose to pursue new and replacement vehicle purchases delayed during the recent economic downturn.
- *Strong Growth in New Product Lines.* Newer product categories such as the recreational SSV and the *Spyder*, which are in the early stages of their respective product life cycles, are expected to grow faster than the broader powersports industry.
- *Stable Demand in Mature Product Lines in North America.* The long-term prospects for the snowmobile, PWC and ATV product lines, which are in the later stages of their respective product life cycles, are relatively stable in North America.
- *Growth of International Markets.* While emerging international markets currently represent a small portion of overall industry sales, they are well positioned to grow as the economic fundamentals of certain markets improve and product awareness and distribution infrastructure grow.

- *Lower Dealer Inventory Levels*. Manufacturers have reduced dealer inventory levels over the past few years. During the last economic downturn, higher dealer inventory levels compounded the effect of the decline in retail sales on wholesale volumes as manufacturers were required to reduce production to allow dealers to deplete inventory levels. Since then, manufacturers have generally maintained tighter dealer inventory levels, thereby reducing the potential effects of a decline in retail sales on wholesale volumes.

Marine Propulsion Systems Market

Marine propulsion systems for recreational power boats are comprised of outboard engines, inboard sterndrive and other inboard engines. Marine propulsion systems are generally sold to independent boat builders and through a network of independent dealers and distributors.

An outboard engine is a self-contained unit that includes an engine, gearbox and propeller. Outboard engines are designed to be affixed to the outside of a boat transom and tend to be lighter, less expensive and more easily replaceable than inboard engines. Demand for outboard engines is tied to new boat sales and to the replacement of existing boat engines.

See "Industry Overview".

BUSINESS OF THE COMPANY

Overview

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems. The Company's diversified portfolio of brands and products includes *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Can-Am* ORVs (which include ATVs and SSVs), *Can-Am Spyder* roadsters, *Evinrude* outboard engines and *Rotax* engines for karts, motorcycles, boats and recreational and small aircraft. Additionally, the Company supports its line of products with a dedicated parts, accessories and clothing ("PAC") business.

BRP products are widely recognized for their superior design, technology, quality, performance and fit and finish. Built on the Company's rich heritage as an innovator, *Ski-Doo* and *Sea-Doo* have become synonymous with snowmobiles and PWCs. Over the years, BRP has successfully leveraged its product and brand management expertise to develop other renowned brands such as *Can-Am, Evinrude*, *Rotax* and *Lynx*.

Driven by a passion for powersports vehicles and engines, the Company dedicates significant resources to research and development in order to constantly refresh its pipeline of innovative products and features and to set itself apart from competitors. Through its commitment to design, innovation and research and development, the Company has increased its market share in each of the snowmobile, PWC, ATV and SSV categories since season 2007, and has created a new product category with the introduction of the *Spyder* roadster.

Overview of BRP's Key Products and Global Market Positions(1)

Seasonal		Year-Round			Propulsion Systems	
Snowmobile	**PWC**	**Recreational SSV**	**ATV**	**Roadster**	**Outboard Engines**	***Rotax* Engines**
ski-doo LYNX	SEA-DOO		can-am		EVINRUDE	ROTAX
#1	#1	#2	#4	No Direct Competitor	#4(2)	N/A

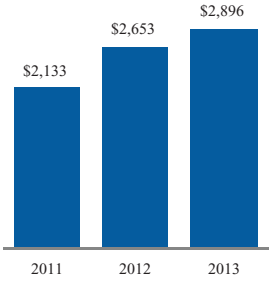
(1) Global market position based on management estimates.
(2) Based on the global market for outboard engines above 30hp.

Headquartered in Valcourt, Québec (Canada), BRP employs approximately 6,800 people globally, primarily in Canada, Mexico, Austria, the United States and Finland. Since 2003, the Company has expanded its direct dealer network in order to reinforce its presence in key markets outside of North America. Today, BRP products are sold in 105 countries. The Company sells its products directly through a network of approximately 3,200 dealers in 20 countries as well as through approximately 190 distributors serving approximately 950 additional dealers.

In Fiscal 2013, BRP achieved revenues, Normalized EBITDA and net income of $2,896 million, $336 million and $121 million, respectively.

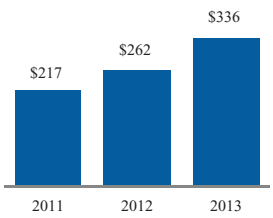
Revenues

Fiscal year ending January 31
(dollars in millions)



Normalized EBITDA[(1)]

Fiscal year ending January 31
(dollars in millions)



(1) BRP's net income for Fiscal 2011, Fiscal 2012 and Fiscal 2013 amounted to $35.0 million, $83.5 million and $121.0 million, respectively. For a reconciliation of Normalized EBITDA to net income, see "Selected Consolidated Financial Information".

Competitive Strengths

Leading Market Positions and Brands

- BRP holds leadership positions in a number of powersports categories. Specifically, management believes that the Company is the global leader by sales volume in the snowmobile and PWC categories; second in the recreational SSV category; fourth in outboard engine sales (greater than 30hp); fourth in ATV sales; and has no direct competitor in the *Spyder* roadster product line.

- BRP's industry-leading products are complemented by a set of strong, globally-recognized brands. Through decades of continued product innovation and a commitment to delivering products that cater to powersports enthusiasts, the *Ski-Doo* and *Sea-Doo* brands have become synonymous with their respective product lines, while *Lynx* remains the pre-eminent snowmobile brand in Scandinavia. In 2006, BRP re-branded its ATV product line under the *Can-Am* brand, building on *Can-Am*'s racing-level performance legacy, and re-focused its product development efforts on high-performance recreational segments of the ATV category. As a result, in less than a decade, the *Can-Am* brand has become known for high quality and performance. The success of the *Spyder* and recreational SSV products, launched in 2007 and 2010, respectively, has further strengthened the *Can-Am* brand.

- *Rotax* engines, which power all powersports vehicles manufactured by BRP, are recognized as a leader in high-performance engines among powersports enthusiasts. Finally, the Company's *Evinrude* outboard engines, with a 100-plus year history, are widely associated with performance, reliability and technical innovation.

Leading Product Innovation and Engineering

- BRP's products are marked by stunning designs, powerful and efficient engines, and the incorporation of advanced technologies that drive industry-leading safety and performance. A pioneer in the powersports industry, the Company was the first to commercialize the single-passenger snowmobile in 1959, followed by the first PWC in 1968. More recently, the Company launched the *Spyder*, creating a new product category.

- The *Ski-Doo* REV platform family, which was introduced in 2002, set a new standard in rider ergonomics and maneuverability. Similarly, in 2008, the Company improved safety standards by introducing the world's first on-water braking system for PWCs, allowing the rider to decelerate in a controlled manner.

- At the heart of BRP's products are world-renowned, high performance *Rotax* engines which are installed in all of the products manufactured by the Company and also sold to certain external customers. The approach of integrating design and production of high performance engines with vehicle development is a key differentiator for BRP and enables the Company to deliver high performance, well-integrated and better balanced vehicles.

- The Company's consistent track record of innovation is the product of significant investment in an industry-leading research, development and engineering platform. With approximately 750 employees working in the Company's modern research and development facilities across four global locations, each focusing on specific aspects of research and development, BRP has the ability to invest in both on-going improvements across its product lines as well as new product lines such as the *Spyder*.

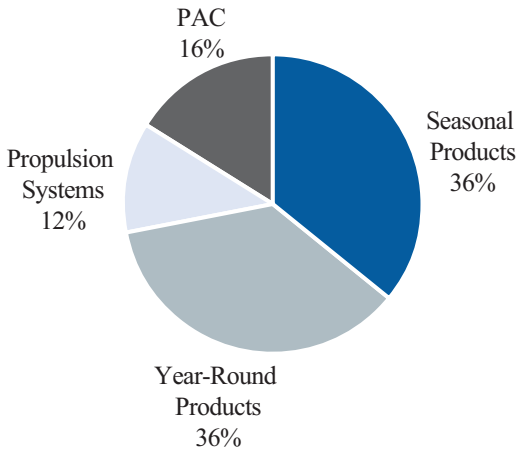
- Over the last three years, the Company has invested on average approximately 4.7% of its annual revenues in research and development, which represented $128.2 million in Fiscal 2013.

Diversified and Comprehensive Product Portfolio

- The Company is one of the most diversified manufacturers of powersports vehicles and engines. The diversity of its product offering reduces BRP's exposure from changes in consumer behavior in any single category and provides the Company with multiple avenues for continued growth.

- In Fiscal 2013, no single product line accounted for more than 20% of sales. Furthermore, certain product lines are sold in offsetting seasons, reducing the overall seasonality of the Company's revenues.

Revenues by Product Category for Fiscal 2013(1)



(1) Chart includes in Seasonal Products the contribution from sport boats, which the Company ceased to manufacture in September 2012. In Fiscal 2012, Seasonal Products, Year-Round Products, Propulsion Systems and PAC represented approximately 38%, 33%, 12% and 17% of the Company's revenues, respectively.

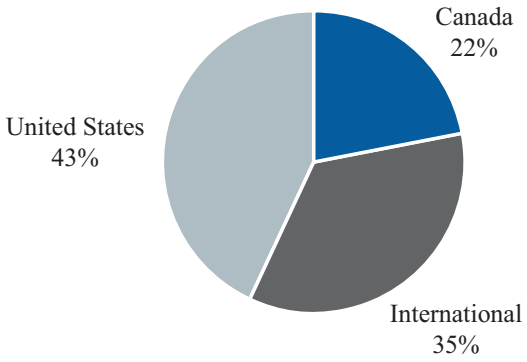
- BRP's product portfolio provides a compelling value proposition to the Company's dealer network, which allows dealers to reduce seasonality, increase operational efficiency and facilitate wholesale financing and inventory management.

Established Global Distribution Platform

- BRP has established an extensive global distribution network. Today, the Company sells products, directly or indirectly, in 105 countries through approximately 4,200 dealers. The Company is among the market leaders in several powersports and outboard engine markets outside North America, including Scandinavia, Russia, Brazil and Australia.

- BRP sells products directly to dealers in 20 countries. This direct dealer distribution provides it with better visibility and control over the consumer experience, as well as a better understanding of trends in its key international markets.
- In certain geographic markets, the Company prefers to leverage a network of distributors that serve as intermediaries for local dealers. Through its distributor network, BRP indirectly sells powersports and outboard engine products to approximately 950 dealers in approximately 85 countries.
- The strength of BRP's global distribution network has enhanced its international footprint. In Fiscal 2013, approximately 35% of the Company's revenues were generated outside of North America.

Revenues by Geography for Fiscal 2013



Global and Flexible Sourcing and Manufacturing Platform

- The Company benefits from a modern, global and flexible sourcing and manufacturing platform. Over the last ten years, BRP has made significant investments in modernizing its facilities and optimizing its assembly lines. BRP's facilities in Mexico offer lower cost manufacturing and sourcing and rapid lead-times for end-market distribution in the south of the United States. Additionally, the Company's snowmobile production facility in Finland is in close proximity to key snowmobile markets in Scandinavia and Russia.
- Similarities in many of the products manufactured by the Company create substantial commonalities in manufacturing, assembly and technology. These commonalities in turn create economies of scale for the Company. BRP's product portfolio also benefits from a common infrastructure in which research and development applications, sales force, marketing expenditures and corporate overhead are shared across the Company.

Highly Experienced Management Team with Proven Track Record

- BRP's experienced management team has demonstrated its ability to identify, create and implement new product opportunities, improve financial performance, and maintain a corporate culture committed to providing the ultimate powersports experience. In December 2003, José Boisjoli became President and Chief Executive Officer of BRP and led the successful transition from a division of Bombardier Inc. to an independent, privately held company. Today, Mr. Boisjoli leads a strong and experienced management team that averages 14 years of experience with the Company.
- Since BRP became a stand-alone company, management successfully implemented several important strategic initiatives. As a result of these initiatives, the Company has recovered from the recent economic recession, achieving revenues, Normalized EBITDA and net income levels in Fiscal 2013 of $2,896 million, $336 million and $121 million, respectively, and is attractively positioned to grow profitably over the coming years.

Growth Strategy

Continue to Penetrate High-Growth Product Lines

- Management believes that continuing market growth and share gain in the recreational SSV and roadster categories will support revenue and profitability increases moving forward.

- The Company believes that the recreational SSV market offers a strong opportunity for continued growth. Approximately 153,000 recreational SSVs were sold globally in season 2012, representing growth of approximately 62% (or 18% based on a compounded annual growth rate) since season 2009. Management believes that SSVs currently represent less than 10% of the industry's installed base of ORVs in the United States, providing the product line with significant room for continued expansion. Moreover, BRP believes that it can expand sales within the broader SSV category by expanding its product line-up and distribution capabilities to include product segments and geographic markets in which it does not currently compete.

- BRP entered the on-road category in 2007 with the launch of the *Spyder*. The *Spyder* is a new product line within the on-road category that, in addition to the traditional motorcycle consumer, appeals to a large potential consumer base that has not traditionally purchased a two-wheel motorcycle. Management believes that unit sales of the *Spyder* may continue to grow at a rate in excess of the traditional motorcycle segment as awareness and distribution of the *Spyder* continues to expand.

Drive Margin Increases through Operational Excellence

- The Company is committed to ongoing improvements in the flexibility, quality, and efficiency of its manufacturing and operational infrastructure. Over the past ten years, the modernization and optimization of BRP's manufacturing platform has contributed to margin improvements. The Company plans to leverage its modernized manufacturing and assembly infrastructure to drive further margin expansion through cost reductions and operational efficiencies.

- BRP also expects to pursue continued process improvement initiatives, such as low-cost country sourcing, platform standardization and outsourcing of PAC distribution, all of which should also result in margin improvements.

- The Company plans to maintain its manufacturing operations and production capacity at relatively stable levels in Canada, Austria, the United States and Finland, while accommodating volume growth by increasing production levels in Mexico. The Company plans to gradually transfer the manufacturing of all of its PWC products from Canada to the Querétaro facility beginning in the second half of 2013, which is expected to further improve margins in the future. Through the construction of the Querétaro facility and completion of the PWC transfer, management expects to generate annual savings of approximately $20 million to $25 million by the end of the fiscal year ending January 31, 2017.

- Management also expects to benefit from significant operating leverage as its Mexican facilities offer additional manufacturing capacity for future production volume expansion.

Optimize and Expand North American Dealer Network

- The Company expects revenue growth from the optimization of its existing North American dealer network. Management believes that BRP has the fewest dealers in North America among its major powersports original equipment manufacturer ("OEM") competitors, providing ample room for growth of the Company's dealer network.

- Management intends to capture such opportunities through the following distribution initiatives: (i) strategically expanding the dealer network in certain regions where there exists the greatest potential for the recreational SSV, ATV and *Spyder* categories; (ii) increasing the number of product lines carried by current dealers to maximize product availability for consumers; and (iii) enhancing the BRP dealer value proposition through deploying flexible dealer ordering systems that will allow more effective inventory management.

Leverage International Footprint

- Over the last decade, the Company has developed a strong international presence marked by an expanded distribution network and an increasingly robust manufacturing presence outside of North America.

- The Company expects to grow through continued targeted expansions in attractive international growth markets such as Russia, Brazil and China. These countries offer a combination of attributes conducive to powersports

vehicle sales growth including improving economic fundamentals, increasing powersports awareness and developing distribution infrastructure. While these geographic markets have witnessed rapid growth in powersports activity in recent years, management believes they remain underpenetrated relative to more developed markets and offer significant growth potential.

- Additionally, the Company expects to strengthen its position in core existing international markets in which it already has a strong presence in PWCs and snowmobiles.

- The Company believes it is well-positioned to grow its international business through a focus on its ORV, *Spyder* and PAC product lines, which are growing in many key international markets, and through continued international dealer expansion and enhancements.

Further Enhance Consumer Experience

- BRP is relentlessly focused on delivering superior, high-performance vehicles, parts, clothing and accessories that offer a unique lifestyle experience to a large and loyal consumer base. As a result, the Company enjoys high consumer satisfaction scores across its brands and a high rate of repeat purchase intent among its consumers.

- The Company has launched targeted initiatives designed to improve the consumer experience by implementing rigorous dealer certification requirements. The Company is also focused on initiatives to further enhance the consumer experience including improving consumer relationship management capabilities.

- Management believes that by further improving the consumer experience, it will enhance consumer loyalty and ambassadorship and increase repeat purchase rates, which should result in increased volumes.

Continue Investing in Market-Leading Product Innovation

- BRP's commitment to innovation has been a major factor behind the Company's historical success. BRP is strategically and financially committed to innovation, as evidenced by its annual research and development budget, which consistently exceeds that of its major competitors on a percentage of sales basis. As a result of these investments, the Company's current portfolio of products is recent, responsive to today's consumers' needs and requirements, and appealing to enthusiasts.

- The Company is committed to continuing to deliver industry-leading innovation in all of its product lines. Management believes that new products and features are critical to the continued expansion of the industry and to the stability and growth of the Company's market share position. To this end, BRP is dedicated to hiring the best creative, engineering and design personnel in the industry in order to continuously refresh its product offering and ensure the steady introduction of new products and features. Management believes that this strategy is expected to lead to continued share gains in both mature and new product lines.

See "Business of the Company", "Risk Factors" and "Forward-Looking Statements".

THE OFFERING

Issuer:	BRP Inc.
Offering:	12,200,000 Subordinate Voting Shares pursuant to the Offering. If the Over-Allotment Option is exercised in full, the Company will sell an additional 1,830,000 Subordinate Voting Shares. See "Plan of Distribution".
Gross Proceeds:	$262,300,000 or $301,645,000 if the Over-Allotment Option is exercised in full.
Offering Price:	$21.50 per Subordinate Voting Share.
Shares Outstanding:	Immediately after the completion of the Offering, 19,273,218 Subordinate Voting Shares and 97,023,344 Multiple Voting Shares will be issued and outstanding. If the Over-Allotment is exercised in full, 21,103,218 Subordinate Voting Shares and 97,023,344 Multiple Voting Shares will be issued and outstanding after the completion of the Offering. Immediately after the completion of the Offering, 116,296,562 Shares will be issued and outstanding and, if the Over-Allotment Option is exercised in full, 118,126,562 Shares will be issued and outstanding. Shares outstanding after the completion of the Offering do not include 6,614,124 Subordinate Voting Shares reserved for issuance under the Company's share-based compensation plans.
Use of Proceeds:	The Company expects to receive $240,800,000 in net proceeds from the Offering ($278,079,387.50 if the Over-Allotment is exercised in full), after deducting fees payable by the Company to the Underwriters in connection with the Offering and the estimated expenses of the Offering. The Company intends to use the net proceeds from the Offering to repay $240.8 million of indebtedness under the Term Facility. The indebtedness under the Term Facility was incurred to (i) refinance the Company's then existing U.S.$146 million Term B-1 Loan maturing June 2013 and its U.S.$510 million Term B-2 Loan maturing June 2016, (ii) to allow the Company to utilize available funds from operations to finance up to U.S.$375 million of the Recapitalization Distributions referred to under "Dividend Policy", and (iii) for working capital and general corporate purposes. See "Description of Material Indebtedness". If the Over-Allotment is exercised by the Underwriters, the Company will use the additional net proceeds for working capital and general corporate purposes. See "Use of Proceeds".
Over-Allotment Option:	The Company has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from the Closing, to purchase from the Company up to 1,830,000 additional Subordinate Voting Shares (representing approximately 15% of the Subordinate Voting Shares offered hereunder) on the same terms as set out under this Offering solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Commission and net proceeds to the Company will be $301,645,000, $15,836,362.50 and $285,808,637.50, respectively. See "Plan of Distribution".
Dividend Policy:	The Company does not currently anticipate paying any dividends on its Shares. The Company currently intends to use its earnings to finance the expansion of its business and to reduce indebtedness. Any future determination to pay dividends on the Shares will

	be at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant. See "Dividend Policy".
Principal Shareholders:	Immediately after the completion of the Offering, assuming no exercise of the Over-Allotment Option: (i) Bain Capital will own 46,866,424 Multiple Voting Shares, representing 48.3% of the issued and outstanding Multiple Voting Shares and 46.8% of the total voting power attached to the Company's issued and outstanding Shares, (ii) Beaudier Group will own 41,237,476 Multiple Voting Shares, representing 42.5% of the issued and outstanding Multiple Voting Shares and 41.1% of the total voting power attached to the Company's issued and outstanding Shares, and (iii) CDPQ will own 8,919,444 Multiple Voting Shares, representing 9.2% of the issued and outstanding Multiple Voting Shares and 8.9% of the total voting power attached to the Company's issued and outstanding Shares. See "Principal Shareholders" and "Securityholders Agreements".
Take-Over Bid Protection:	In accordance with applicable regulatory requirements designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Company will enter into the Coattail Agreement. The Coattail Agreement will contain provisions customary for dual class, TSX listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares. See "Description of Share Capital – Shares – Take-Over Bid Protection".
Voting Rights:	Subordinate Voting Shares carry one vote per share. Multiple Voting Shares carry six votes per share. See "Description of Share Capital". After giving effect to the Offering, the Subordinate Voting Shares will represent 16.6% of the Company's total issued and outstanding Shares and 3.2% of its total voting power (approximately 17.9% and 3.5%, respectively, if the Over-Allotment Option is exercised in full).
Conversion Rights:	The Subordinate Voting Shares are not convertible into any other class of shares, including Multiple Voting Shares. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at the option of the holder. In addition, the Company's articles of amendment will provide that Multiple Voting Shares will automatically convert into Subordinate Voting Shares in certain other circumstances. See "Description of Share Capital – Shares – Conversion".
Subscription Rights:	In the event of any distribution or issuance, including by way of a share dividend, of Voting Shares or Convertible Securities, the Company shall issue to the holder(s) of Multiple Voting Shares rights to subscribe for that number of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, mutatis mutandis (except for the ultimate underlying securities which shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then outstanding Multiple Voting Shares. See "Description of Share Capital – Shares – Subscription Rights".

Risk Factors:

An investment in the Subordinate Voting Shares is speculative and involves a high degree of risk. Prospective purchasers should carefully consider the information set out under "Risk Factors" beginning on page 141 and the other information in this prospectus before purchasing Subordinate Voting Shares.

Risks related to the Company's business and the Offering include, without limitation: impact of adverse economic conditions on consumer spending; decline in social acceptability of the Company's products; fluctuations in foreign currency exchange rates; high levels of indebtedness; unavailability of additional capital; unfavourable weather conditions; seasonal sales fluctuations; the Company's ability to comply with product safety, health, environmental and noise pollution laws; dependence on dealers, suppliers, financing sources and other strategic partners who may be sensitive to economic conditions; large fixed cost base; inability of dealers and distributors to secure adequate access to capital; supply problems, termination or interruption of supply arrangements or increases in the cost of materials; restrictive covenants in the Company's financing and other material agreements; competition in product lines; loss of members of management team or employees who possess specialized market knowledge and technical skills; inability to maintain and enhance reputation and brands; adverse determination in any significant product liability claim against the Company; significant product repair and/or replacement due to product warranty claims or product recalls; reliance on a network of independent dealers and distributors to manage the retail distribution of products; dependence on customer relationships for the sale of original equipment manufacturer products; unsuccessful management of inventory; risks associated with international operations; inability to enhance existing products and develop and market new products; protection of intellectual property; failure of information technology systems; declining prices for used versions of products and oversupply by competitors; unsuccessful execution of manufacturing strategy; actual results may differ from financial outlook; changes in tax laws and unanticipated tax liabilities; higher fuel costs; deterioration in relationships with employees; pension plan liabilities; natural disasters; failure to carry proper insurance coverage; no prior public market for Subordinate Voting Shares; volatile market price for Subordinate Voting Shares; no current plans to pay dividends; public company expenses; conduct of business through subsidiaries; significant influence by Principal Shareholders; and future sales of Shares by Principal Shareholders, directors, officers or senior management of the Company.

SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION

Selected Consolidated Annual Financial Information

The following tables set out summary selected consolidated financial information for the periods indicated therein. The summary financial information set out below for each of Fiscal 2013, Fiscal 2012 and Fiscal 2011 has been derived from audited consolidated financial statements included elsewhere in this prospectus. The Company's audited consolidated financial statements have been audited by its independent auditor, Deloitte (s.e.n.c.r.l.), and their independent auditor's report on these audited consolidated financial statements is included elsewhere in this prospectus. You should read the following information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Pre-Closing Reorganization", "Consolidated Capitalization" and "Description of Material Indebtedness", as well as the Company's consolidated financial statements and accompanying notes included elsewhere in this prospectus.

	Fiscal Year Ended		
(dollars in millions)	January 31, 2013	January 31, 2012	January 31, 2011
Net Income Data			
Revenues by category			
Seasonal Products	**$ 1,056.9**	$ 1,004.9	$ 820.5
Year-Round Products	**1,045.7**	889.0	574.0
Propulsion Systems	**333.8**	312.2	296.9
PAC	**459.8**	447.3	441.8
Total	**2,896.2**	2,653.4	2,133.2
Cost of sales	**2,158.5**	2,001.0	1,649.2
Gross profit	**737.7**	652.4	484.0
As a percentage of revenues	***25.5%***	*24.6%*	*22.7%*
Operating expenses			
Selling and marketing	**228.3**	218.4	171.5
Research and development	**128.2**	129.4	103.1
General and administrative	**126.4**	124.3	108.5
Other operating expenses	**34.0**	5.7	30.0
Total operating expenses	**516.9**	477.8	413.1
Operating income	**220.8**	174.6	70.9
Net financing costs	**59.4**	50.7	56.6
Foreign exchange (gain) loss on long-term debt	**(3.6)**	1.8	(41.1)
Increase in fair value of common shares	**11.0**	9.0	8.8
Income before income taxes	**154.0**	113.1	46.6
Income taxes expense	**33.0**	29.6	11.6
Net income	**$ 121.0**	$ 83.5	$ 35.0
Attributable to Shareholders.	**121.0**	83.8	35.4
Attributable to non-controlling interest	**—**	(0.3)	(0.4)
EBITDA(1)	**294.9**	260.7	156.9
Normalized EBITDA(1)	**336.1**	262.2	217.3
Normalized Net Income(1)	**148.5**	88.5	46.0
Financial Position Data			
Cash	**$ 542.4**	$ 26.9	$ 22.9
Net working capital	**(26.7)**	60.7	68.1
Property, plant and equipment	**448.4**	388.7	369.8
Total assets	**2,215.4**	1,552.4	1,442.5
Total non-current financial liabilities	**1,073.8**	736.7	722.5
Total liabilities	**2,194.8**	1,622.4	1,559.4
Equity (deficit)	**20.6**	(70.0)	(116.9)

(dollars in millions)	Fiscal Year Ended January 31, 2013	January 31, 2012	January 31, 2011
Cash Flows Data			
Cash flows generated from operations before changes in working capital	**$ 300.1**	$ 258.9	$ 155.2
Changes in working capital	**157.2**	(63.5)	(18.2)
Net cash flows generated from operating activities	**444.8**	178.5	117.5
Net cash flows used in investing activities	**(150.2)**	(121.1)	(73.3)
Net cash flows generated by (used in) financing activities	**221.6**	(52.5)	(207.9)
Additions to property, plant and equipment and intangible assets	**$ 154.8**	$ 122.9	$ 74.2
Other Financial Data			
Revenues by geography			
United States	**$ 1,237.8**	$ 1,090.8	$ 791.1
Canada	**641.6**	553.6	488.9
International	**1,016.8**	1,009.0	853.2
Total.	**$ 2,896.2**	$ 2,653.4	$ 2,133.2
Weighted average number of common shares – basic	**382,952,638**	386,082,278	386,636,359
Weighted average number of common shares – diluted	**387,245,228**	389,297,893	388,968,319
Earnings per share – basic	**0.32**	0.22	0.09
Earnings per share – diluted	**0.31**	0.22	0.09
Pro-forma weighted average number of common shares – basic(2)	**101,713,848**	102,545,094	102,692,260
Pro-forma weighted average number of common shares – diluted(2)	**102,853,978**	103,399,175	103,311,639
Pro-forma earnings per share – basic(2)	**1.19**	0.82	0.34
Pro-forma earnings per share – diluted(2)	**1.18**	0.81	0.34
Pro-forma normalized earnings per share – basic(2)	**1.46**	0.87	0.45
Pro-forma normalized earnings per share – diluted(2)	**1.44**	0.86	0.45

(1) For a reconciliation of net income to EBITDA, Normalized EBITDA and Normalized Net Income, see the Reconciliation Tables below.

EBITDA, Normalized EBITDA and Normalized Net Income are non-IFRS measures that the Company uses to assess its operating performance. EBITDA is defined as net income before financing costs, financing income, income taxes expense, depreciation expense and foreign exchange (gain) loss on long-term debt. Normalized EBITDA is defined as net income before financing costs, financing income, income taxes expense, depreciation expense, foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items. Normalized Net Income is defined as net income before foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items adjusted to reflect the tax effect on these items. See "Non-IFRS Measures".

(2) Assuming the completion of the Pre-Closing Reorganization pursuant to which all of the Company's issued and outstanding shares and stock options will be consolidated on a 3.765 to one basis. See "Pre-Closing Reorganization".

Selected Consolidated Quarterly Financial Information

The summary selected consolidated quarterly financial information included in the following tables has been derived from the consolidation working papers of the Company for the periods indicated. The consolidation working papers are prepared using the interim unaudited consolidated financial statements of Bombardier Recreational Products Inc. The consolidation adjustments made in the preparation of the consolidated financial information of the Company for the periods indicated were consistent with those used in the preparation of the audited financial statements of the Company for Fiscal 2013, Fiscal 2012 and Fiscal 2011.

	Fiscal Year Ended January 31, 2013				
(dollars in millions, except per share data)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Total
Revenues by category					
Seasonal Products	$371.0	$276.2	$156.1	$253.6	**$1,056.9**
Year-Round Products	223.4	247.4	257.2	317.7	**1,045.7**
Propulsion Systems	70.2	82.0	88.5	93.1	**333.8**
PAC	126.9	128.3	106.3	98.3	**459.8**
Total	791.5	733.9	608.1	762.7	**2,896.2**
Gross profit	198.5	177.4	149.6	212.2	**737.7**
As a percentage of revenues	*25.1%*	*24.2%*	*24.6%*	*27.8%*	*25.5%*
Net income	36.3	32.1	(2.4)	55.0	**121.0**
EBITDA	87.7	66.3	35.7	105.2	**294.9**
Normalized EBITDA	88.0	84.2	53.9	110.0	**336.1**
Normalized Net Income	37.0	42.7	18.7	50.1	**148.5**
Earnings per share – basic	0.09	0.08	(0.01)	0.14	**0.32**
Earnings per share – diluted	0.09	0.08	(0.01)	0.13	**0.31**
Pro-forma earnings per share – basic[(1)]	0.35	0.32	(0.02)	0.54	**1.19**
Pro-forma earnings per share – diluted[(1)]	0.35	0.31	(0.02)	0.54	**1.18**
Pro-forma normalized earnings per share – basic[(1)]	0.36	0.42	0.18	0.49	**1.46**
Pro-forma normalized earnings per share – diluted[(1)]	0.35	0.41	0.18	0.49	**1.44**

(1) Assuming the completion of the Pre-Closing Reorganization pursuant to which all of the Company's issued and outstanding shares and stock options will be consolidated on a 3.765 to one basis. See "Pre-Closing Reorganization".

	Fiscal Year Ended January 31, 2012				
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Total
Revenues by category					
Seasonal Products	$393.5	$290.3	$169.4	$151.7	**$1,004.9**
Year-Round Products	230.3	211.5	214.5	232.7	**889.0**
Propulsion Systems	68.8	77.3	83.5	82.6	**312.2**
PAC	116.6	133.3	96.8	100.6	**447.3**
Total	809.2	712.4	564.2	567.6	**2,653.4**
Gross profit	179.9	206.6	127.5	138.4	**652.4**
As a percentage of revenues	*22.2%*	*29.0%*	*22.6%*	*24.4%*	*24.6%*
Net income	16.0	37.4	(6.6)	36.7	**83.5**
EBITDA	73.1	113.5	27.2	46.9	**260.7**
Normalized EBITDA	76.9	108.9	29.5	46.9	**262.2**
Normalized Net Income	26.4	57.2	(1.4)	6.3	**88.5**
Earnings per share – basic	0.04	0.10	(0.02)	0.09	0.22
Earnings per share – diluted	0.04	0.10	(0.02)	0.09	0.22
Pro-forma earnings per share – basic[(1)]	0.16	0.37	(0.06)	0.36	0.82
Pro-forma earnings per share – diluted[(1)]	0.16	0.36	(0.06)	0.35	0.81
Pro-forma normalized earnings per share – basic[(1)]	0.26	0.56	(0.01)	0.06	0.87
Pro-forma normalized earnings per share – diluted[(1)]	0.26	0.55	(0.01)	0.06	0.86

(1) Assuming the completion of the Pre-Closing Reorganization pursuant to which all of the Company's issued and outstanding shares and stock options will be consolidated on a 3.765 to one basis. See "Pre-Closing Reorganization".

Reconciliation Tables

The following tables show the reconciliation of net income to EBITDA, Normalized EBITDA and Normalized Net Income:

(dollars in millions)	Fiscal Year Ended January 31, 2013	January 31, 2012	January 31, 2011
Net income	**$121.0**	$ 83.5	$ 35.0
Financing costs	**71.2**	62.4	65.9
Financing income	**(11.8)**	(11.7)	(9.3)
Income taxes expense	**33.0**	29.6	11.6
Depreciation expense	**85.1**	95.1	94.8
Foreign exchange (gain) loss on long-term debt	**(3.6)**	1.8	(41.1)
EBITDA	**294.9**	260.7	156.9
Increase in fair value of common shares	**11.0**	9.0	8.8
Unusual and non-recurring items			
Restructuring costs[1]	**26.0**	—	3.9
Impairment charge[2]	**7.1**	—	—
Pension plan past service costs[3]	**—**	—	28.8
Other items[4]	**(2.9)**	(7.5)	18.9
Normalized EBITDA	**336.1**	262.2	217.3
Depreciation expense	**(85.1)**	(95.1)	(94.8)
Financing costs	**(71.2)**	(62.4)	(65.9)
Financing income	**11.8**	11.7	9.3
Income taxes expense adjusted	**(43.1)**	(27.9)	(19.9)
Normalized Net Income	**$148.5**	$ 88.5	$ 46.0

(dollars in millions)	Fiscal Year Ended January 31, 2013 Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fiscal Year Ended January 31, 2012 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net income	**$ 36.3**	**$ 32.1**	**$ (2.4)**	**$ 55.0**	$ 16.0	$ 37.4	$ (6.6)	$ 36.7
Financing costs	**19.4**	**14.0**	**14.4**	**23.4**	18.8	14.1	14.6	14.9
Financing income	**(3.0)**	**(2.6)**	**(2.9)**	**(3.3)**	(3.1)	(3.2)	(2.7)	(2.7)
Income taxes expense	**15.0**	**2.2**	**(5.0)**	**20.8**	7.5	15.8	(3.9)	10.2
Depreciation expense	**21.2**	**21.4**	**22.0**	**20.5**	26.3	23.5	22.4	22.9
Foreign exchange (gain) loss on long-term debt	**(1.2)**	**(0.8)**	**9.6**	**(11.2)**	7.6	25.9	3.4	(35.1)
EBITDA	**87.7**	**66.3**	**35.7**	**105.2**	73.1	113.5	27.2	46.9
Increase in fair value of common shares	**4.8**	**—**	**1.4**	**4.8**	3.8	2.9	2.3	—
Unusual and non-recurring items								
Restructuring costs[1]	**(0.8)**	**17.1**	**9.7**	**—**	—	—	—	—
Impairment charge[2]	**(0.5)**	**—**	**7.6**	**—**	—	—	—	—
Other items[4]	**(3.2)**	**0.8**	**(0.5)**	**—**	—	(7.5)	—	—
Normalized EBITDA	**88.0**	**84.2**	**53.9**	**110.0**	76.9	108.9	29.5	46.9
Depreciation expense	**(21.2)**	**(21.4)**	**(22.0)**	**(20.5)**	(26.3)	(23.5)	(22.4)	(22.9)
Financing costs	**(19.4)**	**(14.0)**	**(14.4)**	**(23.4)**	(18.8)	(14.1)	(14.6)	(14.9)
Financing income	**3.0**	**2.6**	**2.9**	**3.3**	3.1	3.2	2.7	2.7
Income taxes expense adjusted	**(13.4)**	**(8.7)**	**(1.7)**	**(19.3)**	(8.5)	(17.3)	3.4	(5.5)
Normalized Net Income	**$ 37.0**	**$ 42.7**	**$ 18.7**	**$ 50.1**	$ 26.4	$ 57.2	$ (1.4)	$ 6.3

(1) The restructuring cost of $26.0 million is related to the Company's decision to exit the sport boat business, the transfer of the assembly of PWC from Canada to Mexico and the assignment of the PAC distribution to third-party logistics providers.

(2) The impairment charge of $7.1 million is related to the Company's decision to exit the sport boat business during the year.

(3) The Company committed to update the pension benefits of its Canadian plant and office employees. The past service costs resulting from this commitment amounted to $28.8 million.

(4) In Fiscal 2013, other unusual and non-recurring items include mainly retention salaries of $1.7 million related to the transfer of the assembly of PWC from Canada to Mexico and the assignment of the PAC distribution to third-party logistics providers. In addition, the Company recorded a $3.8 million unusual gain related to the termination of the defined benefit plan coverage of approximately two-thirds of its Austrian employees. In Fiscal 2012, the Company received a reimbursement of $7.5 million from a supplier regarding the non-recurring special charge recorded in Fiscal 2011 as described below. In Fiscal 2011, the Company recorded a non-recurring special charge of $14.5 million related to a significant modification of a previously issued safety recall for the roadster. In addition, during Fiscal 2010, the Company determined that its net cash inflows in U.S. dollars for Fiscal 2010 and Fiscal 2011 would significantly decrease from previous financial projections due to the rapid economic downturn prevailing at that time in the recreational products market. Consequently, management amended the Company's hedging policy to take into account these exceptional and unusual circumstances and settled, prior to maturity, U.S.$155.0 million and U.S.$100.0 million nominal of forward contracts to sell U.S. dollars and buy Canadian dollars acquired prior to the economic crisis and maturing during Fiscal 2010 and Fiscal 2011, respectively. As a result, the Company recorded a loss of $4.4 million in Fiscal 2011.

CORPORATE STRUCTURE

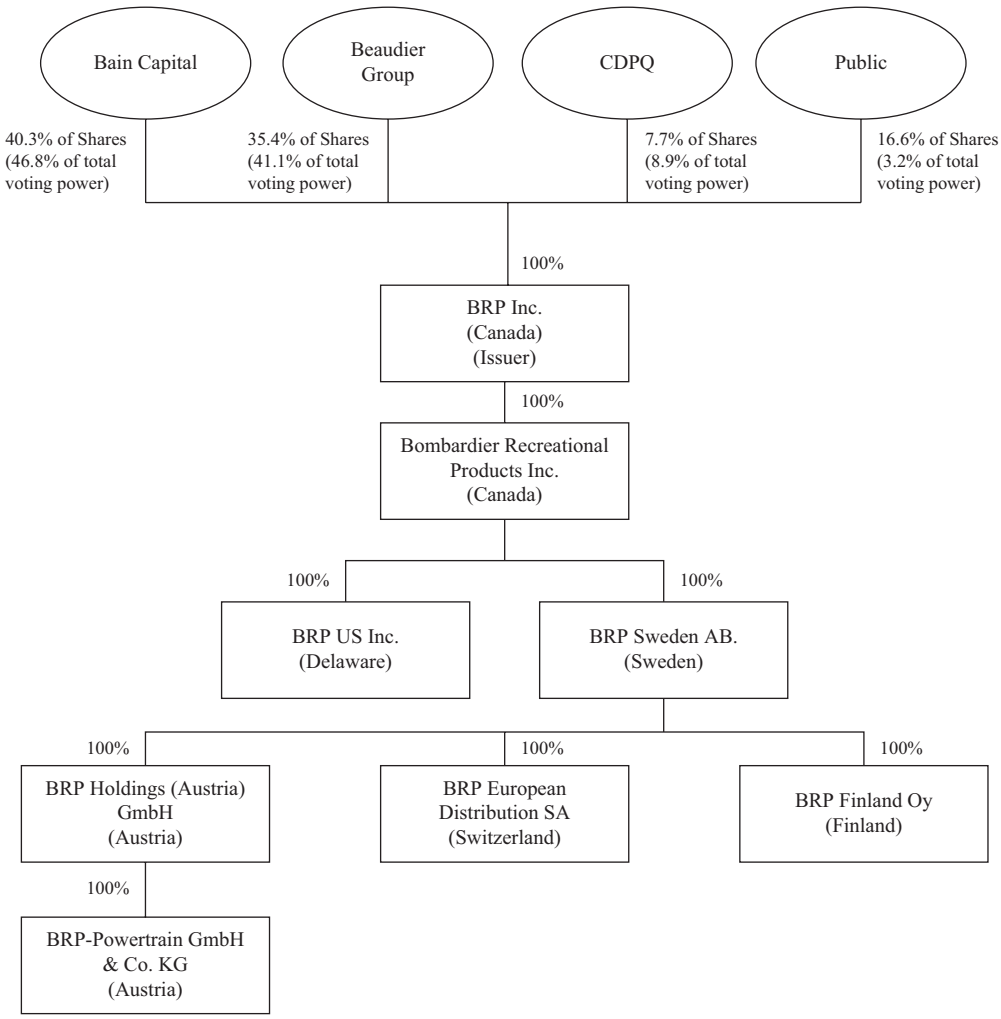
Incorporation and Office

The Company was incorporated under the *Canada Business Corporations Act* on May 1, 2003. On June 28, 2006, the Company was amalgamated with 4308042 Canada Inc., a wholly-owned subsidiary of the Company. On April 12, 2013, the Company filed articles of amendment to change its name to BRP Inc. Prior to Closing, the Company will file articles of amendment to reorganize its authorized and issued share capital as described under "Pre-Closing Reorganization" and "Description of Share Capital".

The Company's head and registered office is located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0.

Inter-corporate Relationships

The following organization chart indicates the inter-corporate relationships of the Company and its material subsidiary entities together with the jurisdiction of incorporation or constitution of each such entity, after giving effect to the completion of the Offering and the Pre-Closing Reorganization and assuming no exercise of the Over-Allotment Option:



INDUSTRY OVERVIEW

BRP competes in certain categories of the powersports industry and in propulsion systems for motorized vehicles and boats.

Powersports Industry

The powersports industry is comprised of several product categories, including snowmobiles, PWCs, ORVs such as ATVs and recreational SSVs, and motorcycles. BRP competes directly in the snowmobile, PWC, ATV and recreational SSV categories, and indirectly in a sub-segment of the motorcycle category (specifically the On-Road Motorcycles of 500cc+), with the *Can-Am Spyder* roadster.

Management estimates that the categories of the powersports industry in which the Company competes generated sales in key global markets of approximately $18 billion in season 2012 based on total volume of approximately 1.5 million units, with North American volume accounting for approximately 61% of this unit volume.

Management believes the categories in which BRP competes exhibit the characteristics, attributes and market dynamics described below.

Market Overview

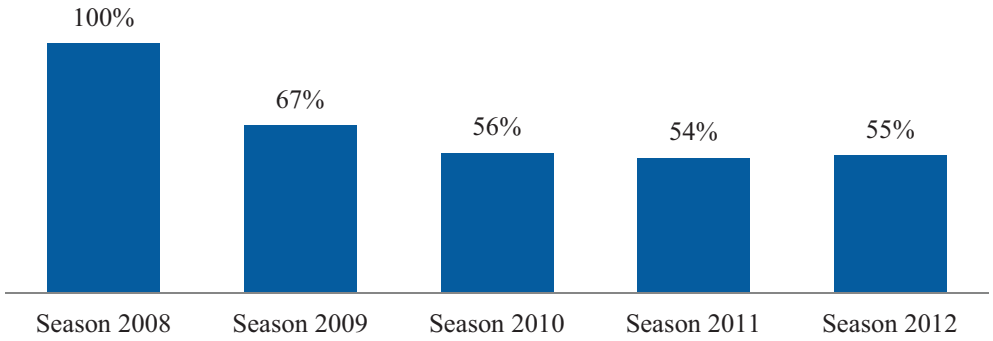
A majority of powersports products are used for recreational purposes. Certain products, primarily ORVs, are also used for utility purposes, such as for agriculture and other commercial applications. Powersports products appeal to a wide range of users, but the main consumers tend to be enthusiasts for whom riding represents an important part of their lifestyle. The typical powersports enthusiast may own multiple vehicles and is generally seeking the latest product with the most advanced high performance technology, as well as branded clothing and innovative accessories.

Sales of powersports vehicles are correlated to the macro-economic environment. During the most recent economic downturn, wholesale volumes were impacted by a slowdown in consumer demand and retail sales. The resulting build-up of dealer inventory forced manufacturers to further reduce output.

Management estimates that the North American powersports market experienced a retail unit volume decline of approximately 46% from a level of approximately 1.6 million units in season 2008 to approximately 0.9 million units in season 2011. The following table shows North American powersports industry volumes for season 2009 through season 2012 as compared to season 2008.

North American Industry Volumes

(index to 100 in season 2008)



Outlook

Management believes that the outlook for industry volumes is positive, supported by the following factors:

- *Improving Macroeconomic Environment.* The industry is impacted by overall economic trends such as consumer confidence, unemployment levels, availability of consumer credit, and the health of housing markets. Industry volumes are expected to be favourably impacted by improvements in the economic environment. Management also expects volumes to increase as consumers choose to pursue new and replacement vehicle purchases delayed during the recent economic downturn.

- *Strong Growth in New Product Lines.* Manufacturers are driving growth through the introduction of new products and enhanced performance features. Newer product categories such as the recreational SSV and the *Spyder*, which are in the early stages of their respective product life cycles, are expected to grow faster than the broader powersports industry.

- *Stable Demand in Mature Product Lines in North America.* The long-term prospects for the snowmobile, PWC and ATV product lines, which are in the later stages of their respective product life cycles, are relatively stable in North America. Factors including a large active installed base, continued product innovation, and distribution expansion are expected to continue to sustain demand.

- *Growth of International Markets.* The majority of powersports product sales are currently generated in the North American market. In addition to established international markets in Scandinavia and Australia, Russia and Brazil represent strong growth opportunities for high-end powersports products. China also represents a compelling, but nascent, growth opportunity. While emerging international markets currently represent a small portion of overall industry sales, they are well positioned to grow as the economic fundamentals of certain markets improve and product awareness and distribution infrastructure grow.

- *Lower Dealer Inventory Levels*. Manufacturers reduced dealer inventory levels over the past few years. During the last economic downturn, higher dealer inventory levels compounded the effect of the decline in retail sales on wholesale volumes as manufacturers were required to reduce production to allow dealers to deplete inventory levels. Since then, manufacturers have generally maintained tighter dealer inventory levels, thereby reducing the potential effects of a decline in retail sales on wholesale volumes.

Key Drivers of Consumer Demand and Product Selection

Management believes consumer demand for powersports vehicles is principally driven by the following factors:

- *Macroeconomic Conditions*. Retail demand is strongly correlated with macroeconomic conditions, such as consumer confidence levels, unemployment levels, credit availability and the health of the housing market.

- *Product Life Cycle*. The life cycle of a product is generally characterized by the following four phases: (i) an initial period of moderate levels of adoption, (ii) a period of strong growth as the product gains awareness among consumers, (iii) a period of decline in sales volume driven by market saturation, new competing products and availability of used products, or external factors such as regulation, and (iv) a period of stabilization as the market matures. In certain cases, the development of a new feature or technology may reinvigorate demand. For example, manufacturers introduced the 4-wheel ATV in the late 1980s, thereby addressing some of the deficiencies of the 3-wheel design and spurring new demand and growth of the ATV product category. Following a period of stability in the early 1990s, the introduction of new features and technologies drove renewed demand for ATVs from 1994 to 2005.

- *Product Innovation*. Manufacturers may stimulate sales of existing product portfolios by introducing new features and technologies which improve performance, riding experience or safety. New features and models motivate consumers to either replace existing products or trade-up to new products, and are important in attracting new consumers to the market. Through disruptive innovation, manufacturers may expand addressable markets or create new ones by introducing new product offerings and innovative riding experiences to existing and new powersports enthusiasts.

- *Brand Recognition*. Consumers are loyal to brands they trust and relate to, and many powersports enthusiasts identify themselves with a particular brand and the lifestyle associated with it. Manufacturers with a long history in the market, who offer storied brands, performance, quality and promotional support are well-positioned to drive growth with existing and new consumers.

- *Distribution.* Maintaining an extensive and engaged distribution network with strong brand support and providing efficient point of sale and service offerings in proximity to key markets allows manufacturers to promote products, facilitate the introduction of new products and features to consumers, promote brand visibility and reinforce marketing initiatives in order to gain market share.

Distribution

Powersports products are sold through networks of local dealers and distributors. Manufacturers generally either distribute their products in a country directly to an established network of largely independent dealers or through distributors who act as intermediaries with local dealers.

Dealer and distributor relationships take significant time and resources to develop. Manufacturers typically provide dealers with marketing and after-sale service support as well as training for service technicians. To drive traffic and sales, dealers often seek manufacturers who will support their brands through a commitment to advertising and who can deliver the most innovative products in a timely manner.

Manufacturers or their distributors typically enter into agreements with dealers which authorize dealers to market specific product lines, require them to stock service parts and perform warranty and out-of-warranty repairs and other services. Most of these contracts do not require a dealer to market products on an exclusive basis.

Depending on the terms of the agreement, dealers will generally place annual, semi-annual or rolling orders for products based on consumer demand trends.

Primary Powersports Product Categories

Snowmobiles

The Company is a pioneer in the snowmobile industry. It began mass-producing the first multi-passenger utility tracked vehicle used for travelling on snow in 1947. In 1959, the Company gave birth to the recreational snowmobile by introducing the first light weight single track two-passenger snowmobile under the *Ski-Doo* brand. Originally intended for utility and work applications, the use of the product quickly grew into a new sport. Between the late 1950s and early 1970s, the industry expanded to reach a peak of over 100 manufacturers and nearly 495,000 retail units sold in North America in season 1971. The market has since consolidated significantly. Today the primary manufacturers of snowmobiles are BRP, Arctic Cat, Polaris and Yamaha.

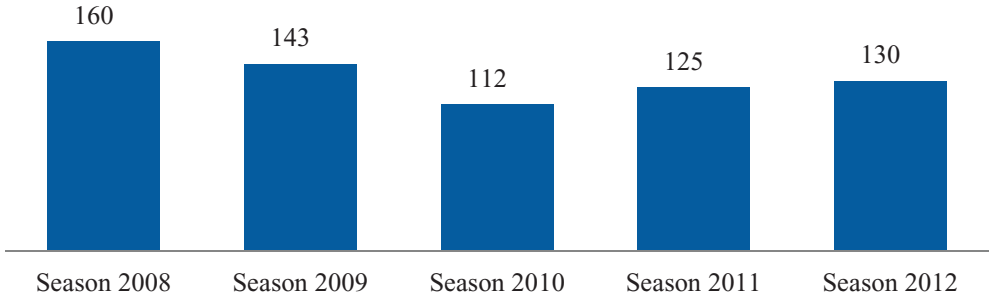
Snowmobiles are used in various snow-covered riding environments, including on-trail and off-trail for mountain, performance, touring and utility purposes. On-trail models are operated at high hp ranges, have high engine displacement and are generally used on groomed trails. Off-trail models such as cross-over and mountain snowmobiles are generally operated at high hp ranges and are known for their lighter weight and longer tracks. Utility snowmobiles are easier to handle and generally used for work-related purposes.

The snowmobile category can be broken down into three principal segments as shown in the following table.

Snowmobile Segments		
Segment	**Sub-Segment**	**Description**
On-Trail	Grand Touring	Rides for scenery, adventure and travel; trips are generally long, on groomed trails, with luggage. Comfort for both driver and passenger is critical.
	Grand Sport	High performance riding, but on smoother/groomed trails; rider appreciates comfort and convenience features but rides harder than touring riders.
	Cross-Country	Cross-country riders ride aggressively on-trails and appreciate bumps and moguls. Some cross-country riders like to race.
On / Off-Trail	Cross Over	Truly a 50/50 cross between on-trail and off-trail riding.
Off-Trail	Mountain	Mountain riders moving through trees, side hills and powder bowls. Freeriders performing steep descents, cornice jumping and boondocking.
	Utility	Part trail riding and part work as a pure workhorse snowmobile, often hauling trailers or trail groomers.

The global snowmobile market is highly concentrated in North America, Russia and Scandinavia, with North America accounting for an estimated 70% of global unit sales in season 2012 with the remaining sales largely in Scandinavia and Russia. Since season 2010, North American and Scandinavian demand has been relatively stable, while Russia has experienced growth of approximately 62% per year for each of the last two seasons. Management estimates that the global snowmobile market represented approximately 130,000 units for season 2012, up approximately 4% from season 2011.

Global Snowmobile Industry Size in Units[(1)]



(1) Thousands of units. Based on management estimates.

Personal Watercrafts (PWCs)

The Company marketed the industry's first PWC under the *Sea-Doo* brand in 1968. PWCs include sit-down and stand-up PWCs and are used on lakes, rivers or oceans. PWCs are designed to accommodate one to three riders and are used primarily for recreational purposes, with a small proportion being used for utility purposes such as marine patrol and rescue. Today, the primary manufacturers of PWCs are BRP, Kawasaki and Yamaha.

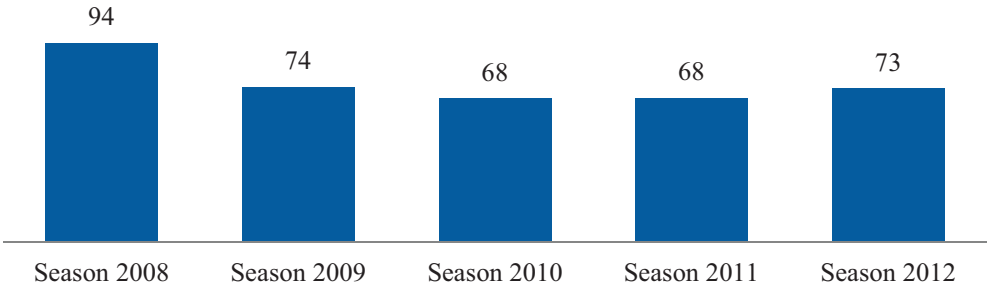
The primary PWC segments are listed below:

PWC Segments	
Luxury	Ideal for families, these PWCs are designed for luxury, comfort and convenience. Include additional safety features and intelligent suspension for smoother rides.
Performance	Designed with high output engines, responsive handling, lightweight hulls and adjustable components to provide leverage for aggressive riding.
Sport	Designed for optimal towing power for waterskiing or wakeboarding and specifications to enhance passenger comfort and stability.
Recreation	Traditional PWC ranging from entry-level to higher-performance. Models in this segment are typically differentiated by incremental features like fuel-efficiency, touring seats, storage compartments and performance systems.

Following several innovations in the industry, PWCs gained significant popularity in the mid-1990s. Management estimates that the North American PWC retail market peaked at approximately 207,000 units in season 1995. Thereafter, concerns around noise, pollution and safety led to increased public scrutiny and regulatory controls, resulting in a gradual decline in sales to approximately 80,000 units in season 2004.

Management estimates that the global PWC market represented approximately 94,000 units in season 2008. Following the recent economic downturn, global sales declined to approximately 68,000 units in seasons 2010 and 2011. In season 2012, the global PWC market represented approximately 73,000 units, up 7% from season 2011. Management estimates that, in season 2012, approximately 50% of purchasers of PWCs were first time buyers. Over the coming years, management estimates that the PWC industry's relatively large active installed base should sustain demand as aging PWCs will likely be replaced by newer models with enhanced performance and safety features, and cleaner engines.

Global PWC Industry Size in Units[(1)]



(1) Thousands of units. Based on management estimates.

Off-Road Vehicles (ORVs)

The ORV category is comprised of ATVs and recreational SSVs. ORVs are designed to be driven on a wide variety of unpaved surfaces, including trails, grass, dirt roads, swamps, snow and sand dunes. Management estimates that the global ORV market represented approximately 535,000 units in season 2012.

All-Terrain Vehicles (ATVs)

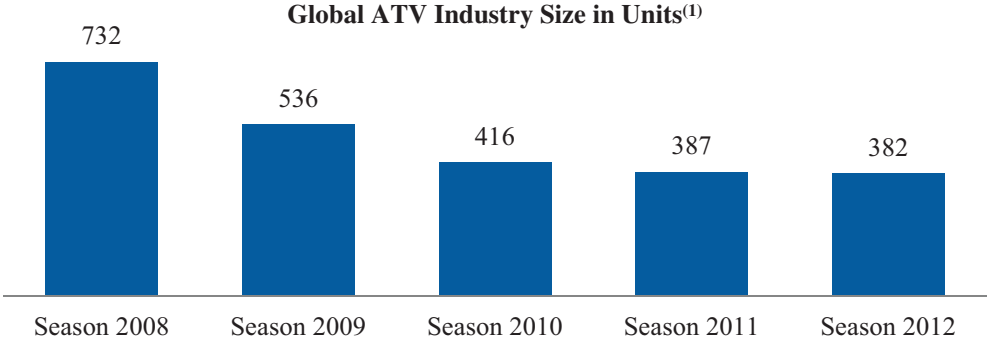
ATVs are four-wheel, multi-purpose vehicles used in different environments such as trails, grass, dirt roads, swamps, snow and sand dunes, in all four seasons of the year. ATVs are used primarily for recreational driving and utility purposes. Seats are designed to be straddled by the rider who steers using handlebars, much like a motorcycle. ATVs have low pressure tires providing added stability for more rugged terrain. The primary manufacturers of ATVs include BRP, Arctic Cat, Honda, Kawasaki, Polaris, Suzuki and Yamaha. Chinese and Taiwanese manufacturers also produce ATVs, but primarily focus on entry-level products, and therefore, are not included in the industry data.

The ATV category can be broken down into four segments as shown in the table below:

ATV Segments	
Sport	Comprises ATVs which are mainly used on dirt tracks.
Recreational-Sport	Comprises ATVs which are being used for recreational purposes on tracks and trails. Usage spans from trail riding to professional competition.
Recreational-Utility	These ATVs are used as much for trail and open space riding as well as for work. They are engineered to face more stringent usage conditions such as terrains with harder access.
Youth	These ATVs offer low cc engines and are intended for children from 6 to 15 years old who may lack the developmental skills and power required to safely drive adult ATVs.

The first 3-wheel ATV was introduced in North America in 1971 by Honda, with other competitors entering the North American ATV market in the late 1970s and early 1980s. In the late 1980s, growth in the ATV market was driven by the introduction of the 4-wheel ATV which provided the consumer with a safer and more comfortable ride. As a result of the introduction of this new design, management estimates that the ATV market expanded progressively to its peak of 915,000 retail units sold in season 2005 in North America. Following this product life cycle peak, the industry has been declining. In recent years, demand has further decreased as a result of the economic downturn and as consumers shifted from ATVs into the fast-growing recreational SSV market. Management estimates that the global ATV market represented approximately 382,000 units in season 2012, down approximately 1% from season 2011.

Global ATV Industry Size in Units[(1)]



(1) Thousands of units. Based on management estimates.

Side-by-Side Vehicles (SSVs)

The SSV was introduced more than 20 years ago as a utility vehicle. The utility segment of the SSV market remains strong but in the past five years the SSV category has been transformed by the introduction of the recreational SSV. An SSV is driven much like a car, using a steering wheel and pedals, is equipped with seat belts and rollover protection bars and sits the driver and passenger side-by-side. Certain models also include two rows of seats to accommodate up to four passengers. The primary manufacturers of recreational SSVs are BRP, Arctic Cat, Honda, Kawasaki, Polaris and Yamaha. Non-traditional powersports manufacturers such as Bobcat, John Deere, Kubota and Toro also manufacture SSVs and focus almost exclusively on utility SSVs. The models from these manufacturers are excluded from the recreational SSV industry segment.

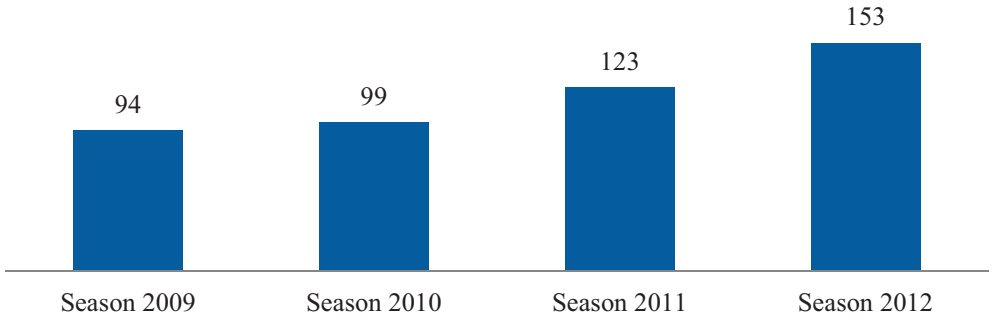
Both existing and aspirational powersports consumers are drawn to recreational SSVs in large part by their enhanced functionality, innovation and differentiated riding experience. Many consumers have shifted from ATVs into recreational SSVs. In fact, management estimates that in season 2012 approximately 54% of SSV buyers already owned or previously owned an ATV. Additional recreational SSV growth has also been generated by first time powersports users attracted to the market by the enhanced functionality and safety features of the recreational SSV. This dynamic has spurred the growth of the recreational SSV category which management estimates has grown 62% (or 18% based on a compounded annual growth rate) globally since season 2009.

The following table shows the primary recreational SSV segments:

Recreational SSV Segments	
Sport	Built for the highest performance including superior handling, maximum horsepower, lightweight materials, low center of gravity, high-torque capacity and sport suspension.
Recreational-Utility	Slightly less powerful than sport vehicles, with additional features designed around driver and passenger comfort for recreational and utility applications.
Utility-Recreational	Designed for work applications, these vehicles incorporate stiffer chassis and suspension as well as a longer wheelbase for smoother riding when driving on trails and to facilitate carriage of heavier payload. They are designed for easier maintenance and include a cargo bed with options for additional accessories.

Management estimates that the global recreational SSV market represented approximately 153,000 units for season 2012, an increase of approximately 24% from season 2011. Geographically, demand for recreational SSVs is concentrated in the United States and in Canada (accounting for more than 90% of retail sale units), though demand for recreational SSVs is growing in certain international markets such as Australia, France and Russia.

Global Recreational SSV Industry Size in Units[(1)]



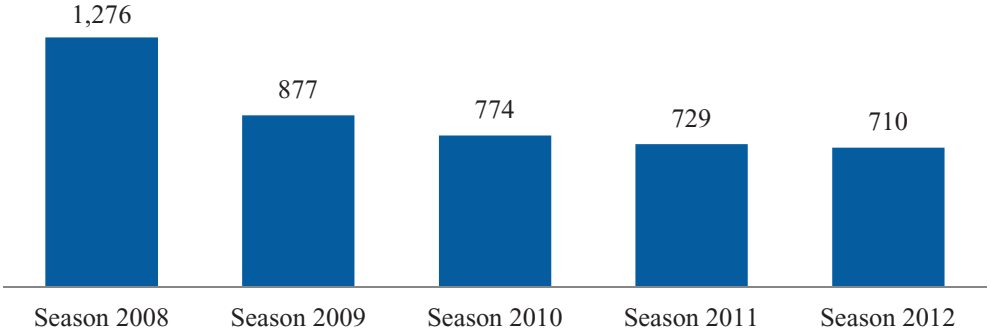
(1) Thousands of units. Based on management estimates.

Roadsters

In 2007, BRP introduced its first on-road vehicle, the *Can-Am Spyder* roadster. The *Spyder* is a non-traditional Y-shaped three-wheel vehicle (with two wheels in the front and one in the back) providing a riding experience combining elements of motorcycles and convertible sports cars, such as open-air riding, precise manoeuvrability and a performance engine with a lightweight chassis. The introduction of the *Spyder* created a new product category, and no other product currently competes directly with the *Spyder*.

Despite its uniqueness, the Motorcycle Industry Council classifies sales of the *Spyder* in the on-highway motorcycle segment. While many jurisdictions apply the same licensing requirements for the *Spyder* as for traditional motorcycles, a number of jurisdictions have implemented distinct licensing requirements for the *Spyder* that are generally less expensive, demanding and lengthy to obtain. Certain jurisdictions require only an automobile driver's license. The main competitors of the *Spyder* within the on-highway motorcycle segment include Harley-Davidson, Honda, Kawasaki, Suzuki, and Yamaha. Retail unit sales of the *Spyder* grew at a compounded annual rate of 24% globally from season 2009 to season 2012 compared to the broader On-Road Motorcycles of 500cc+ segment which declined at a compounded annual rate of 7% globally over the same period.

Global On-Road Motorcycles of 500cc+ Industry Size in Units(1)



(1) Thousands of units. Based on management estimates.

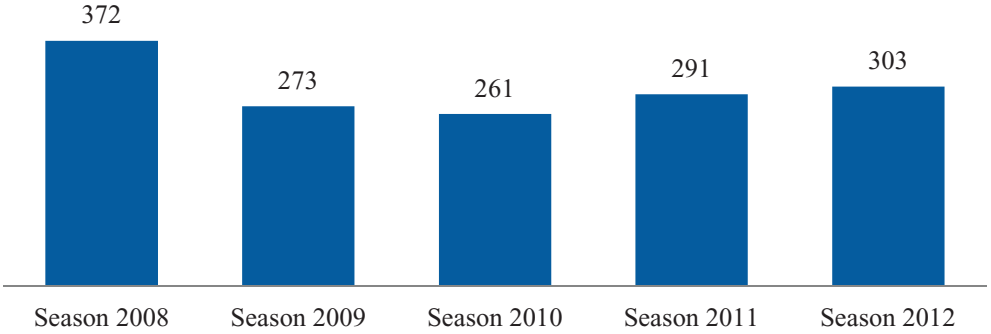
Marine Propulsion Systems Market

Marine propulsion systems for recreational power boats are comprised of outboard engines, inboard sterndrive and other inboard engines. Marine propulsion systems are generally sold to independent boat builders and through a network of independent dealers and distributors.

An outboard engine is a self-contained unit that includes an engine, gearbox and propeller. Outboard engines are designed to be affixed to the outside of a boat transom and tend to be lighter, less expensive and more easily replaceable than inboard engines. The outboard engines market can be segmented based on horsepower level and engine technologies. Engines between 15hp and 300hp tend to be called "fixed", meaning that they are semi-permanently attached to the boat they are powering, while smaller and lighter engines below 10hp are often referred to as "portable" engines. Demand for outboard engines is tied to new boat sales and to the replacement of existing boat engines.

Following a decline in the demand for new boats, global outboard engine retail volumes declined during the most recent economic downturn, but have since stabilized. For season 2012, management estimates that the outboard engine industry (above 10hp) represented approximately 303,000 retail units globally, an increase of approximately 4% from season 2011. Outside North America, key markets for outboard engines include Europe, Australia and Latin America.

Global Outboard Engine Industry Size in Units(1)



(1) Outboard engines above 10hp, in thousands of units. Based on management estimates.

Following its decision to cease the manufacturing of sport boats in September 2012, the Company recently decided to provide boat builders with an alternative to traditional inboard sterndrives and other inboard engines for the powerboat market by supplying boat builders with its *Rotax* inboard propulsion systems. Management estimates that demand for inboard powerboats has remained relatively stable in recent years at approximately 20,000 units in North America, down from a level of approximately 70,000 units in the mid-2000s. The decline in the market was in part due to the most recent economic downturn and the new emission regulations requiring catalytic converters on sterndrive engines resulting in inboard propulsion systems being less competitive in terms of pricing.

BUSINESS OF THE COMPANY

Overview

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems. The Company's diversified portfolio of brands and products includes *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Can-Am* ORVs (which include ATVs and SSVs), *Can-Am Spyder* roadsters, *Evinrude* outboard engines and *Rotax* engines for karts, motorcycles, boats and recreational and small aircraft. Additionally, the Company supports its line of products with a dedicated PAC business.

BRP products are widely recognized for their superior design, technology, performance, quality and fit and finish. Built on the Company's rich heritage as an innovator, *Ski-Doo* and *Sea-Doo* have become synonymous with snowmobiles and PWCs. Over the years, BRP has successfully leveraged its product and brand management expertise to develop other renowned brands such as *Can-Am, Evinrude*, *Rotax* and *Lynx*.

Driven by a passion for powersports vehicles and engines, the Company dedicates significant resources to research and development in order to constantly refresh its pipeline of innovative products and features and to set itself apart from competitors. Through its commitment to design, innovation and research and development, the Company has increased its market share in each of the snowmobile, PWC, ATV and SSV categories since season 2007, and has created a new product category with the introduction of the *Spyder* roadster.

Overview of BRP's Key Products and Global Market Positions(1)

Seasonal		Year-Round			Propulsion Systems	
Snowmobile	**PWC**	**Recreational SSV**	**ATV**	**Roadster**	**Outboard Engines**	***Rotax* Engines**
ski-doo LYNX	SEA-DOO	can-am			EVINRUDE	ROTAX
#1	#1	#2	#4	No Direct Competitor	#4(2)	N/A

(1) Global market position based on management estimates.

(2) Based on the global market for outboard engines above 30hp.

Headquartered in Valcourt, Québec (Canada), BRP employs approximately 6,800 people globally, primarily in Canada, Mexico, Austria, the United States and Finland. Since 2003, the Company has expanded its direct dealer network in order to reinforce its presence in key markets outside of North America. Today, BRP products are sold in 105 countries. The Company sells its products directly through a network of approximately 3,200 dealers in 20 countries as well as through approximately 190 distributors serving approximately 950 additional dealers.

For Fiscal 2013, the Company generated revenues, Normalized EBITDA and net income of $2,896 million, $336 million and $121 million, respectively.

History

History Prior to Becoming a Stand-Alone Company

BRP's origins date back to 1937 when founder Joseph-Armand Bombardier obtained his first patent and developed the first multi-passenger utility tracked vehicle used for travelling on snow. In 1942, l'Auto-Neige Bombardier Limitée was incorporated and, in 1947, it started mass-producing these vehicles. In 1959, it gave birth to the recreational snowmobile by introducing the first light weight single track two-passenger snowmobile under the *Ski-Doo* brand.

In 1964, Joseph-Armand Bombardier's sons and sons-in-law, including present-day Chairman Laurent Beaudoin, assumed management of l'Auto-Neige Bombardier Limitée and changed the company's name to Bombardier Limited in 1967 which later became Bombardier Inc. Under Mr. Beaudoin's leadership, Bombardier Inc. grew and expanded its recreational product lines through the launch of the industry's first PWC under the *Sea-Doo* brand in 1968 and the acquisition of the maker of *Rotax* engines in 1970. Bombardier Inc. concurrently entered the mass transit market in 1974, to become a leader in the rail industry and, in 1986, it penetrated the aerospace industry to develop a leadership position in the global markets of business and regional jets.

Bombardier Inc. also ventured into the motorcycles market, manufacturing performance trail and track motorcycles under the *Can-Am* brand from 1972 to 1987. In 1989, Bombardier Inc. acquired the Finnish company Nordtrac Oy, the maker of the *Lynx* brand of snowmobiles. A decade later, Bombardier Inc. entered a new powersports category when it began selling ATVs under the Bombardier brand in 1998. In 2001, Bombardier Inc. acquired the outboard engine related assets of Outboard Marine Corporation (OMC), including the well-known *Evinrude* and *Johnson* brands, thereby further extending its product offering to outboard engines.

In 2003, Bombardier Inc. sold the recreational products business to the current investor group which includes Bain Capital, members of the Bombardier and Beaudoin families who are part of the Beaudier Group, and CDPQ. See "Principal Shareholders".

History Since Becoming a Stand-Alone Company – Products and Brands

Since becoming a stand-alone company, BRP has implemented several transformational initiatives in order to position the Company for long-term sustainable growth. The Company repositioned its product portfolio by increasing its focus on the enthusiastic recreational powersports consumer, repositioned its ATV and outboard engine operations, and introduced two new product lines with the recreational SSV and the *Spyder*.

In 2003, BRP launched the *Evinrude* E-TEC outboard engine, marking the beginning of a revolutionary generation of cleaner, quieter and more powerful outboard engines. Following the launch of the E-TEC technology, BRP discontinued the sales of 2-stroke carbureted and 4-stroke outboard engines to focus exclusively on its 2-stroke direct injection technology, and progressively introduced new E-TEC models. As part of such repositioning, the Company also undertook to rationalize its manufacturing operations by consolidating its outboard manufacturing footprint from seven to two manufacturing sites.

In 2004, BRP sold its snow grooming equipment division as a result of limited synergies with the remainder of its operations, thereby allowing it to focus on recreational products.

In 2006, building on its successful focus on the powersports enthusiast consumer, the Company applied the *Can-Am* brand to its re-designed and re-engineered ATV line-up, re-launching the heritage-rich brand and positioning the products for powersports enthusiasts. In connection with the ATV turn-around, the Company also transferred the assembly of its ATV engines and vehicles from Austria and Canada, respectively, to Mexico.

In 2007, the Company entered the on-road market with the introduction of the *Spyder*, creating a new on-road product category. In 2010, the Company added another product to its portfolio with the introduction of its first recreational SSV, again under the *Can-Am* brand.

In September 2012, BRP decided to cease the manufacturing of sport boats to focus its research and development resources and capital on other products that offer greater growth potential, and it also announced that it would now offer its jet boat propulsion technology to boat manufacturers.

To achieve continued product innovation, BRP built and expanded its research and development infrastructure. In 2008, in partnership with the *Université de Sherbrooke* and the Québec government, BRP launched the *Centre de technologies avancées BRP – Université de Sherbrooke* with the mandate of developing new innovative technologies for powersports vehicles, including more environmentally friendly technologies. In the same year, BRP inaugurated the Laurent Beaudoin Design & Innovation Centre, home to BRP's design and advanced concept teams working to create revolutionary products and develop new product lines and categories. In 2010, in partnership with the Austrian government, BRP inaugurated the *Regionales Innovations Centrum* in Austria, focusing on the design and development of efficient powertrain technologies. See "Business of the Company – Research and Development".

History Since Becoming a Stand-Alone Company – International Distribution Expansion

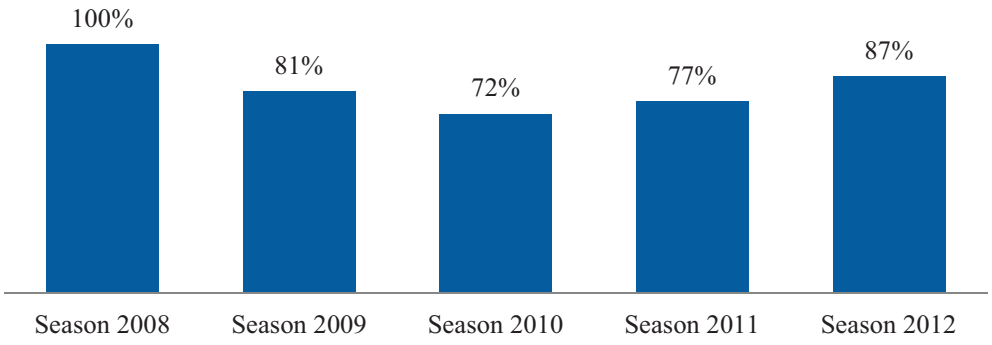
Since becoming a stand-alone company, BRP has focused on enhancing its international footprint through the development of an extensive distribution network and the acquisition of distributors outside North America. The expansion of the Company's global distribution network has been marked by its introduction in key international markets where it did not previously have direct distribution capacity, including in countries such as France, Germany, Ireland, the United Kingdom, Spain, Austria, Mexico and Italy through the establishment of direct relationships with dealers, and in other countries such as Russia through the creation of exclusive arrangements with distributors serving as intermediaries for local dealers.

History Since Becoming a Stand-Alone Company – Operations

Since becoming a stand-alone company, BRP has also initiated a number of measures to significantly improve its cost structure and increase long-term profitability. As part of such measures, the Company plans to maintain its manufacturing operations and production capacity at relatively stable levels in Canada, Austria, the United States and Finland, while accommodating volume growth by increasing production levels in Mexico. These measures also included a major rationalization of overhead costs, improvements in its supply chain to access lower cost countries and a standardization program across all product lines.

During the most recent economic downturn, reduced consumer spending led to significant retail unit sales declines and dealer inventory build-up. Powersports manufacturers reduced production and implemented incentives to respond to lower consumer demand and manage excess dealer inventory levels resulting in a contraction of powersports industry sales. As a result of this slowdown, management estimates that the Company's North American powersports retail unit volumes declined to reach a trough in season 2010 representing approximately 72% of season 2008 pre-recession levels, and progressively increased to reach a level in season 2012 representing approximately 87% of season 2008 pre-recession levels.

North American BRP Volumes
(index to 100 in season 2008)



From the fiscal year ended January 31, 2008 to Fiscal 2010, BRP's revenues and Normalized EBITDA contracted by 27.4% and 56.2%, respectively.

Following the economic and industry slowdown, the Company took several measures to further improve its cost structure and increase its leverage to recovering volumes:

- Invested in the Juárez and Querétaro facilities to accommodate additional growth volume in Mexico;

- Further increased low-cost country sourcing;
- Rationalized overhead costs; and
- Penetrated the high growth recreational SSV market.

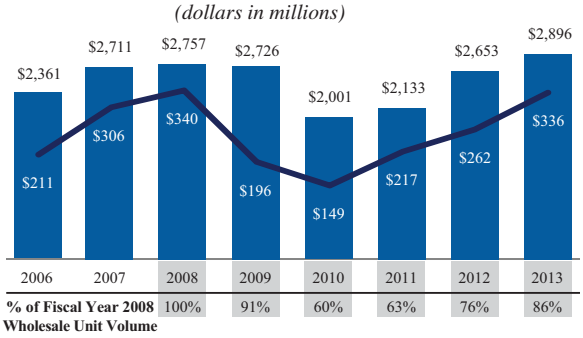
In addition, BRP initiated and has maintained a disciplined approach to dealer inventory management in order to better align dealer inventory level with retail trends.

As a result of these initiatives, BRP has a rationalized cost base with a higher growth product portfolio and has achieved Fiscal 2013 revenues, Normalized EBITDA and net income of $2,896 million, $336 million and $121 million, respectively, comparable to the results from the fiscal year ended January 31, 2008, in spite of 14% lower unit volumes.

Furthermore, through tighter dealer inventory levels (at 63% of the season 2008 levels despite the addition of SSVs to the product line-up), BRP has stronger leverage to retail demand and better pricing power.

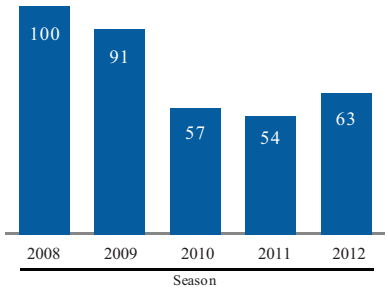
Revenues and Normalized EBITDA(1)(2)

Fiscal year ending January 31
(dollars in millions)



BRP North American Dealer Inventory Levels(3)

(indexed to 100 in season 2008)



(1) Revenues represented by bar chart and Normalized EBITDA represented by line over bar chart. Financial information for Fiscal 2010 and prior fiscal years relates to Bombardier Recreational Products Inc. on a consolidated basis, prepared in accordance with Canadian GAAP. Financial information for Fiscal 2011, Fiscal 2012 and Fiscal 2013 relates to the Company on a consolidated basis, prepared in accordance with IFRS.

(2) Net income for Fiscal 2011, Fiscal 2012 and Fiscal 2013 amounted to $35.0 million, $83.5 million and $121.0 million, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Company's consolidated financial statements and accompanying notes included elsewhere in this prospectus. For a reconciliation of Normalized EBITDA to net income, see "Selected Consolidated Financial Information".

(3) Based on management estimates as at the end of the represented seasons.

Competitive Strengths

Management believes that BRP has the following competitive strengths:

Leading Market Positions and Brands

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and engines. Throughout its history, the Company has built a portfolio of globally recognized brands and products, achieving market leading positions in a variety of powersports products.

BRP holds leadership positions in a number of powersports categories. Specifically, management believes that the company is the global market leader by sales volume in the snowmobile and PWC categories; second in the recreational SSV category; fourth in outboard engine sales (greater than 30hp); fourth in ATV sales; and has no direct competitor in the *Spyder* roadster product line. Management believes that the Company possesses a differentiated set of core attributes that enable it to defend its market positions. These include: (i) the strength of its products and brands, (ii) its global distribution network, (iii) its research and development and design expertise, and (iv) its global and flexible sourcing and manufacturing platform.

To support its comprehensive product offering and defend its market positions, the Company strives to promote its brands and products through innovation and a focus on consumer experience in collaboration with dealers. BRP's industry-leading products are complemented by a set of strong, globally-recognized brands. Through decades of continued product innovation and a commitment to delivering products that cater to powersports enthusiasts, the *Ski-Doo* and *Sea-Doo* brands have become synonymous with their respective product lines, while *Lynx* remains the pre-eminent snowmobile brand in Scandinavia. In 2006, BRP re-branded its ATV product line under the *Can-Am* brand, building on *Can-Am*'s racing-level performance legacy, and re-focused its product development efforts on high-performance segments of the ATV category. As a result, in less than a decade, the *Can-Am* brand has become known for high quality and performance. The success of the *Spyder* and recreational SSV products, launched in 2007 and 2010, respectively, has further strengthened the *Can-Am* brand.

Rotax engines, which power all powersports vehicles manufactured by BRP, are recognized as a leader in high-performance engines among powersports enthusiasts. Finally, the Company's *Evinrude* outboard engines, with a 100-plus year history, are widely associated with performance, reliability and technical innovation.

Leading Product Innovation and Engineering

BRP's products are marked by stunning designs, powerful and efficient engines, and the incorporation of advanced technologies that drive industry-leading safety and performance. A pioneer in the powersports industry, the Company was the first to commercialize the single-passenger snowmobile in 1959, followed by the first PWC in 1968. More recently, the Company launched the *Spyder*, creating a new product category.

Within its existing product lines, BRP aims to continuously enhance the consumer experience through new features and models in a variety of ways, including enhancing rider ergonomics, adding safety features, enhancing engine performance and reducing environmental impact. For example, the *Ski-Doo* REV platform family, which was introduced in 2002, set a new standard in rider ergonomics and maneuverability. Similarly, in 2008, the Company improved safety standards by introducing the world's first on-water braking system for PWCs, allowing the rider to decelerate in a controlled manner.

At the heart of BRP's products are world-renowned, high performance *Rotax* engines which are installed in all of the vehicles manufactured by the Company and sold to certain external customers. BRP has employees based in Austria focusing on engine and propulsion systems technologies. Senior employees have significant experience in, and maintain strong ties to, the German high-performance automobile industry. The approach of integrating design and production of high performance engines with vehicle development, which is a key differentiator for BRP, supports the long-term competitiveness of the Company.

The Company's consistent track record of innovation is the product of significant investment in an industry-leading research, development and engineering platform. With approximately 750 employees working in the Company's modern research and development facilities across four global locations, each focusing on specific aspects of research and development, BRP has the ability to invest in both on-going improvements across its product lines as well as new product categories such as the *Spyder*.

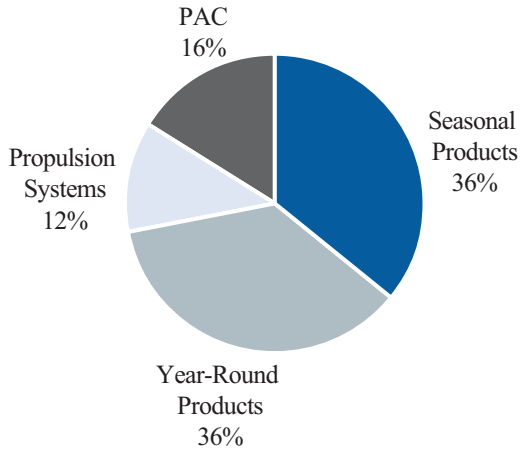
Over the last three years, the Company has invested on average approximately 4.7% of its annual revenues in research and development, which represented $128.2 million in Fiscal 2013. Management believes that BRP's sustained commitment to research and development will contribute to future growth through additional new product introductions as well as new features and technology that may be applied across the entire BRP portfolio.

Diversified and Comprehensive Product Portfolio

The Company is one of the most diversified manufacturers of powersports vehicles and engines, providing enthusiasts with a variety of exhilarating, stylish and powerful products for year-round use on a variety of terrains.

The diversity of its product offering reduces BRP's exposure from changes in consumer behavior in any single category and provides the Company with multiple avenues for continued growth. BRP's outboard and *Rotax* engines further diversify the Company's product offering by addressing different markets. In Fiscal 2013, no single product line accounted for more than 20% of sales. Furthermore, certain product lines are sold in offsetting seasons, reducing the overall seasonality of the Company's sales.

Revenues by Product Category for Fiscal 2013[(1)]



(1) Chart includes in Seasonal Products the contribution from sports boats which the Company ceased to manufacture in September 2012. In Fiscal 2012, Seasonal Products, Year-Round Products, Propulsion Systems and PAC represented approximately 38%, 33%, 12% and 17% of the Company's revenues, respectively.

In addition, BRP's product portfolio provides a compelling value proposition to the Company's dealer network. BRP's broad powersports offering allows dealers to reduce seasonality, increase operational efficiency and facilitate wholesale financing and inventory management. The breadth of BRP's product portfolio also helps to bring new powersports consumers into the dealership, such as new *Spyder* roadster consumers.

Established Global Distribution Platform

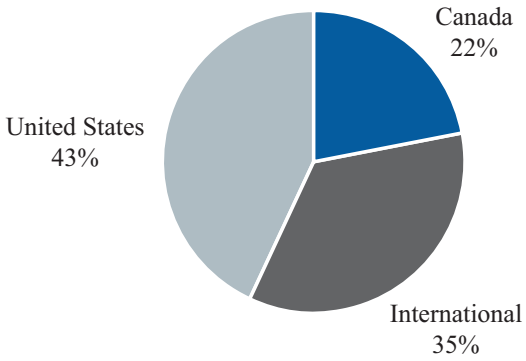
BRP has established an extensive global distribution network. Today, the Company sells products, directly or indirectly, in 105 countries through approximately 4,200 dealers. The Company is among the market leaders in several powersports and outboard engine markets outside North America, including Scandinavia, Russia, Brazil and Australia.

BRP sells products directly to approximately 3,200 dealers in 20 countries. This direct dealer distribution network provides the Company with better visibility and control over the consumer experience, as well as a better understanding of trends in its key international markets.

In certain geographic markets, the Company prefers to leverage a network of distributors that serve as intermediaries for local dealers. Through its distributor network, BRP indirectly sells powersports and outboard engine products to approximately 950 dealers in approximately 85 countries.

The strength of BRP's global distribution network has enhanced its international footprint. In Fiscal 2013, approximately 35% of the Company's revenues were generated outside of North America. In addition to reducing the Company's reliance on any single geographic market, management believes that the breadth of BRP's distribution network positions it favourably to capture future growth opportunities in emerging and high-growth powersports markets.

Revenues by Geography for Fiscal 2013



Global and Flexible Sourcing and Manufacturing Platform

The Company benefits from a global and flexible sourcing and manufacturing platform. Over the last ten years, BRP has made significant investments in modernizing its facilities and optimizing its assembly lines. BRP's facilities in Mexico offer lower cost manufacturing and rapid lead-times for end-market distribution in the south of the United States. Additionally, the Company's snowmobile production facility in Finland is in close proximity to key snowmobile markets in Scandinavia and Russia. The Company's overall global manufacturing footprint also partially mitigates exposure to currency fluctuations from revenues denominated in foreign currencies.

Similarities in many of the products manufactured by the Company create substantial commonalities in manufacturing, assembly and technology. These commonalities in turn create economies of scale for the Company. For example, *Rotax* engines, which are designed and manufactured internally, are installed in all vehicles manufactured by BRP. BRP's product portfolio also benefits from a common infrastructure in which research and development applications, sales force, marketing expenditures and corporate overhead are shared across the Company.

Highly Experienced Management Team with Proven Track Record

BRP's experienced management team has demonstrated its ability to identify, create and implement new product opportunities, improve financial performance, and maintain a corporate culture committed to providing the ultimate powersports experience. In December 2003, José Boisjoli became President and Chief Executive Officer of BRP and led the successful transition from a division of Bombardier Inc. to an independent, privately held company. Today, Mr. Boisjoli leads a strong and experienced management team that averages 14 years of experience with the Company.

Since BRP became a stand-alone company, management successfully implemented several important strategic initiatives including: (i) the optimization of its manufacturing processes and the transfer of certain activities to Mexico, (ii) the implementation of a global modern research and development infrastructure allowing the Company to leverage its know-how across multiple platforms, (iii) the successful repositioning of its ATV product line under the *Can-Am* brand leading to market share gains, (iv) the repositioning of the Company's outboard engines operations and the introduction of the *Evinrude* E-TEC outboard engine, which led to market share gains and margin improvements, (v) the launch of two new product lines, the recreational SSV and the *Spyder* demonstrating strong revenue growth, (vi) the launch of several important product innovations that have improved its market positioning in each of its product lines, and (vii) the expansion of the Company's international presence through a large distribution network and new dealer and distributor relationships. As a result of these initiatives, the Company has recovered from the recent economic recession, achieving revenues, Normalized EBITDA and net income levels in Fiscal 2013 of $2,896 million, $336 million and $121 million, respectively, and is attractively positioned to grow profitably over the coming years.

Growth Strategy

Continue to Penetrate High-Growth Product Lines

Management believes that continuing market growth and share gain in the recreational SSV and roadster categories will support revenue and profitability growth moving forward.

The Company believes that the recreational SSV market offers a strong opportunity for continued growth. Approximately 153,000 recreational SSVs were sold globally in season 2012, representing growth of approximately 62% (or 18% based on a compounded annual growth rate) since season 2009. Management believes that SSVs currently represent less than 10% of the industry's installed base of ORVs in the United States, providing the category with significant room for continued expansion. Moreover, BRP believes that it can expand sales within the broader SSV category by expanding its product line-up and distribution capabilities to include product segments and geographic markets in which it does not currently compete.

BRP initially entered the recreational SSV category with the launch of the *Can-Am Commander.* One year post-launch, BRP had already captured the number two market position in the global recreational SSV category. The introduction of the *Can-Am Maverick* in January 2013, BRP's second recreational SSV and the most powerful pure-sport SSV in the industry with a 101hp *Rotax* engine and precision-engineered handling, marked the entrance of the Company into the highest growth segment of the SSV market. The Company also announced the launch of the most powerful pure-sport four-seater SSV in the industry, the *Can-Am Maverick MAX,* expected in the second half of 2013. Led by the continued consumer shift from ATVs to SSVs, strengthening economic conditions, continued introduction of new recreational SSV models and features, and further penetration of global markets, BRP expects to deliver growth in this product line.

BRP entered the on-road category in 2007 with the launch of the *Spyder*. The *Spyder* is a new product line within the on-road category that, in addition to the traditional motorcycle consumer, appeals to a large potential consumer base that has not traditionally purchased a two-wheel motorcycle, as a result of the enhanced safety and stability of a Y-shaped three-wheel base, the ease of use of its semi-automatic transmission and less demanding driver license requirements in certain jurisdictions. The *Spyder*'s unique attractiveness is demonstrated by its significant popularity among people who have never owned a powersports product. Management believes that unit sales of the *Spyder* may continue to grow at a rate in excess of the traditional motorcycle segment as awareness and distribution of the *Spyder* continues to expand.

Drive Margin Increases through Operational Excellence

The Company is committed to ongoing improvements in the flexibility, quality, and efficiency of its manufacturing and operational infrastructure. Historically, initiatives in these areas have included rationalizing stock-keeping units, standardizing processes and products, enhancing the flexibility of its manufacturing processes, and shifting production to low-cost countries. Over the past ten years, the modernization and optimization of BRP's manufacturing platform has contributed to margin improvements.

The Company plans to leverage its modernized manufacturing and assembly infrastructure to drive further margin expansion through cost reductions and operational efficiencies. BRP also expects to pursue continued process improvement initiatives, such as low-cost country sourcing, platform standardization and outsourcing of PAC distribution, all of which are expected to result in margin improvements.

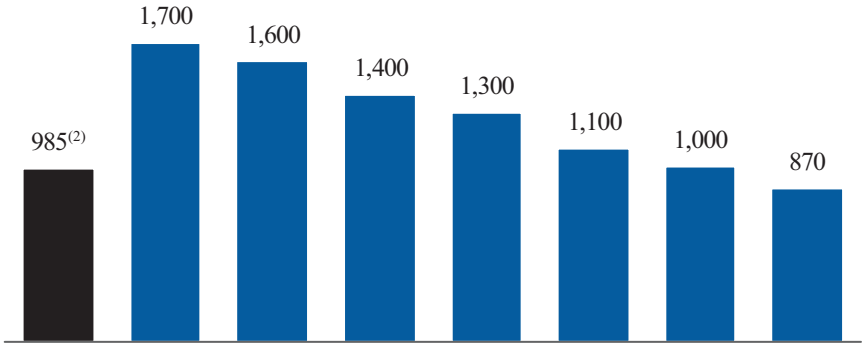
Over the past ten years, the modernization and optimization of BRP's manufacturing platform has contributed to margin improvements. The Company plans to maintain its manufacturing operations and production capacity at relatively stable levels in Canada, Austria, the United States and Finland, while accommodating volume growth by increasing production levels in Mexico. Since 2006, BRP has manufactured its ORV engines and vehicles in Juárez, Mexico. At the end of 2012, the first phase of the construction of an additional manufacturing facility in Querétaro, Mexico, was completed and engine production was transferred to Querétaro from Juárez in December 2012. The Company also plans to gradually transfer the manufacturing of all of its PWC products from Canada to the Querétaro facility beginning in the second half of 2013, which is expected to further improve margins in the future. Through the construction of the Querétaro facility and completion of the PWC transfer, management expects to generate annual savings of approximately $20 million to $25 million by the end of the fiscal year ending January 31, 2017.

Management further expects that all incremental ORV and PWC vehicles and engines will be manufactured in its Juárez and Querétaro facilities. Management also expects to benefit from significant operating leverage as its Mexican facilities offer additional manufacturing capacity for future production volume expansion.

Optimize and Expand North American Dealer Network

The Company expects revenue growth from the optimization of its existing North American dealer network. Management believes that BRP has one of the lowest number of dealers in North America among its major powersports OEM competitors, providing ample room for growth of the Company's dealer network.

Powersports OEMs – Number of North American Dealers[1]



Powersports OEM[3]	BRP	Competitor A	Competitor B	Competitor C	Competitor D	Competitor E	Competitor F	Competitor G
Number of Product Lines[1]	5	5	4	4	4	2	3	1

(1) Based on management estimates. Powersports product lines defined as: snowmobile, PWC, ATV, SSV, and roadster and motorcycle (on-road and off-road). Outboard engines are excluded from product lines and number of dealers.

(2) Of BRP's 3,200 direct dealers worldwide, 985 dealers are powersports dealers in North America and the remaining dealers are powersports dealers outside of North America or outboard engine dealers.

(3) The letters A to G represent other major powersports OEMs that compete with BRP in North America.

Since season 2010, the Company has increased average unit sales per dealer by rationalizing underperforming dealers and improving its overall product breadth as well as the geographic coverage and the training, merchandising and support of its dealers. Today, BRP offers a compelling value proposition to its dealers with the breadth and premium positioning of its existing product portfolio, the recreational SSV's increasing popularity and the growing awareness of the *Spyder*.

Going forward, management believes there is an opportunity to optimize dealer coverage and product line availability in North America, especially with regards to recently introduced product lines. Management intends to capture such opportunities through the following distribution initiatives:

- Strategically expand the dealer network in certain regions where there exists the greatest potential for the recreational SSV, ATV and *Spyder* categories;
- Increase the number of product lines carried by current dealers to maximize product availability for consumers; and
- Enhance the BRP dealer value proposition through deploying flexible dealer ordering systems that will allow more effective inventory management.

Management believes that its targeted initiatives to enhance its North American distribution will increase unit and PAC revenues in the future while providing better visibility and control over dealer inventory levels.

Leverage International Footprint

While powersports products are regularly used by consumers all over the world, management believes that most countries outside North America remain at relatively low levels of per capita usage and ownership compared to North America, offering continued opportunity for international penetration and market growth. BRP is well positioned to capture this international growth opportunity. Over the last decade, the Company has developed a strong international presence marked by an expanded distribution network and an increasingly robust manufacturing presence outside of North America. In Fiscal 2013, approximately 35% of the Company's revenues were generated from sales outside of North America.

The Company expects to grow through continued targeted expansions in attractive international growth markets such as Russia, Brazil, and China. These countries offer a combination of attributes conducive to powersports vehicle sales growth including improving economic fundamentals, increasing powersports awareness and developing distribution infrastructure. While these geographic markets have witnessed rapid growth in powersports activity in recent years, management believes they remain underpenetrated relative to more developed markets and offer significant growth potential. For example, over the past ten years, the Company has leveraged its distributor relationships to significantly expand its presence in Russia where powersports vehicle use is growing rapidly. Similarly, BRP recently opened a marketing and after-sales office in China, working together with a local distributor, in order to better develop brand and product awareness in that market and build a distribution network. Additionally, the Company expects to strengthen its position in core existing international markets in which it already has a strong presence in PWCs and snowmobiles.

The Company believes it is well-positioned to grow its international business through a focus on its ORV, *Spyder* and PAC product lines, which are growing in many key international markets, and through continued international dealer expansion and enhancements.

Further Enhance Consumer Experience

BRP is relentlessly focused on delivering superior, high-performance vehicles and clothing and accessories that offer a unique lifestyle experience to its large and loyal consumer base. As a result, the Company enjoys high consumer satisfaction scores across its brands and a high rate of repeat purchase intent among its consumers.

In the last two years, the Company has pursued a strategy to further enhance the consumer experience with the intent of growing consumer loyalty and brand equity. For example, the Company has launched targeted initiatives designed to improve the consumer experience by implementing rigorous dealer certification requirements. The Company is also focused on other initiatives to further enhance the consumer experience including improving consumer relationship management capabilities.

Management believes that by further improving the consumer experience, it will enhance consumer loyalty and ambassadorship and increase repeat purchase rates, which should result in increased volumes.

Continue Investing in Market-Leading Product Innovation

BRP's commitment to innovation has been a major factor behind the Company's historical success. Innovative vehicles introduced by the Company have included the snowmobile, PWC and *Spyder*. BRP is strategically and financially committed to innovation, as evidenced by its annual research and development budget, which consistently exceeds that of its major competitors on a percentage of sales basis. As a result of these investments, the Company's current portfolio of products is recent, responsive to today's consumers' needs and requirements and appealing to enthusiasts.

The Company is committed to continuing to deliver industry-leading innovation in all of its product lines. Management believes that new products and features are critical to the continued expansion of the industry and to the stability and growth in the Company's market share position. To this end, BRP is dedicated to hiring the best creative, engineering and design personnel in the industry in order to continuously refresh its product offering and ensure the steady introduction of new products and features. Management believes that this strategy is expected to lead to continued share gains in both mature and new product categories.

Brands and Products

BRP has four product categories: (i) Seasonal Products (36% of revenues for Fiscal 2013) consisting of *Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs; (ii) Year-Round Products (36% of revenues for Fiscal 2013) consisting of *Can-Am* ATVs, recreational SSVs and *Spyder* roadsters; (iii) Propulsion Systems (12% of revenues for Fiscal 2013) consisting of *Evinrude* outboard engines and *Rotax* engines, and (iv) PAC products (16% of revenues for Fiscal 2013) supporting the Company's various product lines with replacement parts, additional product accessories and complementary clothing.

Management believes that BRP's products are renowned for their superior design, technology, performance, quality and fit and finish. The Company's high-quality products and innovative features and technologies resonate with powersports enthusiasts and have allowed BRP to build a portfolio of recognized brands and products. BRP's *Ski-Doo* and *Sea-Doo* brands have become synonymous with their respective products and its *Can-Am*, *Evinrude* and *Lynx* brands are also widely known for their industry-leading performance and innovative features.

Seasonal Products

Seasonal Products consist of BRP products that are mostly used in specific seasons. These products include snowmobiles, which are mainly used during the winter season with sales to dealers concentrated in the months of September to January, and PWCs, which are mainly used during the summer season with sales to dealers concentrated in the months of January to April.

Snowmobiles

BRP has a rich heritage in the snowmobile category, as it was the first company to mass produce snowmobiles in 1959. Today, BRP remains the industry leader and management believes its broad snowmobile product line-up addresses the needs of all consumer segments.

The Company produces 81 different key models of snowmobiles, categorized as (i) on-trail models (touring, sport, cross-country), (ii) on/off-trail models (cross-over) and (iii) off-trail models (mountain, utility). These models are grouped into 15 product families and marketed under two different brand names, *Ski-Doo* and *Lynx*. BRP snowmobiles are sold primarily in North America under the *Ski-Doo* brand and in Europe and Russia under the *Lynx* and *Ski-Doo* brands.

For season 2013, suggested retail prices for BRP snowmobiles range from approximately U.S.$6,500 to U.S.$14,300 in the United States. BRP has three major competitors in the snowmobile market: Arctic Cat, Polaris and Yamaha. Management estimates that the Company holds the leading market share position worldwide.

The table below highlights the Company's current snowmobile model line-up:

	ski-doo	LYNX
	Product Range	**Product Range**
On-Trail	Grand Touring	Adventure
	GSX	
	MX Z	RAVE
On / Off-Trail	Renegade	Xtrim
Off-Trail	Summit Freeride	BoonDocker
	Expedition Tundra Skandic	Ranger Yeti

BRP has differentiated its snowmobiles through continued leadership in innovation and technology. In 2002, it introduced the revolutionary REV platform with optimized rider-forward positioning, resulting in a smoother ride with improved maneuverability. The Company further developed the REV platform with the REV XP/XR/XU versions for touring/performance and utility models, respectively. For its 2013 models, the Company again improved its REV-XM and REV-XS platform for segment-specialized mountain and trail use. Since the introduction of the REV platform, management estimates that the Company's market share in key markets grew by approximately 10 points.

Furthermore, by leveraging its *Rotax* E-TEC and ACE engine technologies, BRP produces snowmobiles with the most fuel efficient 2-stroke and 4-stroke engines in the market. Its snowmobiles also have unique performance-enhancing features including: tMotion Rear Suspension and Flex Edge Track, which allows the rider to initiate mountain type carving turns more easily and allows for a smoother ride; and rMotion Rear Suspension, which provides for more travel, performance, easier adjustability and controlled transfer.

The Company's leadership in innovation, technology, design and performance has been recognized by numerous industry sources, resulting in several industry awards. The table below highlights some of the Company's recent industry awards for its snowmobile product line:

Recent BRP Awards – Snowmobile		
Year	**Award**	**BRP Product**
2012	**Good Design Award**[(1)]	*Ski-Doo* Summit SP
	American Snowmobiler Magazine Best Sled	*Ski-Doo* MX Z X-RS snowmobile
2011	**American Snowmobiler Magazine "Best of the Best – Best sled"**	*Ski-Doo* MX Z X-RS snowmobile
	Red Dot Design Award: **honourable mention**[(2)]	*Ski-Doo* Skandic Tundra 600 ACE snowmobile
	Good Design Award[(1)]	*Ski-Doo* Skandic Tundra 600 ACE snowmobile
2010	**Real World Sled of the Year**[(3)]	*Ski-Doo* GSX SE snowmobile

(1) Awarded by the Chicago Athenaeum Museum of Architecture and Design in cooperation with the European Centre for Architecture, Art, Design and Urban Studies.

(2) Awarded by Design Zentrum Nordrhein Westfalen.

(3) Awarded by SnowTrax Television.

Management estimates that season 2012 global retail unit volume for snowmobiles represented approximately 81% of season 2008 pre-recession levels, while BRP's global snowmobile retail unit volume for the same season represented approximately 82% of its season 2008 pre-recession levels.

PWCs

Similarly to snowmobiles, BRP created a new powersports product category in 1968, when it first brought to market a sit-down PWC. BRP subsequently launched a completely redesigned version of the sit-down PWC in 1988 and has remained the industry leader ever since.

The Company produces a full line of PWCs consisting of 16 models marketed globally under the *Sea-Doo* brand name. BRP's broad product offering allows it to successfully compete across all product ranges and meet a broad range of consumer needs, including luxury, power, sport and recreation.

For season 2013, suggested retail prices for BRP's PWC models range from approximately U.S.$8,400 to U.S.$17,000 in the United States. BRP has two major competitors in the PWC market: Kawasaki and Yamaha. Management estimates that the Company holds the leading market share position in the global PWC market.

The table below highlights BRP's season 2013 PWC model line-up:

	Product Range	
Luxury Performance	GTX	
Musclecraft (power)	GTR RXT RXP	
Sport	WAKE	
Recreation	GTS GTI	

BRP has demonstrated industry-leading innovation and design for its PWCs. BRP was the first OEM to offer a 4-stroke engine for the PWC market, and today BRP's PWC engine uses a closed-loop cooling system to avoid corrosion and clogging. In 2008, the Company launched its iControl technology platform, composed of its iBR (Intelligent Brake and Reverse), iTC (Intelligent Throttle Control) and iS (Intelligent Suspension) technologies, across most of the *Sea-Doo* line-up. iBR is the industry's only commercialized on-water brake and reverse system and has been recognized by the U.S. coast guard for having improved the safety profile of PWCs. Management believes iTC is the most advanced throttle control system on the market, allowing for more precise throttle modulation. iTC also features ECO Mode which offers up to 46% lower fuel consumption than competitors. iS is the first full PWC suspension system, providing more comfort and control through all types of water conditions, which is especially beneficial on longer rides.

BRP's PWC products also feature the Company's proprietary D-Sea-Bel sound suppression technology, which reduces sound emissions by at least 50%, and its proprietary *Sea-Doo* Learning Key functionality, which limits the watercraft's top speed for less experienced riders.

BRP's PWCs have been recognized for their industry-leading innovation and design by numerous industry sources. The table below highlights some of the Company's recent industry awards for its PWC product line:

Recent BRP Awards – PWC		
Year	**Award**	**BRP Product**
2012	**Red Dot Design Award**[(1)]	*Sea-Doo* RXP-X watercraft
	Good Design Award[(2)]	*Sea-Doo* RXP-X watercraft
2011	**Red Dot Design Award**[(1)]	*Sea-Doo* GTI SE 130 watercraft
	National Marine Manufacturers Award (NMMA) Innovation Award	*Sea-Doo* GTI SE 130 watercraft
	Excellence in Design Awards by Trailer Boats Magazine	*Sea-Doo* GTI SE 130 watercraft
	PWC of the Year by PWCToday.com	*Sea-Doo* GTI SE 130 watercraft

(1) Awarded by Design Zentrum Nordrhein Westfalen.

(2) Awarded by the Chicago Athenaeum Museum of Architecture and Design in cooperation with the European Centre for Architecture, Art, Design and Urban Studies.

Management estimates that season 2012 global retail unit volume for PWCs represented approximately 77% of season 2008 pre-recession levels, while BRP's global PWC retail unit volume for the same season represented approximately 81% of its season 2008 pre-recession levels.

Year-Round Products

Year-Round Products consist of BRP vehicles that are sold and used throughout the year in most climates and include the ATV, SSV and *Spyder* product lines. All products within the Year-Round Product category are sold under the *Can-Am* brand.

The Company's ATV and recreational SSV products are off-road vehicles designed to be driven on a wide-variety of surfaces, including trails, grass, unpaved roads, swamps, snow and sand dunes, in all four seasons of the year. In contrast, BRP's *Spyder* is a category-creator on-road vehicle, with no other product currently competing directly with it.

ATVs

BRP introduced its first ATV model in 1998, which was targeted towards the utility segment and marketed under the "Bombardier ATV" brand. The Company gradually expanded its ATV line-up to include entry-level, mid-market and sport models. In 2006, the Company replaced the "Bombardier ATV" brand with the *Can-Am* brand, and clearly positioned its *Can-Am* ATV products for enthusiast riders with a desire for high-cc, performance-based vehicles designed for the recreational, recreational-sport and sport segments.

Today, the *Can-Am* ATV line-up appeals to a broad range of consumers within the recreational, recreational-sport and sport segments. In total, the Company offers 40 models. The *Can-Am Renegade* and *DS* platforms, aimed at sport riders, offer powerful engines, precise handling and leading edge designs. The *Can-Am Outlander* platform also features powerful engines and precise handling, but with added functionalities that cater to the utilitarian and comfort needs of recreational-utility riders. The *Outlander* platform consists of three different product versions, each with differing engine sizes. Finally, BRP also offers a youth ATV product.

The Company has continued to introduce new model variants to each platform to ensure that enthusiast riders can find the right *Can-Am* ATV to meet their needs. For example, BRP innovated in the industry with the introduction of the "MAX" variants for its ATV platforms, which feature a longer wheelbase specifically designed to allow two riders to sit one behind the other more comfortably. Three key pillars drive the *Can-Am* line-up: performance, precision-engineered handling and rider-focused design. For example, BRP leverages its *Rotax* engine technologies to ensure that it stays ahead of its competitors and delivers optimal ATV performance and fuel efficiency.

For season 2013, suggested retail prices for the Company's ATV models range from approximately U.S.$2,200 to U.S.$15,100 in the United States. BRP has six major competitors in the ATV market: Arctic Cat, Honda, Kawasaki, Polaris, Suzuki and Yamaha. Management estimates that the Company's global market share in season 2012 reflects a number four position.

The following table highlights the Company's current ATV model line-up:

can-am

	Model Range			Model Range	
Recreational-Sport	Renegade		**Recreational-Utility (Low-cc size)**	Outlander and Outlander Max	
Recreational-Utility (High-cc size)	Outlander and Outlander Max		**Sport**	DS	
Recreational-Utility (Mid-cc size)	Outlander and Outlander Max		**Youth**	DS	

The quality of BRP's offering in the ATV product line has been acknowledged by a number of independent industry sources through numerous awards. The table below highlights some of the Company's recent industry awards for its ATV product line:

Recent BRP Awards – ATV		
Year	**Award**	**BRP Product**
2012	**Red Dot Design Award**[(1)]	*Can-Am* Outlander ATV
	Dirt Trax Magazine Best In Class	*Can-Am* Outlander 1000 XT ATV
	Dirt Trax Magazine Best In Class	*Can-Am* Renegade 1000 ATV
2011	**ATV Magazine ATV of the Year**	*Can-Am* Outlander 800R X mr ATV
2010	**ATV Magazine ATV of the Year**	*Can-Am* Renegade 800R X xc

(1) Awarded by Design Zentrum Nordrhein Westfalen.

Management estimates that season 2012 global retail unit volume for ATVs represented approximately 52% of season 2008 pre-recession levels, while BRP's global ATV retail unit volume for the same season represented approximately 81% of its season 2008 pre-recession levels.

SSVs

BRP entered the SSV market in June 2010 with a premium vehicle targeting high performance enthusiasts. Unlike conventional ATVs, SSVs are driven using a steering wheel and pedals, are equipped with seat-belts and rollover protection bars, and seat the driver and passenger side-by-side. Consistent with the brand positioning of *Can-Am*, BRP is currently focusing its efforts in the recreational-utility and sport segments of the SSV industry. The same key *Can-Am* pillars apply to the SSV line-up: performance, precision-engineered handling and superior fit and finish.

BRP's first SSV product, the *Can-Am Commander*, was introduced in five different versions, featuring either an 800cc or a 1000cc *Rotax* engine with electronic fuel injection. The *Commander* was positioned as a recreational SSV in terms of features, but with handling and performance more typically found in sport models. The *Commander* offers an attractive mix of best-in-class features and innovations: the most powerful engine in the industry at time of release, the best fuel efficiency in its class, a dual level cargo box, a torsional trailing arm independent rear suspension, iTC, a 2-inch diameter rollover protection system and the largest fuel capacity in the industry. The *Commander* also features several innovative safety-related features such as speed limitation if the driver's side seat-belt is not fastened.

At the end of 2012, BRP introduced the *Can-Am Maverick* in the sport segment of the SSV category. With its industry-leading 101hp engine, the *Maverick* is designed to please the most demanding sport riders. The *Maverick* family will be complemented by BRP's recently announced four-passenger SSV, the *Maverick* MAX, which is scheduled to be released in the summer of 2013. BRP's current SSV model line-up focuses exclusively on the recreational segment of the SSV market and does not offer any models catering to utility usage.

For season 2013, suggested retail prices for the Company's SSV models range from approximately U.S.$11,700 to U.S.$20,100 in the United States. The Company has five major competitors in the recreational SSV market: Arctic Cat, Honda, Kawasaki, Polaris and Yamaha. Management believes that the Company's market share in the global recreational SSV market in season 2012 reflects a number two position with approximately 10% of the market.

The following table illustrates the Company's current SSV model line-up:

Model Range			Model Range		
Recreational-Sport (2 passengers)	**Maverick**		**Recreational-Utility** (2 passengers)	**Commander**	
Recreational-Sport (4 passengers)	**Maverick MAX**		**Electric** (2 passengers)	**eCommander**	

Despite its very short history in the SSV business, BRP has already received a number of awards confirming the innovative strength of *Can-Am* SSVs. The table below highlights some of the *Commander*'s recent industry awards:

Recent BRP Awards – SSV		
Year	**Award**	**BRP Product**
2012	**Dirt Trax Magazine Best In Class**	*Can-Am* Commander 800R SSV
2011	**Field & Stream Magazine "Best of the Best Side-By-Side ATV"**	*Can-Am* Commander 1000 XT SSV
2011	**Good Design Award**(1)	*Can-Am* Commander SSV

(1) Awarded by the Chicago Athenaeum Museum of Architecture and Design in cooperation with the European Centre for Architecture, Art, Design and Urban Studies.

Management estimates that season 2012 global retail unit volume for recreational SSVs represented approximately 124% of season 2011 levels, while BRP's global retail unit volume for recreational SSVs for the same season represented approximately 198% of its season 2011 levels.

Spyder Roadsters

In 2007 BRP introduced its first on-road vehicle, the *Spyder*. The *Spyder* is a non-traditional Y-shaped three-wheel vehicle with two wheels in the front and one in the back. It provides a riding experience combining elements of motorcycles, such as sit-on open-air riding, precise manoeuvrability and a performance engine with a lightweight chassis, and of convertible sport cars, such as stability, electronic assistance, automotive features, visibility, safety and semi-automatic transmission. Management believes that, in addition to the traditional motorcycle consumer, the *Spyder* also appeals to consumers that would not have considered buying a motorcycle but instead will be attracted by the *Spyder*'s styling, performance, stability and safety. Management believes that with its "Y-shape", vehicle stability system and semi-automatic transmission, the *Spyder* offers greater stability and overall ease of use for a broad range of riders of all skill levels.

While many jurisdictions apply the same licensing requirements for the *Spyder* as for traditional motorcycles, a number of jurisdictions have implemented distinct licensing requirements for the *Spyder* that are generally less expensive, demanding and lengthy to obtain. Certain jurisdictions require only an automobile driver's license to ride the *Spyder*.

For season 2013, suggested retail prices for the Company's *Spyder* models range from approximately U.S.$16,700 to U.S.$29,900 in the United States. Although the Motorcycle Industry Council classifies the *Spyder* in the on-highway motorcycle segment, management views it as a new product category which does not directly compete against traditional motorcycles. However, the *Spyder* indirectly competes for consumers against traditional motorcycle manufacturers such as Harley-Davidson, Honda, Kawasaki, Suzuki and Yamaha, as the *Spyder* is also used for open air recreational touring.

BRP first launched a sport model, the *Spyder RS* in season 2007, and in season 2010 expanded its *Spyder* line-up into the touring segment with the *Spyder RT*. For season 2013, BRP added a third *Spyder* model, the *Spyder ST*, featuring sport-touring rider ergonomics and added footboards for more legroom, which will target the sport-touring segment. For season 2013, new innovative features include a new brake system, a new suspension offering improved handling and performance, and new front fenders with integrated LEDs for refined styling and enhanced aerodynamics.

The following table illustrates the Company's current *Spyder* model line-up:

can-am		
	Model Range	
Sport	RS	
Sport Touring	ST	
Touring	RT	

The *Spyder*'s innovative design and industry-revolutionizing features have been recognized by a number of third party industry sources. The table below highlights some of the *Spyder*'s recent industry awards:

Recent BRP Awards – Roadster		
Year	**Award**	**BRP Product**
2011	**Winner of a Catalyst Design Case Study from the Industrial Designers of America (IDSA)**	*Can-Am Spyder*
2010	**Good Design Award**[(1)]	*Can-Am Spyder* RT

(1) Awarded by the Chicago Athenaeum Museum of Architecture and Design in cooperation with the European Centre for Architecture, Art, Design and Urban Studies.

Management estimates that season 2012 global retail unit volume for On-Road Motorcycles of 500cc+ represented approximately 56% of season 2008 pre-recession levels, while BRP's global *Spyder* retail unit volume for the same season represented approximately 186% of its season 2008 pre-recession levels.

Propulsion Systems

The Propulsion Systems product category consists of outboard boat engines sold under the *Evinrude* brand and *Rotax* engines sold to third parties.

Marine Propulsion Systems

Outboard engines became part of BRP's business portfolio in 2001 when BRP acquired the outboard engine related assets of Outboard Marine Corporation. At the time, these assets included the *Johnson* and *Evinrude* brands, which had both been popular outboard engine brands since the early 1900s. Since the acquisition, BRP has focused its product development efforts on the *Evinrude* E-TEC 2-stroke direct injection technology. All *Evinrude* E-TEC engines from 15hp to 300hp now feature common product attributes, including the CARB "3-Star Ultra-Low Emission" certification, no scheduled dealer maintenance required for three years for recreational use and similar or lower weight than comparable 4-stroke engines. For season 2013, suggested retail prices for the Company's E-TEC *Evinrude* engines range from approximately U.S.$1,280 to U.S.$27,400 in the United States.

There are three predominant engine technologies in the outboard engine market: 2-stroke, 4-stroke and 2-stroke direct fuel injection engines. 2-stroke engines are generally lighter and easier to maintain and repair, but are generally noisier with more emissions and may be less reliable than 4-stroke engines. 4-stroke engines get better gas mileage, last longer and generally release fewer emissions, but are heavier, more complex, more difficult to maintain or repair and generally more expensive. Advanced 2-stroke engines with direct fuel injection, such as BRP's *Evinrude* E-TEC, offer a 2-stroke engine that is more fuel efficient, cleaner, quieter, and easier to service than a traditional 2-stroke engine.

In March 2013, the Company announced that it would begin offering jet propulsion systems for sport boats manufactured by third parties. The Company will offer to OEMs two marine propulsion technologies: an outboard engine based on 2-stroke *Evinrude* E-TEC technology and a *Rotax* inboard jet propulsion engine based on 4-stroke *Rotax* 4-TEC technology.

The table below highlights BRP's 2013 *Evinrude* outboard model line-up:

EVINRUDE

	Horsepower Range			Horsepower Range	
Portables	3.5 – 15 hp		**V-4 Cylinder**	115 – 130 hp	
Inline 2-Cylinder	15 – 60 hp		**V-6 Cylinder**	135 – 300 hp	
Inline 3-Cylinder	75 – 90 hp				

The table below highlights some of the Company's recent industry awards for its outboard engines product line:

Recent BRP Awards – Outboard Engines		
Year	**Award**	**BRP Product**
2009	**JD Power and Associates Award for Highest Customer Satisfaction**	*Evinrude* E-Tec Engines
2005	**U.S. EPA Clean Air Technology Excellence Award**	*Evinrude* E-Tec Engines

Management estimates that season 2012 global retail unit volume for outboard engines above 10hp represented approximately 81% of season 2008 pre-recession levels, while BRP's global retail unit volume for outboard engines above 10hp for the same season represented approximately 84% of its season 2008 pre-recession levels.

Rotax Engines

With their worldwide recognized performance, fuel efficiency and emissions profile, *Rotax* engines are a core component of BRP's industry-leading product performance. While the large majority of *Rotax* engines are used internally to power BRP vehicles, *Rotax* engines are also sold to third parties. External customers mainly include OEMs that manufacture products which are not in direct competition with BRP products, such as karts, motorcycles, boats and recreational and small aircraft.

Rotax has developed a comprehensive line-up of compact engines spanning a wide range of applications. Its engines specifications vary from one to four cylinders, 2-stroke or 4-stroke, in-line or V-shaped, as described further in the table below:

ROTAX®

	Specifications	
Motorcycle	2-stroke and 4-stroke	
Recreational Aircraft	2-stroke carburated 4-stroke carburated 4-stroke fuel injection	
Kart	2-stroke	
Jet Boat Propulsion Systems	4-stroke	

Parts, Accessories and Clothing

BRP sells a broad range of PAC to complement each of its product lines, providing a stable revenue stream with high profit margins, along with increased brand exposure. The large installed base of products and BRP's new SSV and *Spyder* product lines offer further opportunities for growth of the PAC business. In addition to strengthening BRP's brands, PAC products enhance the overall consumer experience and lifestyle associated with powersports products.

The parts sold by BRP include consumables (e.g., oil, fuel additives, lubricants), wearable components (e.g., spark plugs and transmission belts) and replacement parts (e.g., pistons and windshields). Many of its parts are uniquely designed for BRP vehicles (e.g., gauges) and are not available from any other source. This broad range of parts is essential to ensure maximum long term-use and residual value for BRP vehicles.

The Company also sells several accessories across all its product lines, to enhance or modify vehicle functionality and to allow riders to customize the vehicle based on their individual taste and specific needs (e.g., bumpers, windshields, rims, winches, second passenger seats, coloured covers and racks). For example, the innovative LinQ system introduced on *Can-Am* ATVs and SSVs in 2011 provides the user with an easier, faster and secure way to instantly connect accessories such as modular bags, trunk box and front and rear rack extensions.

BRP also sells a range of clothing and apparel in several styles adapted to its various product lines, including jackets, coats, pants, gloves, helmets, gear bags and casual sportswear items such as sweatshirts, T-shirts and hats. The style, functionality and colours of this apparel are carefully chosen to match the related products, and this line-up is refreshed every season just like the vehicle line-up. The Company's clothing line-up prominently features its logos for brand enthusiasts seeking clothing which closely matches the colors and design of their vehicle and the associated lifestyle.

Manufacturing Facilities and Operations

The Company manufactures its products at seven facilities located in Canada, Mexico, Austria, the United States and Finland. Since the Company became a stand-alone entity in 2003, it has taken numerous measures to rationalize and optimize its manufacturing footprint, including consolidating its outboard engine manufacturing activities, such that the Company now has a total of seven manufacturing facilities, down from 11 manufacturing facilities in 2003. The Company's global manufacturing platform provides it with proximity to certain key retail markets, which management believes creates a competitive advantage for BRP. For example, the Company's facilities in Mexico reduce distribution lead-times to the North American market, while its Rovaniemi, Finland snowmobile production facility provides it with a competitive distribution advantage in the Scandinavian and Russian markets. The Company's international manufacturing footprint also partially mitigates exposure to currency fluctuations from revenues denominated in foreign currencies.

The following table presents the location, size and products manufactured at the Company's current manufacturing facilities. All of the Company's facilities are owned by the Company, except for the Querétaro and Rovaniemi facilities which are leased.

Location	Approx. Size (sq. ft.)	Products Manufactured
Valcourt, Canada	800,000	Snowmobiles, PWCs (until 2015) and *Spyders*
Gunskirchen, Austria	500,000	*Rotax* engines
Sturtevant, United States	465,000	Outboard engines
Juárez, Mexico	410,000	ATVs and SSVs
Querétaro, Mexico *(second phase under construction)*	390,000	Engines and PWCs (commencing in 2013)
Rovaniemi, Finland	215,000	Snowmobiles
Spruce Pine, United States	100,000	Components for engines

The Company plans to maintain its manufacturing operations and production capacity at relatively stable levels in Canada, Austria, the United States and Finland, while accommodating volume growth by increasing production levels in Mexico.

The Company's facility in Valcourt (Canada) assembles *Ski-Doo* snowmobiles, *Sea-Doo* PWCs and *Spyder* roadsters. Its flexible assembly line enables the Company to alternatively produce snowmobiles or PWCs, depending on the period of the year. The Company will gradually transfer the production of *Sea-Doo* PWCs from Canada to its new Querétaro, Mexico facility. Production of PWCs in Valcourt is expected to end in 2015, which will free production capacity in Valcourt and allow the Company to meet the future demand for the *Spyder*. The Company also manufactures components for its snowmobiles, PWCs and *Spyder* roadsters in Valcourt.

The Company's facility in Rovaniemi (Finland) assembles *Lynx* snowmobiles as well as certain models of *Ski-Doo* snowmobiles. The Company also manufactures components for its snowmobiles in Rovaniemi.

The Company's facility in Juárez (Mexico) assembles, and manufactures components for, ORVs. In addition, the Juárez facility produces ATV and SSV accessories such as bumpers, racks, steering columns and brackets.

The Company's facility in Sturtevant (United States) manufactures outboard engines and related components under the *Evinrude* brand covering the 15hp to 300hp segment.

The Company's facility in Spruce Pine (United States) provides lost foam aluminium castings for *Evinrude* and *Rotax* branded engines as well as other OEM customers serving the automotive and construction industries.

In Querétaro (Mexico), the Company assembles *Rotax* engines. The Company also recently announced the decision to begin manufacturing PWCs at the Querétaro facility, commencing in the second half of 2013 with the production of all PWCs expected to be completed in Querétaro within the following two years.

The Company's Gunskirchen (Austria) facility assembles *Rotax* engines for the Company's snowmobiles, PWCs and *Spyders*, as well as for third-party OEMs for use in karts, motorcycles, boats and recreational and small aircraft. This facility is strategically located in a region in which skilled labor in advanced propulsion systems is abundant due to the proximity of several automotive industry research centers and key suppliers.

The Company is vertically integrated in respect of those manufacturing processes that represent its core competencies, such as surface treatment, painting, high precision machining and honing, aluminium forming, riveting and welding, steel forming and welding and engine component manufacturing. For other product components, the Company generally establishes long-term relationships with external suppliers. The manufacturing of the Company's youth ATVs, outboard engines below 10hp as well as most of its PAC products is outsourced. The Company uses contract carriers to ship its products to its customers and maintains international distribution centers to allow for its products to be shipped to international customers with short lead-times.

Research and Development

Research and development is a core part of BRP's business strategy, as it enables the Company to sustain its reputation for high performance products, build strong consumer loyalty, and reduce production costs. On average, the Company has invested approximately 4.7% of its annual sales in research and development over the last three years. In Fiscal 2013, investments by the Company in research and development activities represented $128.2 million. BRP's significant research and development efforts have repeatedly materialized into several new design features, engine technologies (e.g., the E-TEC technology), ergonomic features (e.g., the *Ski-Doo* REV platform), safety features (e.g., the *Sea-Doo* speed limiting Learning Key or the *Sea-Doo* iBR intelligent brake and reverse system), as well as entirely new product lines (e.g., the *Spyder*).

BRP currently has over 750 employees dedicated to research and development activities, spread across its four research and development sites located in Canada, Austria, the United States and Finland. Research and development activities are organized around centres of excellence, with each facility focused primarily on a specific activity.

Additionally, BRP built and expanded its research and development infrastructure. In 2008, in partnership with the *Université de Sherbrooke* and the Québec government, BRP launched the *Centre de technologies avancées BRP – Université de Sherbrooke* with the mandate of developing new innovative technologies for powersports vehicles, including more environmentally friendly technologies. In the same year, BRP inaugurated the Laurent Beaudoin Design & Innovation Centre, home to BRP's design and advanced concept teams working to create revolutionary products and develop new product lines and categories. In 2010, in partnership with the Austrian government, BRP inaugurated the *Regionales Innovations Centrum* in Austria, focusing on the design and development of efficient powertrain technologies.

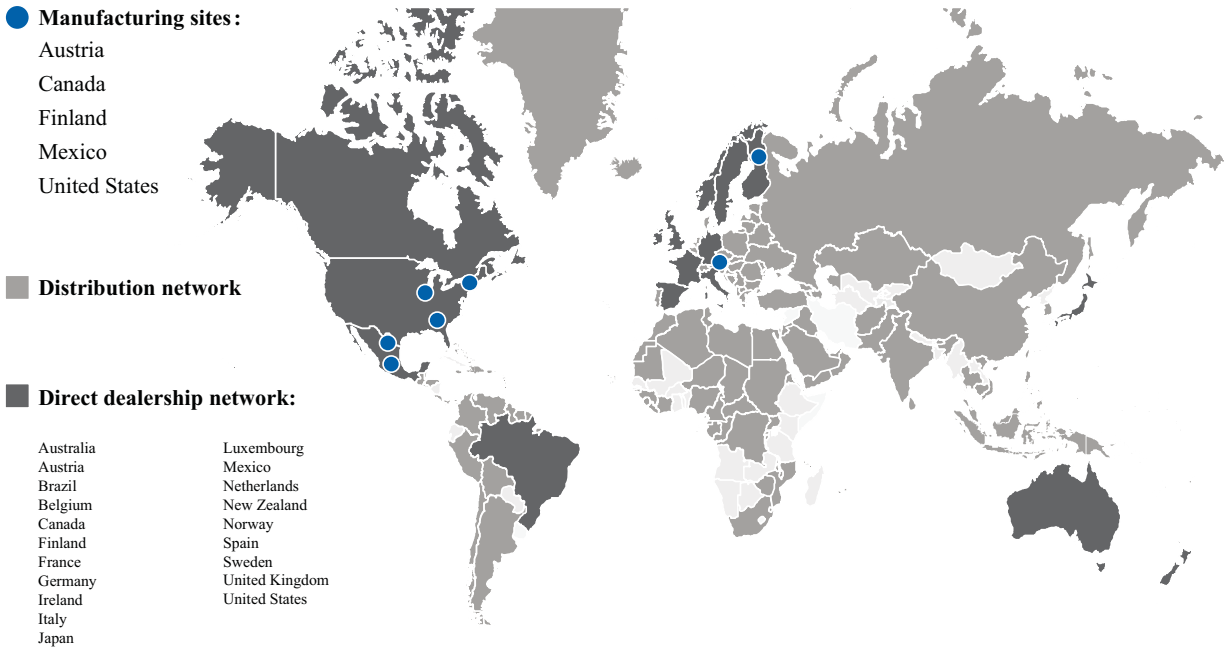
Distribution, Sales and Marketing

Distribution and Sales

BRP has established an extensive global distribution network selling products, directly or indirectly, in 105 countries through approximately 4,200 dealers. BRP sells products directly to approximately 3,200 dealers in 20 countries. Of BRP's 3,200 direct dealers worldwide, 985 dealers are powersports dealers in North America and the remaining dealers are powersports dealers outside of North America or outboard engine dealers. In certain geographic markets, the Company prefers to leverage a network of distributors acting as intermediaries with local dealers, allowing it to benefit from mature but growing distribution channels. Through its distributor network, BRP indirectly sells powersports and outboard engine products to dealers.

The Company's distribution reach is highlighted in the map below.

Global Manufacturing and Distribution Footprint



Dealers typically enter into dealer agreements with the Company or distributors, pursuant to which the dealer is authorized to market specific product lines and is required to stock service parts and perform warranty and out-of-warranty repairs and other services. Most of these contracts do not require a dealer to market the Company's products on an exclusive basis, but based on various business criteria, dealers can become entitled to discounts, co-operative advertising subsidies, and inventory financing. The Company also enters into distributor agreements covering specific territories.

The Company delivers its products to dealers and distributors either directly from its manufacturing facilities or through strategically located distribution centers and warehouses.

The Company operates a build-to-order process under which it manufactures products based on dealer and distributor orders. It also manages a sales and operations process through which it adjusts production schedules on a weekly or monthly basis to precisely tailor production to incoming orders and market conditions. The Company measures the success of its global production scheduling based on its order fill rate and finished product inventory. The Company produces its Seasonal Products, namely its snowmobiles and PWCs, before and during their respective seasons of use, while it produces its other products, namely its ORVs, *Spyder* and outboard and *Rotax* engines, year-round.

For snowmobiles and PWCs, a majority of dealers place an annual order at dedicated BRP dealer meetings. For ORVs and *Spyder* roadsters, BRP takes semi-annual orders from dealers which can be adjusted on a rolling monthly basis with specific lead-times per product line. The dealer network for snowmobiles and PWCs is stable and consists of a majority of dealers with whom BRP has enjoyed a longstanding relationship. Outboard engines are distributed through two channels: boat builders and independent marine dealers. The majority of new outboard-powered boats today are sold by boat builders to dealers as a package that includes the boat and the engine and BRP has entered into non-exclusive supply agreements for outboard engines with many independent boat builders. For outboard engines, the dealers place orders with BRP based on a continuous ordering system.

BRP has started to deploy new initiatives in partnership with its dealer network, including upgrading its consumer relationship management system, new tools allowing dealers to source service parts faster, online knowledge database and forums for service technicians. The Company has also begun to deploy a more flexible order-to-delivery process to allow its dealers and distributors to adjust their orders more frequently in order to better align their inventory with retail trends.

Finally, BRP is investing to improve the coverage and strength of its dealer network. This will help the Company to attract high quality dealers for expansion into new markets, or to incentivize existing dealers to invest further in their business with BRP.

Floorplan Financing Arrangements

BRP has agreements with its independent dealers, distributors and large financing companies in North America, Latin America, Europe, Australia and New Zealand to provide third party inventory financing to its dealers and distributors in order to facilitate their purchase of the Company's products. These agreements improve BRP's liquidity by financing dealer and distributor purchases of products without requiring substantial use of the Company's working capital. A significant percentage of BRP's sales are made under such arrangements. The total amount of financing provided under such financing agreements totaled $2,010 million as at the end of Fiscal 2013 compared to $1,768 million at the end of Fiscal 2012. In the event of a dealer or distributor default, BRP may be required to purchase from the finance company new and unused products at the total unpaid balance of the dealer or distributor to the finance company. In North America, the obligation is capped at the greater of U.S.$25 million or 10% of the last twelve month average amount of financing outstanding under the financing agreements whereas in Europe, the obligation is capped at the greater of Euro 10 million or 10% of the last twelve month average amount of financing outstanding under the financing agreement.

Marketing

The Company's marketing efforts follow a rigorous discipline, ensuring the way it interacts and communicates with its dealers and consumers is consistent with its brand positioning and focuses on being passionate about delivering consumers "The Ultimate Powersports Experience". Given the diversity of BRP's product portfolio, its brand teams deploy key marketing initiatives that are both common across product lines, yet tailored to each specific market opportunity.

Key Marketing Initiatives Common Across Product Lines and Divisions

All of BRP's marketing communications and initiatives seek to leverage its industry leading innovation capabilities, strong brand recognition and engaged global network of dealers and distributors. Brand campaigns are developed following a disciplined process where insights are generated out of observed trends or consumer behaviour, and decisions about marketing spend allocation are based on a thorough understanding of the purchasing decision process specific to the brand. For example, almost all snowmobile consumers know the *Ski-Doo* brand, such that the marketing strategy for *Ski-Doo* snowmobiles is not about building brand awareness, but rather finding innovative approaches to convince enthusiast riders, who are actively shopping, to purchase a *Ski-Doo* snowmobile.

In running its campaigns, BRP constantly aims to optimize its marketing mix, striking a balance between paid and earned media (e.g., TV, on-line or print advertising, infomercials, product placement, shows and events, digital marketing) in accordance with its brand mission objectives and each product line's specific business context.

BRP seeks to drive consumer loyalty and ambassadorship through a focus on the consumer experience and collaboration with the dealers. The Company has implemented several initiatives to expose thousands of consumers each year to high-quality product trials. Comparative demo tours are organized, often with dealers' cooperation, at multiple grass-root events or industry shows worldwide.

The Company's digital marketing leverages social media and several independent BRP enthusiasts' websites or blogs.

The Company holds bi-annual dealer meetings, and as part of its dealer value proposition, arranges for third-party inventory financing, makes available point-of-purchase promotional materials (including brochures, posters, and stands), and offers timely season rebate programs and other incentives.

The Company positions its brands and products by setting prices for its products at a slight premium above prices set by the Company's competitors.

Strategies Specific to Certain Key Market Opportunities

Certain of the Company's markets require more customized approaches to marketing. While each brand marketing plan has certain common features, distinct initiatives have been implemented for specific products and strategies.

As an example, with the introduction of the *Spyder* and the iBR brake and reverse technology for *Sea-Doo* PWCs, BRP has recently been successful in attracting new consumers who previously never owned a powersports vehicle. The Company sees an opportunity to further grow by expanding its media focus into the mass market, targeting new consumers with profiles not typically found in enthusiast mature powersports markets such as snowmobiles or ATVs.

In addition, international sales have grown in recent years, thanks to a broader product portfolio, geographic expansion and larger direct dealer network. BRP intends to focus on the following initiatives in order to generate additional international growth going forward:

- Raising awareness and enthusiasm for powersports generally, as penetration is still relatively low outside North America;
- Further developing the infrastructure required to expand in international markets; and
- Expanding its dealer network and focus on top dealers in key regions.

The Company has built an expertise in raising awareness by developing its powersports in high potential markets where there is low penetration. This was achieved through a combination of creating amateur races and championships for ATV/SSV owners, building owner communities through special events and social media, and co-branding partnerships for mass public events. Meanwhile its network expansion efforts are using a similar, but more targeted approach than in North America, with an emphasis on training, implementing powerful retail store environments and certification.

Suppliers

BRP's primary purchases from its suppliers include raw materials, tooling, parts and systems made according to BRP's specifications, IT services, marketing services and transportation. Parts and components are subject to an extensive validation process in order to guarantee their reliability and durability. Raw materials or standard parts are readily available from multiple sources for the vehicles manufactured by BRP. Management anticipates no significant difficulties in obtaining substitute supply arrangements for other raw materials or components for which BRP relies upon limited sources of supply. BRP strives to obtain the lowest total costs of supply and manufacturing. In doing so, BRP seeks alternative sources of supply and manufacturing capacity in existing and new markets.

The Company is vertically integrated in respect of those manufacturing processes that represent its core competencies, such as surface treatment, painting, high precision machining and honing, aluminium forming, riveting and welding, and steel forming and welding. For other product components, the Company generally establishes long-term relationships with external suppliers. The Company has implemented a certification process to evaluate the suitability of potential suppliers, which includes a review of suppliers' financial condition and their capacity to produce components in conformity with BRP's requirements and specifications as well as with applicable labour and environmental standards. Additionally, the Company performs both laboratory and road testing of components before using them in its products.

The manufacturing of the Company's youth ATVs, outboard engines below 10hp as well as most of its PAC products is outsourced.

Competition

The markets for BRP's products are highly competitive based on a number of factors, including innovation, performance, price, technology, product features, styling, fit and finish, brand loyalty, quality, warranties and distribution. Management believes that BRP competes effectively with its competitors on all of these criteria. At the dealer level, competition is based on a number of factors, including sales and marketing support efforts such as floorplan financing arrangements, dealer training, store redesign initiatives, flexible ordering systems and advertising and diversity in product offerings. BRP's product offering covering all seasons and multiple terrain applications provides a compelling value proposition for its dealer network.

Due to the global nature of BRP's business, competition primarily comes from North American and Asian manufacturers. Management believes that BRP's ability to compete successfully depends on its strong brand positioning, constant innovation, high product performance, consistently high quality, competitive price, and highly attractive dealer value proposition.

Additional detail on the Company's competitors for each of its product lines and categories follows.

Seasonal Products

Snowmobiles. BRP has three major competitors in the snowmobile market: Arctic Cat, Polaris and Yamaha. Management estimates that the Company holds the leading market share position in the worldwide snowmobile market.

PWCs. BRP has two major competitors in the PWC market: Kawasaki and Yamaha. Management estimates that the Company holds the leading market share position in the worldwide PWC market.

Year-Round Products

ATVs. BRP has six major competitors in the ATV market: Arctic Cat, Honda, Kawasaki, Polaris, Suzuki and Yamaha. In 2007, the Company repositioned its ATV product line towards the high-cc recreational and sport segments. Management estimates that its global market share in season 2012 reflected a number four position.

SSVs. The Company has five major competitors in the recreational SSV market: Arctic Cat, Honda, Kawasaki, Polaris and Yamaha. With the launch of the *Can-Am Maverick* in 2013, BRP expects to significantly broaden its addressable portion of the SSV market. Management estimates that its share of the global recreational SSV market in season 2012 reflected a number two position with approximately 10% of the market.

Spyders. BRP's *Spyder* has created a new category for the on-road rider to achieve the open air experience. While most similar to a large touring motorcycle, the *Spyder* provides a number of attributes that appeal to a broader demographic. Although there are no other participants in this newly created category, BRP's products indirectly compete for consumers against traditional motorcycle manufacturers such as Harley-Davidson, Honda, Kawasaki, Suzuki and Yamaha, as the *Spyder* is also used for open air recreational touring. While the On-Road Motorcycles of 500cc+ industry declined at a compounded annual rate of 7% globally from season 2009 to season 2012, *Spyder* retail sales grew at a compounded annual rate of 24% globally over the same period.

Propulsion Systems

Outboard Engines. The outboard engine market is highly competitive, with several major manufacturers competing on a global basis. BRP's main competitors in the outboard engine business are Brunswick, Honda, Suzuki and Yamaha. The key competitive trend over the past decade has been a continued focus on 4-stroke technology. All competitive brands have introduced new or improved 4-stroke platforms with reduced weights, better low-end torque and improved acceleration. The objective of these improved platforms has been to close the gap with 2-stroke direct fuel injection engines, such as the *Evinrude* E-TEC engine. Despite these efforts from competitors, management believes that BRP has a number four position based on market share worldwide (for engines greater than 30hp), with its innovative *Evinrude* E-TEC 2-stroke engine.

Parts, Accessories, and Clothing

Many of the Company's parts and accessories are custom designed for BRP and are not available from any other sources. For most owners of BRP vehicles, the Company is the primary source for replacement parts and accessories; however after-market parts and accessories are sold by other manufacturers and distributors. These after-market parts and accessories are generally sold at lower prices for use on older vehicles and are generally acknowledged to be of lower quality than parts and accessories manufactured by BRP.

Seasonality

Some of BRP's product lines, such as snowmobiles and PWCs, are seasonal. However, these products are sold during offsetting seasons, reducing the overall seasonal impact on the Company. Additionally, BRP's *Spyder*, propulsion systems, ATV and SSV products are less subject to seasonal weather patterns than snowmobiles and PWCs.

The following table reflects the seasonality of revenues for each of the quarters in the three most recent fiscal years.

(in % of annual revenues)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2013	26.3%	21.0%	25.4%	27.3%
Fiscal 2012	21.4%	21.3%	26.8%	30.5%
Fiscal 2011	21.1%	20.3%	26.7%	31.9%

Employees

The Company employs approximately 6,800 employees, including approximately 2,800 employees in Canada, 920 employees in the United States, 1,350 employees in Mexico, 1,150 in Austria, 300 in Finland and 280 in other countries. The Company's employees have an average of 12 years of seniority. Approximately 4,700 of the Company's employees are involved in manufacturing, supply chain or distribution activities and 750 employees are dedicated to research and development activities. The remaining 1,350 employees perform sales, marketing, customer relations and administrative functions.

The Company has a long history of good employee relations. The Company conducts surveys with its employees and it strives to improve its employee value proposition and the creation of a strong corporate community.

BRP's approximately 3,720 employees in Canada or the United States are not unionized. In each of its non-unionized manufacturing and research and development facilities, the Company has established employee relations committees to ensure a joint and transparent approach to addressing employee issues and other challenges facing the Company. The first employee relations committee was established in Canada in 1972 at the Company's Valcourt facility. Such committees serve as a channel of communication between the Company and its employees and are intended to foster a culture of collaboration and trust. These employee relations committees meet on a regular basis, including once a year to discuss and implement, as necessary, specific work conditions and other normative elements to the relationship between the Company and its employees.

In Austria and Finland, the Company's employees are represented by works councils which supervise compliance with laws relating to employees. Works councils meet with management on a regular basis and also participate in social, employment and, to a lesser extent, economic and financial decisions. In general, the Company representatives and works councils' members meet on a regular basis to discuss specific work conditions and other normative elements, and there is an annual formal negotiation period between the local works councils and the Company which covers overall work conditions.

In Mexico, the Company has approximately 1,350 employees. The employees in Juárez are not represented by any local association. In Querétaro, the Company's employees and technicians are represented by a union pursuant to an initial collective agreement concluded in March 2013 for a term of two years.

In addition, the Company also has approximately 80 unionized employees across Belgium, Brazil, France and Italy, and approximately 30 employees are represented by works councils in Norway and Sweden.

Intellectual Property

The Company has an extensive portfolio of intellectual property, including patents, trademarks, copyrights and trade secrets that protect its brands, products, designs and technologies. The Company monitors for any potential violation or unauthorized use of its intellectual property through various means, including in-house monitoring, on-going communication with its dealers, distributors and employees and third-party surveillance services. Through regular internal portfolio reviews, the Company assesses its intellectual property to ensure that it is up to date and adequate. The Company diligently enforces and defends its intellectual property rights as required.

Patents

The Company currently holds more than 1,480 issued patents or patent applications to protect its products, designs and technologies, in jurisdictions including the United States, the European Union, Canada, China and Russia, among

others. The Company diligently seeks to protect its key innovations through patent filings. The Company determines jurisdictions in which it files patent applications based on strategic considerations and the availability of patent protection in such jurisdictions. Over the past several years, the Company has sought to expand its portfolio of patents through both original filings and acquisitions. As it continues to develop new products, manufacturing processes and technologies the Company plans to apply for patents to protect such innovations.

As an example, the Company's patent portfolio includes patents relating to its REV® snowmobile platform, E-TEC® technology and *Rotax*® engines and PWC iBR® brake system.

Trademarks

In addition to protecting its technical innovations, the Company relies on a combination of registered and unregistered trademarks to protect its position as a branded company with strong brand name recognition. It holds numerous registered trademarks in respect of its brands, including BRP®, *Can-Am*®, *Evinrude*®, *Johnson*®, *Lynx*®, *Rotax*®, *Sea-Doo*® and *Ski-Doo*®. It also holds registered trademarks in respect of its various model lines, including *Expedition*®, *GSX*®, *MX-Z*®, *Renegade*®, *RXP*®, *RXT*®, *Skandic*®, *Spyder*® and *Summit*® and additional registered trademarks in respect of its technologies, including 4-TEC®, E-TEC®, iBR®, iCatch®, iControl®, iS®, Learning Key®, REV® and Y-Factor®. The Company determines the jurisdictions in which it registers its trademarks based on strategic considerations and on the availability of trademark registration in such jurisdictions. As it continues to develop and introduce new brands, models and technologies, the Company plans to register new trademarks to protect its strong name recognition.

Licenses

In the ordinary course of business, the Company enters into license agreements for intellectual property held by suppliers, competitors and other third parties with respect to parts, components and other systems used in the Company's products.

The Company has historically used the Bombardier® trademark. It entered into a license agreement with Bombardier Inc. in connection with the acquisition of the recreational products business of Bombardier Inc. in 2003, which, among other things, enables it to continue to use certain marks owned by Bombardier Inc., including the Bombardier® trademark. See "Interest of Management and Others in Material Transactions".

Product Warranties

The Company provides limited product warranties generally covering periods from six months to three years for most products. In certain circumstances, the Company provides longer warranties as a result of sales programs, under certain commercial accounts, or as required by local regulations. During the warranty period, the Company reimburses dealers and distributors the entire cost of repair or replacement performed on the products (mainly composed of parts or accessories provided by the Company and labour costs incurred by dealers or distributors). In addition, the Company sells in the normal course of business and provides under certain sales programs, extended product warranties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Information Technology

The Company uses several information technology ("IT") systems in the operation of its business. The Company uses a SAP enterprise system to perform most of its accounting, human resources and operations functions, including sales, manufacturing and logistics. The Company uses SAP enterprise systems to allow it to gather, analyze, and assess information across its entire business and facilitates the organization and efficient conduct of operations. The Company also uses an online customer portal to interact with its dealers and distributors, as well as design software for its engineering and research and development activities.

The Company is party to a master services agreement renewed on March 1, 2013 under which CGI Inc. provides the Company with hosting and support services in connection with its public websites and IT systems, as well as assistance with respect to any IT projects, such as setting up new IT infrastructure. The Company believes that its agreement with CGI Inc. reduces its IT costs and allows it to respond rapidly and effectively to the evolving needs of its business.

Regulatory Matters

The Company is subject to extensive laws and regulations at many steps in its chain of conception, production and distribution of products.

Above and beyond the laws and regulations applicable to any business, there are certain requirements applicable only to businesses involved with powersports vehicles such as that of the Company. These regulations include standards for the safety of powersports vehicles, standards for the sound and gaseous emissions of the vehicles, and standards for the sale and marketing of powersports vehicles.

Various permits are required for the Company's operations, which are subject to revocation, modification and renewal by issuing authorities. Governments have the power to enforce compliance, and violations may result in convictions, the payment of fines, the issuing of injunctions or a combination of the foregoing.

Management believes that BRP's products comply with all existing legislative and regulatory requirements in the jurisdictions where they are manufactured or sold. Moreover, the Company is taking appropriate measures to ensure that its products will be compliant with anticipated more stringent regulations as they become effective from time to time. Such measures include the development of new engines and vehicle design, as well as the development of new energy-efficiency related technologies. While these efforts require substantial expenditures, it is impractical at this time to isolate these specific costs from total project costs. Since the legislative and regulatory requirements have generally become stricter in recent years, the Company is unable to predict the ultimate cost of compliance with such requirements. See "Risk Factors".

Finally, certain groups have made efforts to have legislation passed that would restrict access by powersports vehicles to certain public lakes, parks and other areas, or that would impose higher safety standards on powersports vehicles. Should these efforts turn out to be successful, a reduction in the number of areas in which BRP's products can be used or an increase in safety standards applicable to its products may result in a reduction in the Company's sales and could have a material adverse effect on its business, financial condition, or results of operations. See "Risk Factors".

Safety Regulation

The Company's products are subject to extensive laws and regulations relating to product safety promulgated by the governments or regulatory authorities of Canada, individual Canadian provinces, the United States, individual American states or other countries. In Canada, Transport Canada has federal oversight over product safety issues related to ATVs, SSVs, snowmobiles and PWCs. In the United States, the federal government is the primary regulator of product safety. The Consumer Product Safety Commission (the "CPSC") has federal oversight over product safety issues related to ATVs, snowmobiles and SSVs, the National Highway Transportation Safety Administration has federal oversight over product safety issues related to roadsters, and the U.S. Coast Guard's Boating Safety Division has federal oversight over product safety issues related to PWCs. The Company is subject to the product safety requirements of each of those regulatory authorities. These requirements pertain to the conception, production and distribution of BRP's products.

The Company believes that its products comply with currently applicable laws, regulations, requirements and standards related to product safety in Canada, the United States and other countries in which its products are sold.

In addition, the Company is a member of several industry and trade associations in Canada, the United States, and other countries whose mandate is to promote safety in the manufacture and use of powersports products. Such trade associations promulgate voluntary industry product safety standards with which the Company complies.

One of the trade associations of which the Company is a member is the Recreational Off-Highway Vehicle Association ("ROHVA"), which promotes the safe and responsible use of SSVs. ROHVA began developing industry-wide safety standards for SSVs in 2008, in consultation with regulatory authorities and other stakeholders. In 2009, the CPSC published an advance notice of proposed rulemaking regarding SSV safety regulations, in which it expressed concerns regarding the sufficiency of ROHVA's draft safety standards as they existed at that time. ROHVA held further consultations with the CPSC regarding their concerns and, in 2011, ROHVA published revised draft safety

standards. The CPSC has not promulgated regulations regarding SSV safety and there is no certainty as to whether such regulations will be adopted. The Company cannot predict the consequences of any eventual regulations upon its manufacturing and sales of SSVs.

Use Regulation

In Canada, the United States, and other countries, laws and regulations have been promulgated or are under consideration relating to the use or manner of use of powersports vehicles. Some countries, provinces, states, municipalities and localities have adopted, or are considering the adoption of, legislation and local ordinances that restrict the use of ATVs, snowmobiles, SSVs and PWCs to specified hours and locations. The use of ATVs, snowmobiles, SSVs and PWCs has been restricted in some national parks and federal lands in Canada, the United States and other countries. In several instances, this restriction has consisted of a ban on the recreational use of these vehicles in specific locations.

The Company is unable to predict the outcome of such actions or the possible effect on its business. The Company believes the adoption of any pending laws or regulations would no more adversely affect BRP than its competitors. The Company continues to monitor these activities in conjunction with industry and trade associations.

Emissions Regulation

The Company's products are subject to sound and gaseous emissions regulations promulgated by the governments and regulatory authorities of Canada, individual Canadian provinces, the United States, individual American states, the European Union or other jurisdictions. Environment Canada, in Canada, and the federal Environmental Protection Agency and the California Air Resources Board, in the United States, have adopted gaseous emissions regulations applicable to the Company's products. The European Union also regulates gaseous emissions for the Company's products. The Company believes that its products comply with all applicable regulations, including the gaseous emission standards of Environment Canada, the California Air Resources Board, the Environmental Protection Agency, the European Union, or any other sound or gaseous standards. Management believes the Company is taking appropriate measures to ensure that its products will be compliant with anticipated more stringent regulations as they become effective from time to time. Such measures include the development of new engine or vehicle design as well as the development of new energy-related technologies.

Environmental Regulation Applicable to Facilities

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, it may become liable for the costs of investigating, removing and monitoring any hazardous substances found in its manufacturing and other facilities.

Insurance

The Company carries various insurance coverage policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of its operations. The most significant insurance policies that the Company carries include:

- commercial general liability insurance for liabilities to third parties for bodily injury and property damage resulting from its operations and its products;
- property insurance covering the replacement value of all real and personal property damage, including damages arising from earthquake, flood damage and business interruption;
- cargo insurance to protect against loss or damage to goods while in transit;
- workers' compensation coverage in the United States to required statutory limits; and
- automobile liability insurance for all owned, non-owned and hired vehicles covering liabilities to third parties for bodily injury and property damage.

All policies are subject to certain deductibles, limits or sub-limits and policy terms and conditions.

Legal Proceedings

The Company is engaged in a business which exposes it to potential claims from the use of its products, many of which are motorized vehicles that may be operated at high speeds and in a careless or reckless manner. The Company vigorously defends all litigations to which it becomes subject, but there can be no assurance that it will be successful or that, if not successful, the Company's insurance will be sufficient to cover any resulting liability.

The Company has approximately 52 pending product liability cases against it. The Company has insurance with respect to any claims in amounts determined by it to be appropriate. However, claims may arise in the future in excess of its indemnities and insurance coverage. See "Risk Factors".

USE OF PROCEEDS

The Company expects to receive $240,800,000 in net proceeds from the Offering ($278,079,387.50 if the Over-Allotment is exercised in full), after deducting fees payable by the Company to the Underwriters in connection with the Offering and the estimated expenses of the Offering.

The Company intends to use the net proceeds from the Offering to repay $240.8 million of indebtedness under the Term Facility. The indebtedness under the Term Facility was incurred to (i) refinance the Company's then existing U.S.$146 million Term B-1 Loan maturing June 2013 and its U.S.$510 million Term B-2 Loan maturing June 2016, (ii) to allow the Company to utilize available funds from operations to finance up to U.S.$375 million of the Recapitalization Distributions referred to under "Dividend Policy", and (iii) for working capital and general corporate purposes. See "Description of Material Indebtedness".

CDPQ, a Principal Shareholder, is a lender under the Term Facility for an amount of $74.9 million (U.S.$75.0 million) as at January 31, 2013. See "Interest of Management and Others in Material Transactions – Transactions with Principal Shareholders".

If the Over-Allotment is exercised by the Underwriters, the Company will use the additional net proceeds for working capital and general corporate purposes.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company before and after giving effect to the Recapitalization Distributions, the Pre-Closing Reorganization, the Offering and the repayment of indebtedness with the proceeds of the Offering. See "Dividend Policy", "Pre-Closing Reorganization", "Description of Material Indebtedness", "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". This table is presented and should be read in conjunction with the audited consolidated financial statements of the Company and the related notes included in this prospectus together with the information included under "Selected Consolidated Financial Information".

(dollars in millions)	As at January 31, 2013	As Adjusted for Recapitalization Distributions, Pre-Closing Reorganization, Offering and Repayment of Term Loan with Offering Proceeds
Revolving Credit Facilities	**—**	**—**
Long-term debt		
Term Facility	**1,029.2**	788.4[1]
Austrian term loans	**25.4**	25.4
Redeemable preferred and common shares	**36.2**	—[2]
Total debt	**1,090.8**	813.8
Equity		
Capital stock[3]	**52.2**	289.0[4][5]
Contributed surplus	**19.0**	19.0
Retained earnings (losses)	**(28.0)**	(511.4)[5]
Accumulated other comprehensive loss	**(24.9)**	(24.9)
Non-controlling interests	**2.3**	2.3
Total equity (deficit)	**20.6**	(226.0)
Total capitalization	**$1,111.4**	$ 587.8

(1) The amount included in the table reflects the repayment of $240.8 million of indebtedness under the Term Facility with the net proceeds of the Offering of $240.8 million after deducting the expenses of the Offering estimated at $21.5 million and assuming no exercise of the Over-Allotment Option.

(2) At the time of the Closing of the Offering, the Company will no longer have any redeemable shares outstanding. See "Pre-Closing Reorganization".

(3) As at January 31, 2013, the Company's authorized share capital was comprised of an unlimited number of Class A voting common shares, an unlimited number of Class A.1 voting common shares, an unlimited number of Class B non-voting common shares issuable in series, an unlimited number of Super B non-voting common shares, and an unlimited number of non-voting preferred shares issuable in series (with 50,000,000 Series A non-voting preferred shares and an unlimited number of Series B non-voting preferred shares authorized for issue). As of January 31, 2013, 229,387,717 Class A voting common shares, 123,516,460 Class A.1 voting common shares, 26,449,533 Class B non-voting common shares and 4,016,550 Super B non-voting common shares and nil preferred shares were issued and outstanding. As a result of amendments to the authorized share capital to be implemented in connection with the Offering, the Company's authorized share capital immediately prior to the Offering will be comprised of an unlimited number of Multiple Voting Shares and Subordinate Voting Shares, and an unlimited number of preferred shares issuable in series. Immediately prior to the Closing, the Company's issued and outstanding shares will be exchanged for Multiple Voting Shares or Subordinate Voting Shares, as applicable, and the issued and outstanding shares in the capital of the Company will be consolidated on the basis of a ratio of 3.765 to one, the whole as described under "Pre-Closing Reorganization" and "Description of Share Capital". Immediately following completion of the Offering and assuming no exercise of the Over-Allotment Option, 97,023,344 Multiple Voting Shares, 19,273,218 Subordinate Voting Shares and nil preferred shares will be issued and outstanding.

(4) The amount included in the table includes additional share capital raised by the Company through the Offering estimated to amount to $262.3 million, excluding any proceeds from the Over-Allotment Option and the estimated expenses of the Offering. The amounts included in the table also do not include any Subordinate Voting Shares issuable upon the exercise of options under the Option Plan or the Rollover Option Plan. See "Options to Purchase Securities".

(5) On April 15, 2013, the Company paid to its shareholders distributions in an aggregate amount of $376 million, of which approximately $46 million represented a return of capital and reduced the "Capital Stock" amount, and approximately $330 million represented dividends which reduced the "Retained Earnings". On April 30, 2013, the Company paid to its shareholders an additional dividend of approximately $153 million, which reduced the Retained Earnings. See "Dividend Policy".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Selected Consolidated Annual Financial Information

The following tables set out selected consolidated financial information for the periods indicated therein. The summary financial information set out below for each of Fiscal 2013, Fiscal 2012 and Fiscal 2011 has been derived from audited consolidated financial statements included elsewhere in this prospectus. The Company's audited consolidated financial statements have been audited by its independent auditor, Deloitte (s.e.n.c.r.l.), and their independent auditor's report on these audited consolidated financial statements is included elsewhere in this prospectus. You should read the following information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Pre-Closing Reorganization", "Consolidated Capitalization" and "Description of Material Indebtedness", as well as the Company's consolidated financial statements and accompanying notes included elsewhere in this prospectus.

	Fiscal Year Ended		
(dollars in millions)	January 31, 2013	January 31, 2012	January 31, 2011
Net Income Data			
Revenues by category			
Seasonal Products	**$1,056.9**	$1,004.9	$ 820.5
Year-Round Products	**1,045.7**	889.0	574.0
Propulsion Systems	**333.8**	312.2	296.9
PAC	**459.8**	447.3	441.8
Total	**2,896.2**	2,653.4	2,133.2
Cost of sales	**2,158.5**	2,001.0	1,649.2
Gross profit	**737.7**	652.4	484.0
As a percentage of revenues	***25.5%***	*24.6%*	*22.7%*
Operating expenses			
Selling and marketing	**228.3**	218.4	171.5
Research and development	**128.2**	129.4	103.1
General and administrative	**126.4**	124.3	108.5
Other operating expenses	**34.0**	5.7	30.0
Total operating expenses	**516.9**	477.8	413.1
Operating income	**220.8**	174.6	70.9
Net financing costs	**59.4**	50.7	56.6
Foreign exchange (gain) loss on long-term debt	**(3.6)**	1.8	(41.1)
Increase in fair value of common shares	**11.0**	9.0	8.8
Income before income taxes	**154.0**	113.1	46.6
Income taxes expense	**33.0**	29.6	11.6
Net income	**$ 121.0**	$ 83.5	$ 35.0
Attributable to Shareholders.	**121.0**	83.8	35.4
Attributable to non-controlling interest	**—**	(0.3)	(0.4)
EBITDA[(1)]	**294.9**	260.7	156.9
Normalized EBITDA[(1)]	**336.1**	262.2	217.3
Normalized Net Income[(1)]	**148.5**	88.5	46.0
Financial Position Data			
Cash	**$ 542.4**	$ 26.9	$ 22.9
Net working capital	**(26.7)**	60.7	68.1
Property, plant and equipment	**448.4**	388.7	369.8
Total assets	**2,215.4**	1,552.4	1,442.5
Total non-current financial liabilities	**1,073.8**	736.7	722.5
Total liabilities	**2,194.8**	1,622.4	1,559.4
Equity (deficit)	**20.6**	(70.0)	(116.9)
Cash Flows Data			
Cash flows generated from operations before changes in working capital	**$ 300.1**	$ 258.9	$ 155.2
Changes in working capital	**157.2**	(63.5)	(18.2)
Net cash flows generated from operating activities	**444.8**	178.5	117.5
Net cash flows used in investing activities	**(150.2)**	(121.1)	(73.3)
Net cash flows generated by (used in) financing activities	**221.6**	(52.5)	(207.9)
Additions to property, plant and equipment and intangible assets	**$ 154.8**	$ 122.9	$ 74.2

(dollars in millions)	Fiscal Year Ended January 31, 2013	January 31, 2012	January 31, 2011
Other Financial Data			
Revenues by geography			
United States	**$ 1,237.8**	$ 1,090.8	$ 791.1
Canada	**641.6**	553.6	488.9
International	**1,016.8**	1,009.0	853.2
Total.	**2,896.2**	2,653.4	2,133.2
Weighted average number of common shares – basic	**382,952,638**	386,082,278	386,636,359
Weighted average number of common shares – diluted	**387,245,228**	389,297,893	388,968,319
Earnings per share – basic	**0.32**	0.22	0.09
Earnings per share – diluted	**0.31**	0.22	0.09
Pro-forma weighted average number of common shares – basic(2)	**101,713,848**	102,545,094	102,692,260
Pro-forma weighted average number of common shares – diluted(2)	**102,853,978**	103,399,175	103,311,639
Pro-forma earnings per share – basic(2)	**1.19**	0.82	0.34
Pro-forma earnings per share – diluted(2)	**1.18**	0.81	0.34
Pro-forma normalized earnings per share – basic(2)	**1.46**	0.87	0.45
Pro-forma normalized earnings per share – diluted(2)	**1.44**	0.86	0.45

(1) For a reconciliation of net income to EBITDA, Normalized EBITDA and Normalized Net Income, see the Reconciliation Tables below.

EBITDA, Normalized EBITDA and Normalized Net Income are non-IFRS measures that the Company uses to assess its operating performance. EBITDA is defined as net income before financing costs, financing income, income taxes expense, depreciation expense and foreign exchange (gain) loss on long-term debt. Normalized EBITDA is defined as net income before financing costs, financing income, income taxes expense, depreciation expense, foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items. Normalized Net Income is defined as net income before foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items adjusted to reflect the tax effect on these items. See "Non-IFRS Measures".

(2) Assuming the completion of the Pre-Closing Reorganization pursuant to which all of the Company's issued and outstanding shares and stock options will be consolidated on a 3.765 to one basis. See "Pre-Closing Reorganization".

Selected Consolidated Quarterly Financial Information

The selected consolidated quarterly financial information included in the following tables has been derived from the consolidation working papers of the Company for the periods indicated. The consolidation working papers are prepared using the interim unaudited consolidated financial statements of Bombardier Recreational Products Inc. The consolidation adjustments made in the preparation of the consolidated financial information of the Company for the periods indicated were consistent with those used in the preparation of the audited financial statements of the Company for Fiscal 2013, Fiscal 2012 and Fiscal 2011.

	Fiscal Year Ended January 31, 2013				
(dollars in millions, except per share data)	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Total
Revenues by category					
Seasonal Products	$371.0	$276.2	$156.1	$253.6	**$1,056.9**
Year-Round Products	223.4	247.4	257.2	317.7	**1,045.7**
Propulsion Systems	70.2	82.0	88.5	93.1	**333.8**
PAC	126.9	128.3	106.3	98.3	**459.8**
Total	791.5	733.9	608.1	762.7	**2,896.2**
Gross profit	198.5	177.4	149.6	212.2	**737.7**
As a percentage of revenues	*25.1%*	*24.2%*	*24.6%*	*27.8%*	***25.5%***
Net income	36.3	32.1	(2.4)	55.0	**121.0**
EBITDA	87.7	66.3	35.7	105.2	**294.9**
Normalized EBITDA	88.0	84.2	53.9	110.0	**336.1**
Normalized Net Income	37.0	42.7	18.7	50.1	**148.5**
Earnings per share – basic	0.09	0.08	(0.01)	0.14	**0.32**
Earnings per share – diluted	0.09	0.08	(0.01)	0.13	**0.31**
Pro-forma earnings per share – basic[1]	0.35	0.32	(0.02)	0.54	**1.19**
Pro-forma earnings per share – diluted[1]	0.35	0.31	(0.02)	0.54	**1.18**
Pro-forma normalized earnings per share – basic[1]	0.36	0.42	0.18	0.49	**1.46**
Pro-forma normalized earnings per share – diluted[1]	0.35	0.41	0.18	0.49	**1.44**

(1) Assuming the completion of the Pre-Closing Reorganization pursuant to which all of the Company's issued and outstanding shares and stock options will be consolidated on a 3.765 to one basis. See "Pre-Closing Reorganization".

	Fiscal Year Ended January 31, 2012				
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Total
Revenues by category					
Seasonal Products	$393.5	$290.3	$169.4	$151.7	**$1,004.9**
Year-Round Products	230.3	211.5	214.5	232.7	**889.0**
Propulsion Systems	68.8	77.3	83.5	82.6	**312.2**
PAC	116.6	133.3	96.8	100.6	**447.3**
Total	809.2	712.4	564.2	567.6	**2,653.4**
Gross profit	179.9	206.6	127.5	138.4	**652.4**
As a percentage of revenues	*22.2%*	*29.0%*	*22.6%*	*24.4%*	***24.6%***
Net income	16.0	37.4	(6.6)	36.7	**83.5**
EBITDA	73.1	113.5	27.2	46.9	**260.7**
Normalized EBITDA	76.9	108.9	29.5	46.9	**262.2**
Normalized Net Income	26.4	57.2	(1.4)	6.3	**88.5**
Earnings per share – basic	0.04	0.10	(0.02)	0.09	**0.22**
Earnings per share – diluted	0.04	0.10	(0.02)	0.09	**0.22**
Pro-forma earnings per share – basic[1]	0.16	0.37	(0.06)	0.36	**0.82**
Pro-forma earnings per share – diluted[1]	0.16	0.36	(0.06)	0.35	**0.81**
Pro-forma normalized earnings per share – basic[1]	0.26	0.56	(0.01)	0.06	**0.87**
Pro-forma normalized earnings per share – diluted[1]	0.26	0.55	(0.01)	0.06	**0.86**

(1) Assuming the completion of the Pre-Closing Reorganization pursuant to which all of the Company's issued and outstanding shares and stock options will be consolidated on a 3.765 to one basis. See "Pre-Closing Reorganization".

Reconciliation Tables

The following tables show the reconciliation of net income to EBITDA, Normalized EBITDA and Normalized Net Income:

(dollars in millions)	Fiscal Year Ended January 31, 2013	January 31, 2012	January 31, 2011
Net income	**$121.0**	$ 83.5	$ 35.0
Financing costs	**71.2**	62.4	65.9
Financing income	**(11.8)**	(11.7)	(9.3)
Income taxes expense	**33.0**	29.6	11.6
Depreciation expense.	**85.1**	95.1	94.8
Foreign exchange (gain) loss on long-term debt	**(3.6)**	1.8	(41.1)
EBITDA	**294.9**	260.7	156.9
Increase in fair value of common shares	**11.0**	9.0	8.8
Unusual and non-recurring items			
Restructuring costs[1]	**26.0**	—	3.9
Impairment charge[2]	**7.1**	—	—
Pension plan past service costs[3]	**—**	—	28.8
Other items[4]	**(2.9)**	(7.5)	18.9
Normalized EBITDA	**336.1**	262.2	217.3
Depreciation expense	**(85.1)**	(95.1)	(94.8)
Financing costs	**(71.2)**	(62.4)	(65.9)
Financing income	**11.8**	11.7	9.3
Income taxes expense adjusted	**(43.1)**	(27.9)	(19.9)
Normalized Net Income	**$148.5**	$ 88.5	$ 46.0

(dollars in millions)	Fiscal Year Ended January 31, 2013 Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fiscal Year Ended January 31, 2012 Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net income	**$ 36.3**	**$ 32.1**	**$ (2.4)**	**$ 55.0**	$ 16.0	$ 37.4	$ (6.6)	$ 36.7
Financing costs	**19.4**	**14.0**	**14.4**	**23.4**	18.8	14.1	14.6	14.9
Financing income	**(3.0)**	**(2.6)**	**(2.9)**	**(3.3)**	(3.1)	(3.2)	(2.7)	(2.7)
Income taxes expense	**15.0**	**2.2**	**(5.0)**	**20.8**	7.5	15.8	(3.9)	10.2
Depreciation expense	**21.2**	**21.4**	**22.0**	**20.5**	26.3	23.5	22.4	22.9
Foreign exchange (gain) loss on long-term debt	**(1.2)**	**(0.8)**	**9.6**	**(11.2)**	7.6	25.9	3.4	(35.1)
EBITDA	**87.7**	**66.3**	**35.7**	**105.2**	73.1	113.5	27.2	46.9
Increase in fair value of common shares	**4.8**	**—**	**1.4**	**4.8**	3.8	2.9	2.3	—
Unusual and non-recurring items								
Restructuring costs[1]	**(0.8)**	**17.1**	**9.7**	**—**	—	—	—	—
Impairment charge[2]	**(0.5)**	**—**	**7.6**	**—**	—	—	—	—
Other items[4]	**(3.2)**	**0.8**	**(0.5)**	**—**	—	(7.5)	—	—
Normalized EBITDA	**88.0**	**84.2**	**53.9**	**110.0**	76.9	108.9	29.5	46.9
Depreciation expense	**(21.2)**	**(21.4)**	**(22.0)**	**(20.5)**	(26.3)	(23.5)	(22.4)	(22.9)
Financing costs	**(19.4)**	**(14.0)**	**(14.4)**	**(23.4)**	(18.8)	(14.1)	(14.6)	(14.9)
Financing income	**3.0**	**2.6**	**2.9**	**3.3**	3.1	3.2	2.7	2.7
Income taxes expense adjusted	**(13.4)**	**(8.7)**	**(1.7)**	**(19.3)**	(8.5)	(17.3)	3.4	(5.5)
Normalized Net Income	**$ 37.0**	**$ 42.7**	**$ 18.7**	**$ 50.1**	$ 26.4	$ 57.2	$ (1.4)	$ 6.3

(1) The restructuring cost of $26.0 million is related to the Company's decision to exit the sport boat business, to the transfer of the assembly of PWC from Canada to Mexico and the assignment of the PAC distribution to third-party logistics providers.

(2) The impairment charge of $7.1 million is related to the Company's decision to exit the sport boat business during the year.

(3) The Company committed to update the pension benefits of its Canadian plant and office employees. The past service costs resulting from this commitment amounted to $28.8 million.

(4) In Fiscal 2013, other unusual and non-recurring items include mainly retention salaries of $1.7 million related to the transfer of the assembly of PWC from Canada to Mexico and the assignment of the PAC distribution to third-party logistics providers. In addition, the Company recorded a $3.8 million unusual gain related to the termination of the defined benefit plan coverage of approximately two-thirds of its Austrian employees. In Fiscal 2012, the Company received a reimbursement of $7.5 million from a supplier regarding the non-recurring special charge recorded in Fiscal 2011 as described below. In Fiscal 2011, the Company recorded a non-recurring special charge of $14.5 million related to a significant modification of a previously issued safety recall for the roadster. In addition, during Fiscal 2010, the Company determined that its net cash inflows in U.S. dollars for Fiscal 2010 and Fiscal 2011 would significantly decrease from previous financial projections due to the rapid economic downturn prevailing at that time in the recreational products market. Consequently, management amended the Company's hedging policy to take into account these exceptional and unusual circumstances and settled, prior to maturity, U.S.$155.0 million and U.S.$100.0 million nominal of forward contracts to sell U.S. dollars and buy Canadian dollars acquired prior to the economic crisis and maturing during Fiscal 2010 and Fiscal 2011, respectively. As a result, the Company recorded a loss of $4.4 million in Fiscal 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information concerning the Company's financial condition and results of operations. This discussion and analysis should be read in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with theses statements. Actual results may differ materially from those indicated or underlying forward-looking statements as a result of various factors, including those described in "Risk Factors" and elsewhere in this prospectus. This management's discussion and analysis reflects information available to the Company as at May 20 , 2013.

Basis of Presentation

The audited consolidated financial statements of the Company have been prepared in accordance with IFRS and all amounts presented are in Canadian dollars unless otherwise indicated. The Company's fiscal year is the twelve-month period ending January 31. All references in this discussion and analysis to "Fiscal 2013" are to the Company's fiscal year ended January 31, 2013, to "Fiscal 2012" are to the Company's fiscal year ended January 31, 2012, and to "Fiscal 2011" are to the Company's fiscal year ended January 31, 2011.

This management's discussion and analysis is based on the Company's audited consolidated financial statements and accompanying notes thereto for Fiscal 2013, Fiscal 2012 and Fiscal 2011.

Certain measures used in this discussion and analysis do not have any standardized meaning under IFRS including EBITDA and Normalized EBITDA. See "Non-IFRS Measures". For a reconciliation of EBITDA and Normalized EBITDA to net income, see "Selected Consolidated Financial Information".

The Company's Seasonal Products consist of snowmobiles, PWCs and sport boats (which the Company ceased to manufacture in September 2012); the Company's Year-Round Products consist of ATVs, SSVs and *Spyders*; and the Company's Propulsion Systems consist of outboard boat engines, and *Rotax* engines sold to third parties. The Company's PAC includes parts, accessories and clothing and other services sold to third parties.

Overview

BRP is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems. The Company's diversified portfolio of brands and products includes *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Can-Am* ORVs (which includes ATVs and SSVs) and *Spyder* roadsters, *Evinrude* outboard engines and *Rotax* engines for karts, motorcycles and recreational and small aircraft. Additionally, the Company supports its line of products with a dedicated PAC business. Until September 2012, the Company also manufactured and distributed sport boats.

The Company employs approximately 6,800 people mainly in manufacturing and distribution sites in Canada, Mexico, Austria, the United States and Finland. The Company sells its products to approximately 4,200 dealers, either directly or through 190 distributors, in 105 countries.

Over its history, the Company has promoted a portfolio of globally recognized brands and products that achieved market leading positions, establishing the Company as a brand of choice for true powersports enthusiasts. *Ski-Doo* and *Sea-Doo*, through decades of sustained product innovation and development, have become synonymous with snowmobiles and PWCs. Over the years, the Company has successfully leveraged its market leading position and reputation to develop renowned brands such as *Can-Am*, *Evinrude*, *Rotax* and *Lynx*, which are also known for high quality and innovation.

Highlights of Fiscal 2013

Compared to Fiscal 2012:

- Revenues increased by 9.2%, reaching a record $2.9 billion;
- Gross profit margin improved by 90 basis points to 25.5% of revenues;
- EBITDA increased by 13.1%, reaching $294.9 million, or 10.2% of revenues;
- Normalized EBITDA increased by 28.2%, reaching $336.1 million, or 11.6% of revenues; and
- Net income increased by 44.9%, reaching $121.0 million.

In addition, during Fiscal 2013:

- The Company announced its decision to manufacture PWCs in Mexico, beginning in the second half of the fiscal year ending on January 31, 2014;
- Production of SSV and ATV engines started at the Company's new Querétaro manufacturing facility in Mexico;
- The Company decided to outsource its PAC distribution in North America, Australia and Finland to third-party logistics providers over the next three fiscal years;
- The Company exited the sport boat business, a product line representing approximately 3% of its revenues for each of Fiscal 2013, Fiscal 2012 and Fiscal 2011;
- The Term Facility was amended and restated, providing U.S.$395.5 million of additional liquidity, an extended maturity to 2019 and the removal of all maintenance covenants on the total Term Facility of U.S.$1,050 million;
- The Revolving Credit Facilities were increased to $350 million;
- $60.1 million of repayable government assistance from Investissement Québec was reimbursed early; and
- The Company extended its SSV product line with the announcement and launch of the *Can-Am Maverick*, targeting the sport category of recreational SSVs.

Highlights of Fiscal 2012

Compared to Fiscal 2011:

- Revenues increased by 24.4%, reaching $2.7 billion;
- Gross profit margin improved by 190 basis points to 24.6% of revenues;
- EBITDA increased by 66.2%, reaching $260.7 million, or 9.8% of revenues;
- Normalized EBITDA increased by 20.7%, reaching $262.2 million or 9.9% of revenues; and
- Net income more than doubled, reaching $83.5 million.

In addition, during Fiscal 2012:

- The Company entered into a new inventory financing agreement with TCF Inventory Finance Inc. and TCF Commercial Finance Canada Inc. (collectively, "TCF"), providing dealers and distributors located in North America and Latin America with the ability to finance their purchases of Company's products at improved pricing; and
- The Company reimbursed to an affiliate of Investissement Québec a $50.0 million government loan granted in Fiscal 2010 and accrued interest on such loan, and repurchased common shares previously issued by the Company for an aggregate amount of $75.0 million.

Highlights of Fiscal 2011

During Fiscal 2011:

- The Company introduced the 2011 *Can-Am Commander* line-up and entered the SSV market; and
- The Company inaugurated the *Regionales Innovations Centrum* in Austria, focusing on the design and development of efficient powertrain technologies.

Factors Affecting the Company's Results of Operations

Revenues and Sales Programs Costs

The Company's revenues are derived primarily from the wholesale activities of the Company's manufactured vehicles, including Seasonal Products, Year-Round Products, as well as Propulsion Systems and related PAC to dealers and distributors. Revenue recognition normally occurs when products are shipped to dealers or distributors from the Company's facilities.

In order to support the wholesale activities of the Company and the retail activities of dealers and distributors, the Company provides support in the form of various sales programs consisting of cash and non-cash incentives. The cash incentives consist mainly of rebates given to dealers, distributors and consumers, volume discounts to dealers and distributors, free or extended coverage period under dealer and distributor inventory financing programs and retail financing programs. The cost of these cash incentives is recorded as a reduction of revenues. The non-cash incentives consist mainly of extended warranty coverage or free PAC. The cost of these non-cash incentives is recorded in cost of sales.

The support provided to dealers, distributors and consumers tends to increase when general economic conditions are difficult, when changing market conditions require the launch of new or more aggressive programs or when dealer and distributor inventory is above appropriate levels.

Under dealer and distributor inventory financing agreements, the Company could be required to repossess new and unused products in certain cases of default by dealers or distributors. The cost of repossession tends to increase when dealers or distributors are facing difficult long-term retail conditions and when their inventory level is high. Over the last three fiscal years, the Company did not experience significant product returns in the normal course of its business nor from its limited repossession guarantee provided to financing companies in connection with the dealer and distributor inventory financing arrangements.

Commodity Costs

Approximately 70% of the Company's cost of sales consists of material used in the manufacturing process. Therefore, the Company is exposed to the fluctuation of prices of certain raw materials such as aluminium, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. Additionally, the Company is exposed to fuel price fluctuations related to its procurement and distribution activities. The Company does not hedge its exposure to the fluctuation of prices of certain raw materials and fuel price fluctuations. Therefore, an increase in commodity prices could negatively impact the Company's operating results if it is not able to pass these cost increases on to dealers, distributors or consumers.

Warranty Costs

The Company's manufacturer product warranties generally cover periods ranging from six months to three years for most products. In certain circumstances, the Company provides longer warranties as a result of sales programs, under certain commercial accounts, or as required by local regulations. During the warranty period, the Company reimburses dealers and distributors the entire cost of repair or replacement performed on the products (mainly composed of parts or accessories provided by the Company and labour costs incurred by dealers or distributors). In addition, the Company sells in the normal course of business and provides under certain sales programs, extended product warranties.

During its product development process, the Company ensures that high quality standards are maintained at each development stage of a new product. This includes the development of detailed product specifications, the evaluation of the quality of the supply chain and the manufacturing methods and detailed testing requirements over the development stage of the products. Additionally, product quality is ensured by quality inspections during and after the manufacturing process.

The Company records a warranty provision when products are sold. Management believes that, based on available information, the Company has adequate provisions to cover any future warranty or extended warranty claims on products sold. However, future claim amounts can differ significantly from provisions that are recorded in the statement of financial position.

Foreign Exchange

The Company's revenues and sales programs costs are reported in Canadian dollars but are generated principally in U.S. dollars, Canadian dollars and Euros. The Company's revenues reported in Canadian dollars are to a lesser extent exposed to foreign exchange fluctuations with the Australian dollar, the Brazilian Real, the Swedish Krona and the Norwegian Krone. The costs incurred by the Company are mainly denominated in Canadian dollars, U.S. dollars and Euros. Therefore recorded revenues, gross profit and operating income in Canadian dollars are exposed to foreign exchange fluctuations especially from the U.S. dollar against the Canadian dollar and from the Euro against the Canadian dollar. The Company's manufacturing facilities are located in several different countries which helps mitigate some of its foreign currency exposure.

The Term Facility is denominated in U.S. dollars which results in gain or loss in net income when the U.S. dollar/ Canadian dollar exchange rate at the end of the period is different from the opening period rate. Additionally, the Company's interest expense on the Term Facility is exposed to U.S. dollar/Canadian dollar exchange rate fluctuations. The Company does not currently hedge these exposures, and therefore, an increase of the U.S. dollar against the Canadian dollar could negatively impact the Company's net income.

For further details relating to the Company's exposure to foreign currency fluctuations, see "Financial Instruments – Foreign Exchange Risk" below.

Net Financing Costs (Financing Costs less Financing Income)

Net financing costs are incurred principally on long-term debt, defined benefit pension plan liabilities, repayable government assistance and revolving credit facilities. As at January 31, 2013, the Company's long-term debt of $1,054.6 million was mainly comprised of the Term Facility. The Term Facility bears interest at LIBOR plus 3.75% with a floor rate on the LIBOR of 1.25%. Due to current interest rates and the low volatility environment, while taking into account the LIBOR floor rate on the Term Facility, the Company is not significantly exposed to increased interest rates in the short-term.

Income Taxes

The Company is subject to federal, state and provincial income taxes in jurisdictions in which it conducts business. The Canadian income tax statutory rate was 26.9% for Fiscal 2013. However, the Company's effective consolidated tax rate is influenced by the mix of accounting profits or losses before income tax among tax jurisdictions, the foreign exchange gain or loss on the Term Facility recorded in Canada, and the foreign exchange impact of foreign subsidiaries having the Canadian dollar as functional currency. The Company expects to pay cash taxes for coming years in all tax jurisdictions except in Canada and the United States where the Company plans to utilize its tax attributes to offset taxable income or income taxes payable. In addition, under certain conditions, the Company will not be subject to cash tax for the distribution activities carried on in Switzerland as a result of a temporary tax exemption available through the fiscal year ending on January 31, 2016 inclusively.

Seasonality

The Company's revenues and operating income experience substantial fluctuations from quarter to quarter and year to year. In general, wholesale sales of the Company's products are highest in the period immediately preceding and during their particular season of use. Historically, revenues in the second fiscal quarter have generally been lower than those in other fiscal quarters. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products. As a result, the Company may not be able to accurately predict its quarterly revenues and operating income and the Company's results are likely to fluctuate significantly from period to period.

Consolidated Results of Operations

The following table sets forth the major components of the Company's consolidated statements of net income for the last three fiscal years:

	Fiscal Year Ended					
	January 31, 2013		January 31, 2012		January 31, 2011	
(millions of Canadian dollars)	$	% of revenues	$	% of revenues	$	% of revenues
Revenues	**$2,896.2**	**100.0%**	$2,653.4	100.0%	$2,133.2	100.0%
Cost of sales	**2,158.5**	**74.5%**	2,001.0	75.4%	1,649.2	77.3%
Gross profit	**737.7**	**25.5%**	652.4	24.6%	484.0	22.7%
Total operating expenses	**516.9**	**17.8%**	477.8	18.0%	413.1	19.4%
Operating income	**220.8**	**7.6%**	174.6	6.6%	70.9	3.3%
Net financing costs	**59.4**	**2.1%**	50.7	1.9%	56.6	2.7%
Foreign exchange (gain) loss on long-term debt	**(3.6)**	**(0.1%)**	1.8	0.1%	(41.1)	(1.9%)
Increase in fair value of common shares	**11.0**	**0.4%**	9.0	0.3%	8.8	0.4%
Income before income taxes	**154.0**	**5.3%**	113.1	4.3%	46.6	2.2%
Income taxes expense	**33.0**	**1.1%**	29.6	1.1%	11.6	0.5%
Net income	**$ 121.0**	**4.2%**	$ 83.5	3.1%	$ 35.0	1.6%
EBITDA	**$ 294.9**	**10.2%**	$ 260.7	9.8%	$ 156.9	7.4%
Normalized EBITDA	**$ 336.1**	**11.6%**	$ 262.2	9.9%	$ 217.3	10.2%

EBITDA and Normalized EBITDA are non-IFRS measures that the Company uses to assess its operating performance. EBITDA is defined as earnings before financing costs, financing income, income taxes expense, depreciation expense and foreign exchange (gain) loss on long-term debt. Normalized EBITDA is defined as earnings before financing costs, financing income, income taxes expense, depreciation expense, foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items. See "Non-IFRS Measures" and "Selected Consolidated Financial Information".

For a reconciliation of net income to EBITDA and Normalized EBITDA, see "Selected Consolidated Financial Information".

The following table sets forth the major components of the Company's consolidated revenues by product category and by geography for the last three fiscal years:

	Fiscal Year Ended					
	January 31, 2013		January 31, 2012		January 31, 2011	
(millions of Canadian dollars)	$	% of revenues	$	% of revenues	$	% of revenues
Revenues by category						
Seasonal Products	**$1,056.9**	**36.5%**	$1,004.9	37.9%	$ 820.5	38.5%
Year-Round Products	**1,045.7**	**36.1%**	889.0	33.4%	574.0	26.9%
Propulsion Systems	**333.8**	**11.5%**	312.2	11.8%	296.9	13.9%
PAC	**459.8**	**15.9%**	447.3	16.9%	441.8	20.7%
Revenues	**$2,896.2**	**100.0%**	$2,653.4	100.0%	$2,133.2	100.0%
Revenues by geography						
United States	**$1,237.8**	**42.7%**	$1,090.8	41.1%	$ 791.1	37.1%
Canada	**641.6**	**22.2%**	553.6	20.9%	488.9	22.9%
International[1]	**1,016.8**	**35.1%**	1,009.0	38.0%	853.2	40.0%
Revenues	**$2,896.2**	**100.0%**	$2,653.4	100.0%	$2,133.2	100.0%

(1) International is defined as all jurisdictions except the United States and Canada.

Fiscal 2013 compared to Fiscal 2012

Revenues

Revenues increased by $242.8 million, or 9.2%, to a record level of $2,896.2 million for Fiscal 2013 from $2,653.4 million for Fiscal 2012. The increase was driven primarily by a higher volume of products sold of $218 million mainly from market share increases in Seasonal Products and Year-Round Products in North America and by continued international growth despite challenging market conditions in Western Europe. The volume of products sold for Fiscal 2013 increased by 10% compared to Fiscal 2012, primarily due to the Company shipping more Year-Round Products, as consumer retail demand and market share increased. In addition, revenues increased as a result of more favourable product mix and price increases of $65 million attributable to new high-performance models introduced in the Seasonal Products and Year-Round Products categories. The increase in revenues was partially offset by an unfavourable foreign exchange rate variation of $46 million mainly related to the weakening of the Euro against the Canadian dollar.

The Company's North American retail sales to consumers increased by a high single digits percentage for Fiscal 2013 compared to Fiscal 2012. During the same period, North American dealer inventory increased by a low double digits percentage driven by the growth of new Year-Round Products and partially offset by a decrease in Seasonal Products due to strong retail sales to consumers.

Significant trends by category were as follows:

Seasonal Products

Revenues for Seasonal Products increased by $52.0 million, or 5.2%, to $1,056.9 million for Fiscal 2013, from $1,004.9 million for Fiscal 2012. This increase reflects market share increases in PWCs following the introduction of new high-performance models and increased penetration of models equipped with the iBR brake and reverse system. The increase in revenues was partially offset by an unfavourable foreign exchange rate variation of $22 million. North American Seasonal Products retail sales to consumers increased by a high single digits percentage from Fiscal 2012.

Year-Round Products

Revenues for Year-Round Products increased by $156.7 million, or 17.6%, to $1,045.7 million for Fiscal 2013, from $889.0 million for Fiscal 2012. The increase is primarily due to market share gains in the growing SSV industry, to increased *Can-Am* brand recognition and to the successful launch of the Company's new ATV two-passenger platform. The increase in revenues was partially offset by an unfavourable foreign exhange rate variation of $10 million. North American Year-Round Products retail sales to consumers increased by a low double digits percentage from Fiscal 2012.

Propulsion Systems

Revenues for Propulsion Systems increased by $21.6 million, or 6.9%, to $333.8 million for Fiscal 2013, from $312.2 million for Fiscal 2012. The increase is primarily due to a higher volume of outboard engines sold to dealers in a slow recovering outboard engine industry. The increase was partially offset by an unfavourable foreign exchange rate variation of $10 million.

PAC

Revenues for PAC increased by $12.5 million, or 2.8%, to $459.8 million for Fiscal 2013, from $447.3 million for Fiscal 2012. The increase is primarily due to an improved offering of parts and accessories related to Year-Round Products that has more than offset the lower sales of parts and clothing in Seasonal Products, mainly due to previous season dealer inventory depletion. The increase in revenues was partially offset by an unfavourable foreign exchange rate variation of $4 million.

Significant geographical trends were as follows:

United States

Revenues for the United States increased by $147.0 million, or 13.5%, to $1,237.8 million for Fiscal 2013, from $1,090.8 million for Fiscal 2012. This increase primarily resulted from higher shipments in Year-Round Products due to the growing SSV industry and *Can-Am* market share gains. The United States represented 42.7% and 41.1% of revenues in Fiscal 2013 and Fiscal 2012, respectively.

Canada

Revenues for Canada increased by $88.0 million, or 15.9%, to $641.6 million for Fiscal 2013, from $553.6 million for Fiscal 2012. This increase primarily resulted from strong retail sales demand for the Company's products leading to higher volume across all product categories. Canada represented 22.2% and 20.9% of revenues in Fiscal 2013 and Fiscal 2012, respectively.

International

Revenues for international increased by $7.8 million, or 0.8%, to $1,016.8 million for Fiscal 2013, from $1,009.0 million for Fiscal 2012. This increase resulted primarily from continued growth in Seasonal Products combined with increased presence in key growing markets, which contributed to more than offset the negative foreign exchange impact of $54 million mainly due to the weakening of the Euro and the economic slowdown in Western Europe. International represented 35.1% and 38.0% of revenues in Fiscal 2013 and Fiscal 2012, respectively.

Gross Profit

Gross profit increased by $85.3 million, or 13.1%, to $737.7 million for Fiscal 2013 from $652.4 million for Fiscal 2012. Gross profit margin increased by 90 basis points to 25.5% from 24.6% for Fiscal 2012. The increase in gross profit margin was primarily due to production efficiencies on increased volume, favourable product mix, reduction of non-cash sales program costs, higher selling prices and lower warranty costs. The increase was partially offset by higher commodity and employee compensation costs and by an unfavourable foreign exhange rate variation of $12 million.

During Fiscal 2013, the Company modified the estimated useful life of some of its tooling as a result of certain product platforms having a useful life of more than three years. The change was applied on a prospective basis decreasing total depreciation by $2.6 million compared to the total depreciation that would have been recorded for Fiscal 2013. The Company estimates that depreciation expense will decrease by approximately $7 million during the fiscal year ending January 31, 2014, compared to the total depreciation that would have been recorded normally for that year.

Operating Expenses

Operating expenses increased by $39.1 million, or 8.2%, to $516.9 million for Fiscal 2013, from $477.8 million for Fiscal 2012. The increase was primarily due to restructuring costs and an impairment charge recorded in Fiscal 2013, annual salary increases and higher advertising expenses. The increase was partly offset by a favourable foreign exchange rate variation of $13 million.

The Company recorded total restructuring costs and impairment charge of $33.1 million in Fiscal 2013, $23.4 million of which was related to its decision to exit the sport boat business and $9.7 million of which was related to the transfer of the assembly of PWCs from Canada to Mexico and the assignment of the PAC distribution to third-party logistics providers. On September 14, 2012, the Company announced its decision to exit the sport boat business. This decision affected approximately 325 employees. During Fiscal 2013, $16.3 million of restructuring costs were recorded, mainly comprised of material purchase commitments of $6.8 million, employee termination benefit costs of $6.2 million and additional sales programs of $1.7 million. In addition, the Company recorded a non-cash impairment charge of $7.1 million related to this event. Of this amount, $6.5 million was taken to reduce the carrying amount of sport boat property, plant and equipment to their fair value less disposition costs.

On May 31, 2012, the Company announced the continued implementation of its growth plan by reorganizing part of its operations. The Company plans to maintain its manufacturing operations and production capacity at relatively stable levels in Canada, Austria, the United States and Finland, while accommodating volume growth by increasing production levels in Mexico. Starting in Fiscal 2013 and until the fiscal year ending January 31, 2016, the Company is expanding its existing production capacity in Mexico by transferring engines that were manufactured in Juárez, Mexico to a new plant in Querétaro, Mexico. The assembly of PWCs will also be transferred from Valcourt, Canada to the new plant in Querétaro, which will free production capacity in Valcourt and allow the Company to meet the future demand for the *Spyder*. In addition, the Company will assign the North American, Australian and Finnish distribution of its parts, accessories and clothing to third-party logistics providers. The Company estimates that about 585 employees will

be affected by these decisions. During Fiscal 2013, $9.7 million of early retirement offers were recorded as restructuring costs and $1.7 million of non-recurring retention salaries were recorded in cost of sales. The Company estimates that an additional $5.1 million of non-recurring retention salaries will be recorded until the fiscal year ending January 31, 2016 for these activities.

Normalized EBITDA

Normalized EBITDA increased by $73.9 million, or 28.2%, to $336.1 million for Fiscal 2013 from $262.2 million for Fiscal 2012. The increase is primarily due to a higher volume of products sold, partly offset by higher operating expenses to support the Company's growth.

Net Financing Costs

Net financing costs increased by $8.7 million, or 17.2%, to $59.4 million for Fiscal 2013 from $50.7 million for Fiscal 2012. The increase is primarily due to a higher interest rate and higher refinancing costs on long-term debt resulting from the Term Facility amendments and restatements that occurred during Fiscal 2013, partly offset by lower accrued dividend on preferred shares resulting from their cancellation during Fiscal 2012.

Foreign Exchange

The principal exchange rates used to translate foreign-denominated assets and liabilities were as follows as at the end of the fiscal years ended:

	January 31, 2013	January 31, 2012
U.S. dollars	0.9992 $ CA/$US	1.0052 $ CA/$US
Euro	1.3573 $CA/Euro	1.3120 $CA/Euro

The principal average exchange rates used to translate foreign-denominated revenues and expenses, excluding any effect of the Company's hedging program, were as follows:

	January 31, 2013	January 31, 2012
U.S. dollars	0.9973 $ CA/$US	0.9912 $ CA/$US
Euro	1.2862 $CA/Euro	1.3753 $CA/Euro

The exchange rate fluctuations had the following impact on operating income and on income before income taxes for Fiscal 2013 compared to Fiscal 2012:

	Foreign exchange (gain) loss
(millions of Canadian dollars)	Twelve-Month Period
Gross profit	$ 12.0
Operating expenses	(13.4)
Impact of foreign exchange fluctuations on operating income	**(1.4)**
Long-term debt	(5.4)
Net financing costs	0.3
Impact of foreign exchange fluctuations on income before income taxes	**$ (6.5)**

Income Taxes

Income taxes increased by $3.4 million, or 11.5%, to $33.0 million for Fiscal 2013 from $29.6 million for Fiscal 2012. The increase results primarily from higher income before income taxes, partly offset by the effect of retroactive changes to the Canadian federal income tax legislation that became substantively enacted during the period and lower non-deductible dividend on preferred shares resulting from their cancellation during Fiscal 2012.

Net Income

Net income increased by $37.5 million, or 44.9%, to $121.0 million for Fiscal 2013 from $83.5 million for Fiscal 2012. The increase is primarily due to a higher volume of products sold, partly offset by higher operating expenses to support the Company's growth and higher net financing costs.

Fiscal 2012 compared to Fiscal 2011

Revenues

Revenues increased by $520.2 million, or 24.4%, to $2,653.4 million for Fiscal 2012 from $2,133.2 million for Fiscal 2011. The increase was driven primarily by a higher volume of products sold in all product categories, particularly in Year-Round Products and Seasonal Products. The increase in revenues was partially offset by an unfavourable foreign exchange rate variation of $21 million and by higher sales program costs mainly due to additional retail programs launched to mitigate the negative effect of the weakness of the U.S. dollar.

North American retail sales to consumers increased by mid-double digits percentage for Fiscal 2012 compared to Fiscal 2011. During the same period, North American dealer inventory increased by high single digits percentage in order to support the Company's entry into the growing SSV market with the *Can-Am* Commander.

Significant trends by category were as follows:

Seasonal Products

Revenues for Seasonal Products increased by $184.4 million, or 22.5%, to $1,004.9 million for Fiscal 2012 from $820.5 million for Fiscal 2011. The increase is primarily due to a higher volume of products sold. North American Seasonal Products retail sales to consumers increased by a mid-single digits percentage from Fiscal 2011.

Year-Round Products

Revenues for Year-Round Products increased by $315.0 million, or 54.9%, to 889.0 million for Fiscal 2012 from $574.0 million for Fiscal 2011. The increase is primarily due to a higher volume of products sold mainly from the ramp-up and increase in SSV production capacity. North American Year-Round Products retail sales to consumers increased by a mid-thirties percentage from Fiscal 2011.

Propulsion Systems

Revenues for Propulsion Systems increased by $15.3 million, or 5.2%, to $312.2 million for Fiscal 2012 from $296.9 million for Fiscal 2011. The increase is primarily due to a higher volume of products sold for all products.

PAC

Revenues for PAC increased by $5.5 million, or 1.2%, to $447.3 million for Fiscal 2012 from $441.8 million for Fiscal 2011. The increase is primarily due to a higher volume of products sold. The increase in revenues was partially offset by an unfavourable foreign exchange rate variation of $5 million.

Significant geographical trends were as follows:

United States

Revenues for the United States increased by $299.7 million, or 37.9%, to $1,090.8 million for Fiscal 2012 from $791.1 million for Fiscal 2011. This increase results primarily from market share gains in all product categories and higher wholesale sales due to dealer inventory depletion in the previous season. The United States represented 41.1% and 37.1% of revenues in Fiscal 2012 and Fiscal 2011, respectively.

Canada

Revenues for Canada increased by $64.7 million, or 13.2%, to $553.6 million for Fiscal 2012, from $488.9 million for Fiscal 2011. This increase primarily results from higher sales of Year-Round Products. Canada represented 20.9% and 22.9% of revenues in Fiscal 2012 and Fiscal 2011, respectively.

International

Revenues for international increased by $155.8 million, or 18.3%, to $1,009.0 million for Fiscal 2012, from $853.2 million for Fiscal 2011. This increase primarily results from increased sales in Seasonal Products and in Year-Round Products due to the recovery of key markets leveraged by the ramp-up of SSV. International represented 38.0% and 40.0% of revenues in Fiscal 2012 and Fiscal 2011, respectively.

Gross Profit

Gross profit increased by $168.4 million, or 34.8%, to $652.4 million for Fiscal 2012 from $484.0 million for Fiscal 2011. Gross profit margin increased by 190 basis points to 24.6% from 22.7% for Fiscal 2011. The increase in gross profit margin was primarily due to production efficiencies driven by increased volume and lower warranty costs. The increase was partially offset by higher commodity prices, higher employee compensation costs and higher sales program costs.

Operating Expenses

Operating expenses increased by $64.7 million, or 15.7%, to $477.8 million for Fiscal 2012, from $413.1 million for Fiscal 2011. The increase was primarily due to higher advertising and promotion expenses for all product categories, mainly related to the *Spyder* awareness campaign, annual salary increases, additional compensation costs linked to the Company's performance and higher research and development costs to support continued commitment on innovative new product development.

Furthermore, in Fiscal 2011, the Company committed to update pension benefits payable to its Canadian plant and office employees, upon retirement and under certain conditions, which negatively impacted Fiscal 2011 operating expenses by $28.8 million.

Normalized EBITDA

Normalized EBITDA increased by $44.9 million, or 20.7%, to $262.2 million for Fiscal 2012 from $217.3 million for Fiscal 2011. The increase was primarily due to a higher volume of products sold, partly offset by higher operating expenses.

Net Financing Costs

Net financing costs decreased by $5.9 million, or 10.4%, to $50.7 million for Fiscal 2012 from $56.6 million for Fiscal 2011. The decrease is primarily related to a lower interest rate on long-term debt due to the improved net debt to consolidated cash flows ratio, lower utilization of the revolving credit facilities explained by an improved working capital position and lower accrued dividend on preferred shares resulting from their cancellation during Fiscal 2012, partly offset by an accelerated amortization of transaction costs on revolving credit facilities and Term Facility due to refinancing activities.

Foreign Exchange

The principal exchange rates used to translate foreign-denominated assets and liabilities were as follows as at the end of the fiscal years ended:

	January 31, 2012	January 31, 2011
U.S. dollars	1.0052 $CA/$US	1.0022 $CA/$US
Euro	1.3120 $CA/Euro	1.3745 $CA/Euro

The principal average exchange rates used to translate foreign-denominated revenues and expenses, excluding any effect of the Company's hedging program, were as follows:

	January 31, 2012	January 31, 2011
U.S. dollars	0.9912 $CA/$US	1.0265 $CA/$US
Euro	1.3753 $CA/Euro	1.3529 $CA/Euro

The exchange rate fluctuations had the following impact on operating income and on income before income taxes for Fiscal 2012 compared to Fiscal 2011:

(millions of Canadian dollars)	Foreign exchange (gain) loss Twelve-Month Period
Gross profit	$ (3.3)
Operating expenses	7.3
Impact of foreign exchange fluctuations on operating income	**4.0**
Long-term debt	42.9
Net financing costs	(0.8)
Impact of foreign exchange fluctuations on income before income taxes	**$46.1**

Income Taxes

Income taxes increased by $18.0 million, or 155.2%, to $29.6 million for Fiscal 2012 from $11.6 million for Fiscal 2011. The increase resulted primarily from higher income before income taxes, from the reduction of permanent differences related to the Canadian dollar/U.S. dollar foreign exchange rate fluctuation on long-term debt and from an unfavourable mix of accounting profits and losses between tax jurisdictions, partly offset by a reduction in adjustments related to prior years.

Net Income

Net income increased by $48.5 million, or 138.6%, to $83.5 million for Fiscal 2012 from $35.0 million for Fiscal 2011. The increase is primarily due to a higher volume of products sold, partly offset by higher operating expenses and by an unfavourable foreign exchange rate variation on the long-term debt denominated in U.S. dollars.

Outlook

As discussed in further detail below, management currently expects that revenues will increase in the first half of Fiscal 2014 as compared to the same period in Fiscal 2013. In order to support continued growth, management plans to make selective investments during the first two quarters of Fiscal 2014 that are expected to impact Normalized EBITDA in the first half of Fiscal 2014 compared to the same period in Fiscal 2013.

The following outlook for the first and second quarters of Fiscal 2014 includes financial outlook and other forward-looking statements that are based on assumptions and estimates and actual results may differ. See "Forward-Looking Statements" and "Risk Factors – The Company's actual results may differ from the financial outlook set forth in this prospectus".

First Quarter

Revenues for the first quarter of Fiscal 2014 are expected to increase as compared to the first quarter of Fiscal 2013 as a result of higher sales volumes, primarily of Year-Round Products. This outlook assumes that current foreign exchange rates remain stable.

Normalized EBITDA for the first quarter of Fiscal 2014 is expected to be lower than the first quarter of Fiscal 2013 due to an increase in operating expenses related primarily to higher levels of investment in research and development, increased advertising costs resulting from timing differences in certain initiatives and an increase in expenses supporting the initial stages of the transfer of PWC manufacturing to the Querétaro, Mexico, facility.

Second Quarter

Revenues for the second quarter of Fiscal 2014 are expected to increase as compared to the second quarter of Fiscal 2013 as a result of higher sales volumes, primarily of Year-Round Products. This outlook assumes that current foreign exchange rates remain stable.

Normalized EBITDA for the second quarter of Fiscal 2014 is expected to be lower as compared to the second quarter of Fiscal 2013 due primarily to higher levels of investment in research and development and an increase in expenses supporting the initial stages of the transfer of PWC manufacturing to the Querétaro, Mexico, facility.

Liquidity and Capital Resources

Liquidity

The Company's primary sources of cash consist of existing cash balances, operating activities and available borrowings under the Revolving Credit Facilities and Term Facility.

The Company's primary uses of cash are to fund operations, working capital requirements and capital expenditures in connection with product development and manufacturing infrastructure. The fluctuation of working capital requirements is primarily due to the seasonality of the Company's production schedule and product shipments. Working capital requirements typically peak during the second and third quarters of the fiscal year.

A summary of net cash flows by activities is presented below for the last three fiscal years:

	Fiscal Year Ended		
(millions of Canadian dollars)	**January 31, 2013**	**January 31, 2012**	**January 31, 2011**
Net cash flows generated from operating activities	**$ 444.8**	$ 178.5	$ 117.5
Net cash flows used in investing activities	**(150.2)**	(121.1)	(73.3)
Net cash flows generated by (used in) financing activities	**221.6**	(52.5)	(207.9)
Effect of exchange rate changes on cash	**(0.7)**	(0.9)	(1.8)
Net increase (decrease) in cash	**515.5**	4.0	(165.5)
Cash at beginning of period	**26.9**	22.9	188.4
Cash at end of period	**$ 542.4**	$ 26.9	$ 22.9

Net Cash Flows Generated from Operating Activities

Net cash flow generated from operating activities totalled $444.8 million for Fiscal 2013 compared to $178.5 million for Fiscal 2012. The $266.3 million increase was mainly due to higher operating income of $220.8 million compared to $174.6 million for the same period ending January 31, 2012, coupled with favourable changes in working capital of $220.7 million. The favourable changes in working capital were primarily driven by longer payment cycles on trade payables and on dealer holdback programs at the end of Fiscal 2013 compared to the end of Fiscal 2012.

Net cash flow generated from operating activities totalled $178.5 million for Fiscal 2012 compared to $117.5 million for Fiscal 2011. The $61.0 million increase is mainly due to higher operating income of $174.6 million compared to $70.9 million for Fiscal 2011, partly offset by an increase in inventory to support the increased demand for the Company's products and by shorter payment cycles on trade payables at the end of Fiscal 2012 compared to the end of Fiscal 2011.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities totalled $150.2 million for Fiscal 2013 compared to $121.1 million for Fiscal 2012. The increased use of net cash flows was mainly a result of the investments in a new manufacturing facility in Querétaro, Mexico and additional investments in the Juárez, Mexico facility to support the increased demand for SSVs.

Net cash flows used in investing activities totalled $121.1 million for Fiscal 2012 compared to $73.3 million for Fiscal 2011. The increased use of net cash flows primarily resulted from increased investment in new motorization and vehicle platforms and the enhancement of existing facilities in Valcourt, Canada.

For Fiscal 2011, the Company decided to limit investments solely to core projects given the recessionary economic environment still prevailing during that period.

The Company anticipates capital expenditures of approximately $150 million for the fiscal year ending January 31, 2014, which is comprised primarily of tooling for new product development across all product categories and equipment to support the Company's growth.

Net Cash Flows Generated by (Used in) Financing Activities

Net cash flows generated by financing activities totalled $221.6 million for Fiscal 2013 compared to net cash used in financing activities of $52.5 million for Fiscal 2012. The increase of $274.1 million is mainly attributable to the amendment and restatement of the Term Facility as at January 30, 2013, which generated additional cash of $375.5 million, partly offset by higher payments related to the Revolving Credit Facilities.

Net cash flows used in financing activities totalled $52.5 million for Fiscal 2012 compared to $207.9 million for Fiscal 2011. The decrease of $155.4 million is mainly attributable to lower revolving credit facilities borrowings, which was partly offset by the $75.0 million repayment to an affiliate of Investissement Québec. The $75.0 million repayment is related to a $50.0 million government loan granted in Fiscal 2010, its accrued interest of $17.7 million and the repurchase for $7.3 million of common shares previously issued by the Company.

Contractual Obligations

The following table summarizes the Company's significant contractual obligations as at January 31, 2013, including its commitments related to leasing contracts:

(millions of Canadian dollars)	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total amount
Commitments					
Operating lease agreements	$ 12.8	$ 15.8	$ 12.6	$ 36.5	$ 77.7
Financial obligations					
Long-term debt (including interest)	65.6	141.3	136.3	1,046.8	1,390.0
Trade payables and accruals	523.3	—	—	—	523.3
Derivative financial instruments	2.9	—	—	1.2	4.1
Other financial liabilities (including interest)	71.8	4.8	3.6	22.3	102.5
	663.6	146.1	139.9	1,070.3	2,019.9
Total obligations	**$676.4**	**$161.9**	**$152.5**	**$1,106.8**	**$2,097.6**

The Company enters into purchasing agreements with suppliers related to material used in the production. These agreements are usually entered into before production begins and may specify a fixed or variable quantity of material to be purchased. Due to the uncertainty as to the amount and pricing of material that may be purchased, the Company is not able to determine with precision its commitments in connection with these supply agreements.

Additionally, under certain circumstances, based on its share capital existing as of January 31, 2013, the Company may be required to repurchase a portion of its outstanding common shares. The obligation to repurchase, presented as redeemable common shares in the statement of financial position, amounted to $36.2 million as at January 31, 2013. The share repurchase rights expire upon the occurrence of an initial public offering such as the Offering or a change of control. The authorized and issued outstanding share capital of the Company will be amended in connection with the Offering. See "Pre-Closing Reorganization" and "Description of Share Capital".

Management believes that the Company's operating activities and available borrowing capacity will provide adequate sources of liquidity to meet its short-term and long-term needs.

Capital Resources

Revolving Credit Facilities

On March 19, 2012, the Company successfully amended its $240 million revolving credit facilities. The amended facilities, referred to herein as the Revolving Credit Facilities, provide the Company with a total availability of $350 million, maturing March 2016. The Revolving Credit Facilities were further amended and restated on January 30, 2013. The Revolving Credit Facilities are available to finance working capital requirements and capital expenditures, or for other general corporate purposes. See "Description of Material Indebtedness".

As at January 31, 2013, the Company had no outstanding indebtedness under the Revolving Credit Facilities ($62.7 million as at January 31, 2012 and $25.1 million as at January 31, 2011 under the pre-amended revolving credit facilities).

The Revolving Credit Facilities are subject to a borrowing base calculation, based on 75% of trade and other receivables and 50% of inventories at previous quarter-end. The cost of borrowing under the Revolving Credit Facilities as at January 31, 2013 is the following based on:

(i) U.S. dollars at

a. LIBOR plus 2.50% per annum;
b. U.S. Base Rate plus 1.50% per annum; and
c. U.S. Prime Rate plus 1.50% per annum

(ii) Canadian dollars at

a. Bankers' Acceptances plus 2.50% per annum; and
b. Canadian Prime Rate plus 1.50% per annum

(iii) Euros at Euro LIBOR plus 2.50% per annum.

For future periods, the cost of borrowing could increase by up to 1.50% or decrease by 0.25% depending on the leverage ratio represented as the ratio of net debt to consolidated cash flows of Bombardier Recreational Products Inc. consolidated, as defined below.

Net debt consists of the carrying value of the Revolving Credit Facilities, the finance lease obligations and the long-term debt, less cash. Consolidated cash flows represents earnings before financing costs, financing income, income taxes, depreciation, unusual and non-recurring items, foreign exchange gain or loss on long-term debt, and adjusted for other specific cash and non-cash costs, charges and expenses, all as set forth in the Revolving Credit Facilities agreement.

Under certain conditions, the Company is required to maintain a minimum fixed charges ratio in order to have full access to its Revolving Credit Facilities.

As at January 31, 2013, the Company had issued letters of credit for an amount of $8.1 million under the Revolving Credit Facilities ($10.3 million as at January 31, 2012 and $10.9 million as at January 31, 2011). In addition, $0.6 million of letters of credit were outstanding under other agreements as at January 31, 2013 ($0.6 million as at January 31, 2012 and January 31, 2011).

Term Facility

On March 19, 2012, the Company amended its Term Facility of U.S.$657.1 million maturing in June 2013. The amendment provided an extension of U.S.$510.1 million maturing in June 2016 with an additional amount of U.S.$150.0 million which may be available to the Company under certain conditions.

During Fiscal 2013, the Company exercised its right and borrowed this additional U.S.$150.0 million amount on the extended Term Facility to reimburse the short-term portion of U.S.$145.5 million of its Term Facility, maturing in June 2013.

On January 30, 2013, the Company amended and restated its Term Facility. This amendment and restatement provides an extended Term Facility of U.S.$1,050.0 million maturing in January 2019. An additional amount of U.S.$150.0 million may be available to the Company under certain conditions. The Term Facility agreement contains customary representations and warranties but includes no financial covenants. See "Description of Material Indebtedness". The transaction costs incurred for this amendment and restatement of the Term Facility totalled $20.0 million.

The proceeds from the U.S.$1,050 million Term Facility were used to repay the U.S.$654.5 million outstanding on the prior Term Facility with the balance kept as cash but earmarked for distributions to shareholders referred to under "Consolidated Capitalization" and "Dividend Policy". On April 15, 2013, the Company paid to its shareholders distributions in an aggregate amount of $376 million.

The following table summarizes the impact on the outstanding nominal amount of the transactions on the Term Facility that occurred during Fiscal 2013:

(millions of U.S. dollars)	
Balance as at January 31, 2012	**$ 657.1**
Amendment for maturity extension of the Term Facility on March 19, 2012	—
Borrowing under the extended Term Facility on April 4, 2012	25.0
Repayment due to excess cash computation on May 1, 2012	(7.1)
Borrowing under the extended Term Facility on November 30, 2012	125.0
Repayment of the Term Facility due in June 2013 on November 30, 2012	(145.5)
Amendment and restatement of the Term Facility on January 30, 2013	395.5
Balance as at January 31, 2013	**$1,050.0**

The cost of borrowing under the extended Term Facility is the following:

(i) LIBOR plus 3.75% per annum, with a LIBOR floor of 1.25%;

(ii) U.S. Base Rate plus 2.75%; or

(iii) U.S. Prime Rate plus 2.75%

Under the terms of the agreement governing the Term Facility, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than the cost of borrowing in LIBOR.

The Company is required to repay a minimum of 1% of the original Term Facility nominal amount each year in two equal payments in the months of July and January. In the event that Bombardier Recreational Products Inc. consolidated has an excess cash position at the end of the fiscal year and its leverage ratio reaches certain threshold levels, the Company may be required to repay a portion of the Term Facility. As at January 31, 2013, the Company was not subject to the excess cash computation requirement.

Austrian Term Loans

During Fiscal 2013, the Company entered into term loan agreements at favourable interest rates under Austrian government programs. These programs support research and development projects based on the Company's incurred expenses in Austria. The Austrian term loans had a total nominal amount of Euro 10.7 million ($14.5 million) at inception with interest rates during the term in a range of 1.17% to 2.17% or at the three-month Euribor plus 1.25% to 1.75%, with maturities between September 2016 and December 2017. The Company recognized a grant of Euro 2.2 million ($2.8 million) as a reduction of research and development expenses representing the difference between the fair value of the term loans at inception and the cash received.

During Fiscal 2012, the Company entered into term loan agreements at favourable interest rates under the same Austrian programs. At inception, the Austrian term loans had a total nominal amount of Euro 9.8 million ($12.8 million) with interest rates in a range of 1.13% to 2.13% or at the three-month Euribor plus 1%, with maturities between December 2015 and December 2016. The Company recognized a grant of Euro 1.4 million ($1.9 million) as a reduction of research and development expenses representing the difference between the fair value of the term loans at inception and the cash received.

During Fiscal 2011, the Company entered into a term loan agreement under the same Austrian programs. At inception, the Austrian term loan had a nominal amount of Euro 1.6 million ($2.2 million) with an interest rate of three-month Euribor plus 1.00% and a December 2014 maturity.

Consolidated Financial Position

The following table shows the main variances that have occurred in the consolidated financial position of the Company between January 31, 2013 and January 31, 2012, the impact of the fluctuation of exchange rates on such variance, the related net variance (excluding the impact of the fluctuation of exchange rates on such variance) as well as explanations for the net variance:

(millions of Canadian dollars)	January 31, 2013	January 31, 2012	Variance	Exchange Rate Impact	Net Variance	Explanations for Net Variance
Trade and other receivables	**$ 213.5**	$206.8	$ 6.7	$ 2.2	$ 4.5	Mostly explained by higher sales volume to dealers or distributors not covered by a third-party financing arrangement
Inventories	**465.0**	385.6	79.4	1.9	77.5	Explained by a higher production level in Year-Round Products to support the increased consumer demand and by the start of SSV and ATV engine production at the new Querétaro manufacturing facility, partly offset by the cessation of sport boats business
Property, plant and equipment	**448.4**	388.7	59.7	4.0	55.7	Explained by investments in a new manufacturing facility in Querétaro and additional investments in the Juárez facility to support the increased demand for SSVs
Trade payables and accruals	**523.3**	325.5	197.8	3.3	194.5	The increase is explained by longer payment cycles and higher purchases made to support production level increase
Long-term debt, including current portion	**1,054.6**	673.8	380.8	(4.7)	385.5	Primarily attributable to the amendment and restatement of the Term Facility dated January 30, 2013 (see Liquidity and Capital Resources section for details)
Employee future benefit liabilities	**$ 235.9**	$191.2	$ 44.7	$ 3.9	$ 40.8	Due to the increase in the actuarial deficit, mainly attributable to the decrease of discount rates

The following table shows the main variances that have occurred in the consolidated financial position of the Company between January 31, 2012 and January 31, 2011, the impact of the fluctuation of exchange rates on such variance, the related net variance (excluding the impact of the fluctuation of exchange rates on such variance) as well as explanations for the net variance:

(millions of Canadian dollars)	January 31, 2012	January 31, 2011	Variance	Exchange Rate Impact	Net Variance	Explanations for Net Variance
Trade and other receivables	$206.8	$232.1	$(25.3)	$(6.9)	$(18.4)	Mostly explained by higher collection of sales financed by a third-party financing arrangement
Inventories	385.6	300.0	85.6	(4.4)	90.0	Explained by an increase in production level of Year-Round Products to support the increased demand for the Company's products
Property, plant and equipment	388.7	369.8	18.9	(4.3)	23.2	Explained by the investment in new motorization and vehicle platforms and the enhancement of existing facilities in Valcourt
Trade payables and accruals	325.5	317.9	7.6	(4.8)	12.4	Explained by higher purchases made to support production level increase partly offset by shorter payment cycles
Long-term debt, including current portion	673.8	659.3	14.5	1.2	13.3	Mostly explained by additional loan agreements under Austrian government programs (see Liquidity and Capital Resources section for details)
Employee future benefit liabilities	$191.2	$167.7	$ 23.5	$(3.9)	$ 27.4	Due to the increase in the actuarial deficit, mainly attributable to the decrease of discount rates

Post-Employment Benefits

The Company sponsors defined contribution retirement plans to a majority of its employees and sponsors non-contributory defined benefit plans that provide for pensions and other post-retirement benefits to certain employees in Canada, Europe and the United States.

During the years 2005, 2007 and 2011, the Company modified the coverage and the benefit formula of certain defined benefit plans in Canada. In summary, the defined benefit plan for non-executive employees was replaced by a defined contribution plan; the non-contributory life insurance and healthcare benefits coverage for newly hired employees were removed and the Company committed to improving pension benefits for its plant and office employees.

As at January 31, 2013, most of the active employees located in Canada and in the United States are covered by defined contribution pension plans, while certain active employees located in Canada and in Austria are covered by funded or unfunded defined benefit pension plans. Additionally, Austrian employees hired before 2003 are covered by a retirement indemnity plan sponsored by the Company.

During Fiscal 2013, the Company entered into an agreement with approximately two-thirds of its Austrian employees whereby effective February 1, 2013, the Company terminated their defined benefit pension plan coverage and replaced it by a defined contribution pension plan. As at January 31, 2013, the Company recorded a curtailment gain of $3.8 million in operating income and presented the remaining liabilities of $8.8 million related to this

transaction in other financial liabilities in the consolidated statements of financial position. The liabilities will be settled over the next four fiscal years.

A summary of the carrying amounts of employee future benefit liabilities and the discount rates used to establish their carrying amounts is presented below for the last three fiscal years:

	As at								
	January 31, 2013			January 31, 2012			January 31, 2011		
(millions of Canadian dollars)	Canada	Foreign	Total	Canada	Foreign	Total	Canada	Foreign	Total
Employee future benefit liabilities	**$138.4**	**$97.5**	**$235.9**	$107.1	$84.1	$191.2	$91.0	$76.7	$167.7
Discount rate	**4.40%**	**3.40%**	**—**	5.00%	4.52%	—	5.76%	5.04%	—

The defined benefit obligations of the Company are highly dependent on prevailing discount rates. The decrease of discount rates of approximately 0.75% per year during the last two fiscal years increased the employee future benefit liabilities by $46.5 million in Fiscal 2013 and by $36.6 million in Fiscal 2012.

The increase in the unfunded position of the defined benefit pension plans due to the decrease of discount rates will impact future cash contributions required to be made by the Company. In accordance with the minimum funding obligations required under the current regulations, the Company expects to contribute $21.8 million to all defined benefit pension plans for the fiscal year ending January 31, 2014.

The current service costs under defined benefit pension plans represent an expense of $6.4 million, $5.2 million and $4.9 million for Fiscal 2013, Fiscal 2012 and Fiscal 2011, respectively. The expense remained relatively stable over the last three years due to the limited number of active employees under defined benefit pension plans.

The expense incurred for defined contribution pension plans reached $31.1 million for Fiscal 2013, $29.3 million for Fiscal 2012 and $26.1 million for Fiscal 2011.

Off-Balance Sheet Arrangements

Dealer and Distributor Financing Arrangements

The Company, most of its independent dealers and some of its independent distributors are parties to agreements with large financing companies. These agreements provide financing to facilitate the purchase of the Company's products and improve the Company's working capital by allowing an earlier collection of accounts receivable from dealers and distributors. Approximately two-thirds of the Company's sales are made under such agreements. During Fiscal 2013, the parties listed above secured agreements with TCF to provide financing facilities in North America and Latin America, and with GE Commercial Distribution Finance and GE Commercial Corporation (collectively "GE Group") for financing facilities in Europe, Australia and New Zealand. During Fiscal 2012 and Fiscal 2011, GE Group was the sole provider of financing to the Company's dealers and distributors. The current agreement with TCF expires in 2019, while the contract with GE Group can be terminated at any time, subject to a transition period of up to one year.

The total amount of financing provided to dealers and distributors during Fiscal 2013, Fiscal 2012 and Fiscal 2011 totalled $2,010 million, $1,768 million and $1,319 million, respectively. The outstanding financing between the Company's independent dealers and distributors and third-party finance companies amounted to $838 million, $771 million and $687 million as at January 31, 2013, 2012 and 2011, respectively. The cost incurred by the Company under the dealers' and distributors' financing agreements and the breakdown of outstanding amounts by country and local currency between the Company's independent dealers and distributors with third-party finance companies were as follows:

(in millions)	Currency	January 31, 2013	January 31, 2012	January 31, 2011
Company's cost during the fiscal year ended	**CAD**	**$ 28**	**$ 32**	**$ 29**
Total outstanding as at	**CAD**	**$838**	**$771**	**$687**
United States	USD	519	458	373
Canada	CAD	248	244	245
Europe	Euro	29	29	26
Australia and New Zealand	AUD	29	24	28
Latin America	USD	2	4	5

Under the dealer and distributor financing agreements, in the event of default, the Company may be required to purchase, from the finance companies, new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies. In North America, the obligation is capped at the greater of U.S.$25.0 million ($25.0 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is capped at the greater of Euro 10.0 million ($13.6 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements.

The outstanding amount subject to the Company's obligation to purchase new and unused products from the finance companies were of $91 million as at January 31, 2013 ($77 million in North America, $14 million in Europe), $77 million as at January 31, 2012 ($64 million in North America, $13 million in Europe) and $79 million as at January 31, 2011 ($65 million in North America, $14 million in Europe). In Australia and New Zealand, the obligation to purchase new and unused products represents the outstanding amount at the end of the periods. There is no purchase obligation for Latin America.

The Company did not incur significant losses related to new and unused products repossessed by the finance companies for Fiscal 2013, Fiscal 2012 and Fiscal 2011.

Consumer Financing Arrangements

The Company entered into contracts with third-party financing companies in order to facilitate consumer credit for the purchase of its products in North America. The agreements allow the Company to offer under certain sales programs a subsidized interest rate to consumers for a certain limited period. In Canada, the Company entered into agreements with TD Financing Services and National Bank of Canada for such purposes, whereas in the United States, the Company entered into an agreement with Sheffield Financial. Under these contracts, the Company's financial obligations are solely related to the commitments made under certain sales programs.

Transactions Between Related Parties

Transactions with the Principal Shareholders or their Affiliates

Pursuant to the management services agreement with the Principal Shareholders or their affiliates, an aggregate annual management fee of U.S.$2.25 million and reimbursement of certain out-of-pocket expenses is incurred by the Company, which represented an expense of $2.4 million, $2.3 million and $2.5 million for Fiscal 2013, Fiscal 2012 and Fiscal 2011, respectively.

CDPQ has committed an amount of up to $25.0 million under the Revolving Credit Facilities. The amount lent by CDPQ was respectively nil, $22.7 million and $9.7 million as at January 31, 2013, 2012 and 2011. CDPQ also participates in the Term Facility for an amount of $74.9 million (U.S.$75.0 million), $24.8 million (U.S.$24.7 million) and $24.9 million (U.S.$24.8 million) as at January 31, 2013, 2012 and 2011, respectively. The transactions with CDPQ were made on similar terms to those that have prevailed with other lenders.

During Fiscal 2012, the Company acquired from the Principal Shareholders and without consideration, all the outstanding voting shares of J.A. Bombardier Financing Inc. ("JAB Financing"), a company under common control. JAB Financing was an investment company having primarily an investment of $50.0 million in Series A preferred shares of the Company and a loan of $50.0 million from an affiliate of Investissement Québec bearing interest at a rate of 15% per annum and repayable at any time and prior to June 2014.

During Fiscal 2012, the Company recorded in contributed surplus the net assets of JAB Financing of $4.6 million upon its wind-up in the Company, primarily representing the carrying value of the deferred income taxes asset attributable to the cumulative income taxes losses of JAB Financing at this date. The carrying value of the Series A preferred shares owned by JAB Financing in the amount of $67.5 million was cancelled following the transaction.

During Fiscal 2012, the Company repaid to an affiliate of Investissement Québec the $50.0 million loan with accrued interest of $17.7 million thereon, as well as repurchased for $7.3 million its Class B non-voting common shares Series 2009-1, for a total consideration of $75.0 million.

Transactions with Key Management Personnel

Key management personnel of the Company, defined as employees with authority and responsibility for planning, directing and controlling the activities of the Company, are considered related parties to the Company. The Company incurred the following benefit expenses in relation with key management personnel:

	Fiscal Year Ended		
(millions of Canadian dollars)	January 31, 2013	January 31, 2012	January 31, 2011
Current remuneration	**$8.0**	$8.0	$6.4
Post-employment benefits	**0.7**	0.6	0.5
Stock-based compensation expense	**—**	0.1	0.1
Total	**$8.7**	$8.7	$7.0

Transactions with Bombardier Inc., a Company Related to Beaudier Group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational product business of Bombardier Inc., the Company shall reimburse to Bombardier Inc. income taxes amounting to $21.3 million at the end of Fiscal 2013 ($18.1 million at the end of Fiscal 2012). The increase in Fiscal 2013 is due to an adjustment between deferred tax assets and due to Bombardier Inc. which had no impact on net income. The payments will begin when Bombardier Inc. starts making income tax payments in Canada and/or the United States. The Company does not expect to make any payments to Bombardier Inc. in relation with that transaction for the fiscal year ending January 31, 2014.

Financial Instruments

The Company's financial instruments, divided into financial assets and financial liabilities, are measured at the end of each period at fair value or amortized costs using the effective interest method depending on their classification determined by IFRS and described in detail in Note 2 of the consolidated financial statements included elsewhere in the prospectus. The Company uses derivative financial instruments to limit certain financial risks but does not trade in derivative financial instruments for speculative purposes.

Foreign Exchange Risk

Net income, assets and liabilities and cash flows reported in the Company's consolidated financial statements in Canadian dollars are significantly exposed to the fluctuation of exchange rates, mainly the Canadian dollar/U.S. dollar rate and the Canadian dollar/Euro rate.

The Company's cash inflows and outflows are mainly comprised of Canadian dollars, U.S. dollars and Euros. The Company tends to maintain, as a result of its business transactions, a certain offset position on U.S. dollars and Euros denominated cash inflows and outflows over months.

For currencies over which the Company cannot achieve an offset through its recurring business transactions, mainly for the Australian dollar, the Swedish Krona and the Norwegian Krone, the Company uses foreign exchange contracts according to the Company's hedging policy. Under this policy, the Company hedges up to 50% of the budgeted exposure in these currencies during the annual budget period and continually increases the coverage up to 80% six months before the expected exposures arise. Management periodically reviews the relevant hedging position and may hedge at any level within the authorized parameters of the policy, up to the maximum percentage allowed. Those contracts are accounted for under the cash flow hedge model covering highly probable forecasted sales in these currencies and the gains or losses on those derivatives are recorded in net income only when the forecasted sales occur.

The Company does not hedge its exposure to the Brazilian Real.

Finally, the Company manages the exposure on its net income arising from the revaluation at period-end of U.S. dollar denominated trade payables and accruals and holdback program payments using foreign exchange contracts

having the same inception and maturity dates. Those contracts are recorded in net income at each period end in order to compensate the gains or losses on the revaluation at spot rate of these foreign-denominated financial instruments.

While the Company's operating income is protected, to a certain extent, from significant fluctuations of foreign exchange rates due to Company's hedging strategy, the net income is significantly exposed to Canadian dollar/ U.S. dollar rate fluctuations due to the U.S. dollar denominated long-term debt.

Liquidity Risk

The Company manages its liquidity risk by continuously monitoring its operating cash requirements taking into account the seasonality of the Company's working capital needs, revenues and expenses. The Company believes the cash flows generated from operations combined with its cash on hand and the availability of funds under its credit facilities ensures its financial flexibility and mitigates its liquidity risk.

Interest Rate Risk

The Company is exposed to the variation of interest rates mainly resulting from the LIBOR on its Term Facility. Due to current interest rates and a low volatility environment, while taking into account the LIBOR floor rate of 1.25% for the Term Facility, management does not consider that the Company is significantly exposed to interest rate risk in the short-term.

Credit Risk

The Company could be exposed, in the normal course of business, to the potential inability of dealers, distributors and other business partners to meet their contractual obligations on financial assets, principally on receivables and amounts guaranteed under dealer and distributor financing agreements with TCF and GE Group.

The Company considers that its credit risk associated with its trade receivables and its limited responsibilities under the dealer and distributor financing agreements with TCF and GE Group does not represent a significant concentration of risk and loss due to the large number of dealers, distributors and other business partners and their dispersion across many geographic areas. Moreover, the Company mitigates such risk by doing business through its own distribution channels and by monitoring independent dealers' and distributor credit (in cooperation with TCF and GE Group for those dealers and distributors under the financing agreements).

Additional information on financial instruments is provided in Note 26 to the consolidated financial statements included elsewhere in the prospectus.

Critical Accounting Estimates

Significant Estimates and Judgments

The preparation of the consolidated financial statements in accordance with the Company's accounting policies requires management to make estimates and judgments that can affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, other comprehensive income and disclosures made.

The Company's best estimates are based on the information, facts and circumstances available at the time estimates are made. Management uses historical experience and information, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used and such differences could be significant.

The Company's annual operating budget and operating budget revisions performed during the year (collectively "Budget") and the Company's strategic plan comprise fundamental information used as a basis for some significant estimates necessary to prepare the consolidated financial statements. Management prepares the annual operating budget and strategic plan each year using a process whereby a detailed one-year budget and three-year strategic plan are prepared by each entity and then consolidated.

Cash flows and profitability included in the Budget are based on the existing and future expected sales orders, general market conditions, current cost structures, anticipated cost variations and current agreements with third parties.

Management uses the annual operating budget information as well as additional projections or assumptions to derive the expected results for the strategic plan and periods thereafter.

The Budget and strategic plan are approved by senior management and the Board of Directors. Management then tracks performance as compared to the Budget. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Management needs to rely on estimates in order to apply the Company's accounting policies and considers that the most critical ones are the following:

Estimating the Net Realizable Value of Inventory

The net realizable value of material and work in process is determined by comparing inventory components and value with production needs, current and future product features, expected production costs to be incurred and the expected profitability of finished products, all based on Budget information. The net realizable value of finished products and parts and accessories is determined by comparing inventory components and value with Budget sales prices, sales programs and new product features.

Estimating the Useful Life of Tooling

Tooling useful life is estimated by product line based on their expected physical life and on the expected life of the product platform they are related to.

Estimating Impairment on Property, Plant and Equipment and Intangibles Assets

Management assesses the value in use of property, plant and equipment and intangible assets mainly at groups of cash generating unit ("CGU") level using a discounted cash flow approach by product line determined during the annual budget and strategic plan process. When the Company acquired the recreational product business from Bombardier Inc. in 2003, trademarks and goodwill were recorded as part of the business acquisition. As at January 31, 2013, the entire carrying amount of trademarks of $151.1 million and goodwill of $114.7 million were related to this transaction.

(i) Trademarks Impairment Test

For the purpose of impairment testing, *Ski-Doo*, *Sea-Doo* and *Evinrude* trademarks are allocated to their respective product lines. The carrying amount of trademarks amounting to $151.1 million is related to *Ski-Doo*, *Sea-Doo* and *Evinrude* for $63.5 million, $59.1 million and $28.5 million respectively.

Recoverable Amount

The Company determines the recoverable amount of these trademarks separately using value in use calculation. Value-in-use uses cash flow projections from the Company's one-year budget and three-year strategic plan approved by senior management and the Board of Directors, with a terminal value calculated by discounting the final year in perpetuity. These figures are used as the basis for the key assumptions in the value in use calculation that includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows were discounted to their present value. The Company performed sensitivity analysis on the cash flows and growth rate in order to confirm that trademarks were not impaired.

(ii) Goodwill Impairment Test

For the purpose of impairment testing, goodwill of $114.7 million created in 2003 was allocated to the group of CGU representing all the product line CGUs.

Recoverable Amount

The group of CGUs' recoverable amount is based on a value in use calculation using cash flow projections, which takes into account the Company's one-year budget and three-year strategic plan approved by senior management and

the Board of Directors, with a terminal value calculated by discounting the final year in perpetuity. These figures are used as the basis for the key assumptions in the value-in-use calculation that includes sales volume, sales price, productions costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows were discounted to their present value. The Company performed sensitivity analysis on the cash flows and growth rate in order to confirm that goodwill was not impaired.

Estimating Recoverability of Deferred Tax Assets

Deferred tax assets are recognized only if management believes it is probable that they will be realized based on annual budget, strategic plan and additional projections to derive the expected results for the periods thereafter.

Estimating Provisions for Product Warranty, Product Liability, Sales Programs and Restructuring

The warranty cost is established by product and recorded at the time of sale based on management's best estimate, using historical cost rates and trends. Adjustments to the warranty provision are made when the Company identifies a significant and recurring issue on products sold or when costs and trend differences are identified in the analysis of warranty claims.

The product liability provision at period end is based on management's best estimate of the amounts necessary to resolve existing claims or incurred, but not reported claims at this date based on average historical cost information.

Sales programs provision is estimated based on current program features, historical data and expected retail sales for each product line.

Restructuring provision is initially estimated based on the restructuring plan estimated costs in relation with the plan features approved by management. Restructuring provision is reviewed at each period end in order to take into account updated information in relation with the realization of the plan. If necessary, the provision is adjusted accordingly.

Estimating Government Assistance Repayable Carrying Value

In order to determine the best estimate of cash flows used to establish the effective interest rate and the amortized cost of repayable government assistance recorded in other financial liabilities, the Company uses available Budget, strategic plan information and additional projections to derive the expected cash flows for the periods thereafter.

Estimating Fair Value of Redeemable Preferred and Common Shares

The fair value of the redeemable preferred and common shares is based on an average of two valuation methods of the underlying shares, which are income and market approaches. The income approach indicates the fair value of a company based on the present value of the cash flows that the company can be expected to generate in the future. This approach is applied through a discounted cash flow analysis based on the Company's Budget and strategic plan. The market approach indicates the fair value of a company based on a comparison of comparable companies in similar lines of business that are publicly traded. The valuations performed by the Company are validated by a third-party valuation firm contracted by the Company and are used as a basis for calculating the liability associated with the redeemable shares. Following the Closing of the Offering, the Company will no longer have redeemable preferred and common shares. See "Pre-Closing Reorganization" and "Description of Share Capital".

Estimating the Discount Rates Used in Assessing Defined Benefit Plan Expenses and Liability

In order to select the discount rates used to determine defined benefit plan expenses and liabilities, management consults with external actuarial firms to provide commonly used and applicable discount rates that are based on the yield of high quality corporate fixed income investments with cash flows that match expected benefit payments for each defined benefit plan. Management uses its knowledge and comprehension of general economic factors in order to conclude on the accuracy of the discount rates used.

Significant Judgments in Applying the Company's Accounting Policies

Management needs to make certain judgments in order to apply the Company's accounting policies, and the most significant ones are the following:

Impairment of Property, Plant and Equipment and Intangible Assets

The Company operates using a high level of integration and interdependency between design, development, manufacturing and distribution operations. The cash inflows generated by each product line require the use of various assets of the Company, limiting the impairment testing to be done for a single asset or a single CGU. Therefore, management estimates impairment testing by grouping CGUs.

Functional Currency

The Company operates worldwide but its design, development, manufacturing and distribution operations are highly integrated, which require significant judgments from management in order to determine the functional currency of each entity using factors provided by *IAS 21 "The Effects of Changes in Foreign Exchange Rates"* standard. Management established an accounting method where the functional currency of each entity is deemed to be its local currency unless the analysis of the criteria established by IAS 21 to assess the functional currency leads to another currency. IAS 21 criteria are reviewed annually for each entity and are based on transactions with third-parties only.

Future Accounting Changes

Certain new standards, interpretations and amendments to existing standards have been published by the International Accounting Standards Board ("IASB") and are mandatory for the Company's accounting periods beginning on or after February 1, 2013. These include:

In May 2011, the IASB issued *IFRS 10 "Consolidated Financial Statements"*. This IFRS replaces *SIC-12 "Consolidation – Special Purpose Entities"* and the consolidation requirements of *IAS 27 "Consolidated and Separate Financial Statements"*. The objective of IFRS 10 is to define the concept of control and to establish control as the basis for determining when and how an entity should be included within a set of consolidated financial statements. The adoption of this new pronouncement is expected to have no impact on the Company's financial results.

In May 2011, the IASB issued *IFRS 11, "Joint Arrangements"*, which replaces *IAS 31 "Interests in Joint Ventures"*, and *SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers"*. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as it is under IAS 31. The adoption of this new pronouncement is expected to have no impact on the Company's financial results.

In May 2011, the IASB issued *IFRS 12, "Disclosure of Interests in Other Entities"*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities. Therefore, the adoption of this new pronouncement will impact the Company's disclosures for the fiscal year ending January 31, 2014.

In May 2011, the IASB issued *IFRS 13 "Fair Value Measurement"*, which defines fair value, establishes a framework for measuring fair value and provides the required disclosures about fair value measurements. The adoption of this new pronouncement is expected to have no impact on the Company's financial results.

In June 2011, the IASB issued an amended version of *IAS 19 "Employee Benefits"*. The amendments are eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and enhancing the disclosure requirements for defined benefit plans. Furthermore, the net interest cost and expected return on pension plan assets are replaced with the net interest amount that is calculated by applying the discount rate to the net benefit liability. The application of the new pronouncement by the Company is expected to result in a decrease of net income of approximately $3.5 million for the fiscal year ending January 31, 2014.

In June 2011, the IASB amended *IAS 1, "Presentation of Financial Statements"*. The principal change resulting from the amendments to IAS 1 is a requirement to group together items within other comprehensive income that may

be reclassified to the statement of net income. The adoption of this new pronouncement will impact the Company's disclosures for the fiscal year ending January 31, 2014.

The IASB issued other amendments to IFRS that are not expected to have a significant impact for the Company.

Other New Standards Published by the IASB

In November 2009 and October 2010, the IASB issued *IFRS 9 "Financial Instruments"* representing the first phase of the IASB's three phase project to replace *IAS 39 "Financial Instruments: Recognition and Measurement"*. The first phase defines the accounting of financial instruments that mainly requires the measurement at either the amortized cost or the fair value. The effective date of IFRS 9 for the Company is February 1, 2015. The Company is currently assessing the impact on its consolidated financial statements of this new pronouncement.

Disclosure of Outstanding Shares

As at May 20, 2013, the Company had the following issued and outstanding shares:

- 229,387,717 Class A voting common shares with no par value.
- 123,516,460 Class A.1 voting common shares with no par value. These shares are convertible on a share-for-share basis into Class A voting common shares.
- 35,398,306 Class B non-voting common shares with no par value. They are convertible on a share-for-share basis into Class A voting common shares upon certain events, including certain change in control transactions, on the third anniversary of an initial public offering or at any time thereafter in connection with a transfer to a non-affiliate, and immediately prior to any liquidation, dissolution or winding-up of the Company. The class B non-voting common shares issued under the management share subscription agreement have put and call features and are presented within liabilities whereas the class B non-voting common shares issued under the stock option plan have call features only and are presented within equity.
- 3,621,327 Super B non-voting common shares with no par value. They are convertible on a share-for-share basis into Class A voting common shares upon certain events, including certain change in control transactions, on the third anniversary of an initial public offering or at any time thereafter in connection with a transfer to a non-affiliate, and immediately prior to any liquidation, dissolution or winding-up of the Company. The Company shall be entitled, from time to time, to convert on a share-for-share basis the whole or any part of the Super B non-voting Shares into Class B non-voting common shares, series 2004. The Super B non-voting common shares issued have put and call features and are presented within liabilities.

In connection with the Offering, the Company's shares will be exchanged for Multiple Voting Shares or Subordinate Voting Shares, as applicable, and consolidated, the whole as described under "Pre-Closing Reorganization" and "Description of Share Capital". As at May 20, 2013, assuming the completion of the Pre-Closing Reorganization but without giving effect to the Offering, there would be 7,073,218 Subordinate Voting Shares, 97,023,344 Multiple Voting Shares and 799,296 options to purchase Subordinate Voting Shares issued and outstanding.

PRE-CLOSING REORGANIZATION

In connection with and immediately prior to the Closing of the Offering, the following pre-closing reorganization steps will be implemented:

- the Company's authorized share capital will be amended such that it will be comprised of an unlimited number of Multiple Voting Shares and Subordinate Voting Shares, and an unlimited number of preferred shares issuable in series. See "Description of Share Capital". All other classes of shares included in the authorized share capital of the Company prior to such amendment will be repealed;
- each Class A voting common share, each Class A.1 voting common share and each Class B non-voting common share series 2003 in the capital of the Company will be exchanged for one Multiple Voting Share;
- each Class B non-voting common share and each Super B non-voting common share in the capital of the Company will be exchanged for one Subordinate Voting Share (except for the Class B non-voting common shares series 2003 which will each be exchanged for Multiple Voting Shares); and
- all of the issued and outstanding shares in the capital of the Company will be consolidated on a 3.765 to one basis.

These amendment, exchange and consolidation transactions are collectively referred to as the "Pre-Closing Reorganization". See "Principal Shareholders" for the number of securities which will be owned by each of the Company's Principal Shareholders immediately following the Closing.

Except as otherwise indicated and except for "Selected Consolidated Financial Information", "Consolidated Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements of the Company under "Index to Financial Statements", the information contained in this prospectus assumes the completion of the Pre-Closing Reorganization.

DIVIDEND POLICY

The Company does not currently anticipate paying any dividends on its Shares. The Company currently intends to use its earnings to finance the expansion of its business and to reduce indebtedness.

Any future determination to pay dividends on the Shares will be at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants (including restrictions in the Term Credit Agreement and the Revolving Credit Agreement referred to under "Description of Material Indebtedness" or other material agreements), solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant.

On November 15, 2010, the Company paid $1 million in the aggregate to the holders of its Class B non-voting common shares, series 2006-2, 2007-1, 2007-2, 2008-1 and 2008-2, by way of a return of capital (representing an amount of $0.68 per Class B non-voting common share, series 2006-2, $1.68 per Class B non-voting common share, series 2007-1, $1.98 per Class B non-voting common share, series 2007-2, $2.18 per Class B non-voting common share, series 2008-1 and $1.40 per Class B non-voting common share, series 2008-2). On April 15, 2013, the Company paid special distributions in the aggregate amount of $376 million to the holders of all of its classes of shares (representing an amount of $0.96 per Class A voting common share, Class A.1 voting common share and Class B non-voting common share, and $2.99 per Super B non-voting common share), with approximately $46 million representing a return of capital and approximately $330 million representing dividends. On April 30, 2013, the Company used cash on hand and funds generated from operations to pay an additional dividend of $153 million to the holders of all of its classes of shares (representing an amount of $0.39 per share). The distributions paid on April 15, 2013 and April 30, 2013 are collectively referred to herein as the "Recapitalization Distributions".

DESCRIPTION OF SHARE CAPITAL

Upon completion of the Pre-Closing Reorganization, the Company will be authorized to issue an unlimited number of Multiple Voting Shares and Subordinate Voting Shares and an unlimited number of preferred shares, issuable in series. Upon completion of the Offering (and assuming no exercise of the Over-Allotment Option), there will be issued and outstanding 97,023,344 Multiple Voting Shares, 19,273,218 Subordinate Voting Shares and no preferred shares.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. The Company is exempt from the requirements of Section 12.3 of Regulation 41-101 on the basis that the Company was a private issuer immediately before filing the prospectus.

Shares

Except as described herein, the Subordinate Voting Shares and the Multiple Voting Shares have the same rights, are equal in all respects and are treated by the Company as if they were shares of one class only.

Rank

The Subordinate Voting Shares and Multiple Voting Shares rank pari passu with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Multiple Voting Shares and the holders of Subordinate Voting Shares are entitled to participate equally, share for share, subject always to the rights of the holders of any preferred shares, in the remaining property and assets of the Company available for distribution to the holders of Shares, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares.

Dividends

The holders of outstanding Shares are entitled to receive, subject always to the rights of the holders of any preferred shares, dividends on a share for share basis out of assets legally available therefor at such times and in such amounts and form as the Board of Directors may from time to time determine, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares. In the event of a payment of a dividend in the form of Shares, holders of Subordinate Voting Shares shall receive Subordinate Voting Shares and holders of Multiple Voting Shares shall receive Multiple Voting Shares.

Voting Rights

Under the Company's articles, the Subordinate Voting Shares carry one vote per share and Multiple Voting Shares carry six votes per share. After giving effect to the Offering (and assuming no exercise of the Over-Allotment Option), the Subordinate Voting Shares will represent 16.6% of the Company's total issued and outstanding Shares and 3.2% of the voting power attached to all of the Shares.

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. Upon the first date that any Multiple Voting Share shall be held other than by a Permitted Holder (as defined below), such holder, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert all of the Multiple Voting Shares held by such holder into fully paid and non-assessable Subordinate Voting Shares, on a share for share basis.

In addition, all Multiple Voting Shares, regardless of the holder thereof, will convert automatically into Subordinate Voting Shares at such time as Permitted Holders that hold Multiple Voting Shares no longer hold and own, collectively, directly or indirectly, more than 15% of the beneficial ownership interests in the aggregate number of outstanding Multiple Voting Shares and Subordinate Voting Shares (it being understood that the number of Multiple Voting Shares shall be added to the number of Subordinate Voting Shares for the purposes of such calculation).

For the purposes of the foregoing:

"Affiliate" means, with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person;

"Members of the Immediate Family" means with respect to any individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Tax Act) or child or other descendants (whether by birth or adoption) of such individual, each spouse (whether by marriage or civil union) or common law partner (as defined in the Tax Act) of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons, and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

"Permitted Holders" means (i) Janine Bombardier, Claire Bombardier Beaudoin, Laurent Beaudoin, Huguette Bombardier Fontaine, Jean-Louis Fontaine and J.R. André Bombardier, and the Members of the Immediate Family of each such individual; (ii) any Person controlled, directly or indirectly, by one or more of the Persons referred to in clause (i) above; (iii) Bain Capital and any of its Affiliates and; (iv) CDPQ and any of its Affiliates;

"Person" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company; and

A Person is "controlled" by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least 66⅔% of the votes for the election of directors and representing in the aggregate at least 66⅔% of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least 66⅔% of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and "controls", "controlling" and "under common control with" shall be interpreted accordingly).

Subscription Rights

In the event of any distribution or issuance, including by way of a share dividend (a "Distribution") of voting shares of the Company (other than Multiple Voting Shares, Subordinate Voting Shares issued upon the conversion of Multiple Voting Shares or voting shares issued pursuant to the exercise of a right attached to any security of the Company issued prior to the Distribution) (the "Voting Shares") or of securities convertible or exchangeable into Voting Shares or giving the right to acquire Voting Shares (other than options or other securities issued under compensatory plans or other plans to purchase Voting Shares or any other securities in favour of the management, directors, employees or consultants of the Company) (the "Convertible Securities" and, together with the Voting Shares, the "Distributed Securities"), the Company shall issue to the holder(s) of Multiple Voting Shares rights to subscribe for that number of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, mutatis mutandis (except for the ultimate underlying securities which shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then outstanding Multiple Voting Shares (the "Rights to Subscribe").

The Rights to Subscribe shall be issued to the holder(s) of Multiple Voting Shares in a proportion equal to their respective holdings of Multiple Voting Shares and shall be issued concurrently with the completion of the Distribution of the applicable Distributed Securities. To the extent that any such Rights to Subscribe are exercised, in whole or in part, the securities underlying such Rights to Subscribe (the "Subscription Securities") shall be issued and must be paid for concurrently with the completion of the Distribution and payment to the Company of the issue price for the Distributed Securities, at the lowest price permitted by the applicable securities and stock exchange regulations and subject (as to such price) to the prior consent of the exchanges but at a price not lower than (i) if the Distributed Securities are Subordinate Voting Shares, the price at which Subordinate Voting Shares are then being issued or

distributed, (ii) if the Distributed Securities are Convertible Securities, the price at which the applicable Convertible Securities are then being issued or distributed; and (iii) if the Distributed Securities are Voting Shares other than Subordinate Voting Shares, the higher of (a) the weighted average price of the transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be) for the 20 trading days preceding the Distribution of such Voting Shares or of (b) the weighted average price of transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be), the trading day before the Distribution of such Voting Shares.

The privileges attached to Subscription Securities which are securities convertible or exchangeable into or giving the right to acquire Multiple Voting Shares shall only be exercisable if and whenever the same privileges attached to the Convertible Securities are exercised and shall not result in the issuance of a number of Multiple Voting Shares which increases the proportion (as in effect immediately prior to giving effect to the completion of the Distribution) of total voting rights associated with the Multiple Voting Shares after giving effect to the exercise by the holder(s) of the privileges attached to such Convertible Securities.

The right to receive Rights to Subscribe as described above, and the legal or beneficial ownership of the Rights to Subscribe, may be assigned in whole or in part among Permitted Holders, provided that written notice of any such assignment shall be sent promptly to the other holders of Multiple Voting Shares and the Company.

Subordinate Voting Shares have no pre-emptive or subscription rights to purchase any securities of the Company. An issuance of participating (equity) securities will not be rendered invalid due to a failure by the Company to comply with the foregoing.

Subdivision or Consolidation

No subdivision or consolidation of the Subordinate Voting Shares or the Multiple Voting Shares may be carried out unless, at the same time, the Multiple Voting Shares or the Subordinate Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis.

Certain Amendments

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of the Articles of the Company from time to time in effect, but subject to the provisions of Articles of the Company, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of the Articles of the Company which would adversely affect the powers, preferences or rights of the holders of Subordinate Voting Shares, including an amendment to the terms of the Articles of the Company that provide that any Multiple Voting Shares sold or transferred to a Person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Certain Class Votes

Without limiting other rights at law of any holders of Multiple Voting Shares or Subordinate Voting Shares to vote separately as a class or the terms of the following paragraph, neither the holders of the Multiple Voting Shares nor the holders of the Subordinate Voting Shares shall be entitled to vote separately as a class upon a proposal to amend the Articles of the Company in the case of an amendment of the kind referred to in paragraph (a) of subsection 176(1) of the *Canada Business Corporations Act* and, as regards the creation of additional classes of preferred shares which are non-voting, paragraph (e) of subsection 176(1) of the *Canada Business Corporations Act*.

The holders of the Subordinate Voting Shares shall be entitled to vote separately as a class (but will not have any dissent rights) in respect of any amalgamation, arrangement, business combination or sale, lease, exchange or transfer of all or substantially all the property of the Company (as such expressions are interpreted for the purposes of the *Canada Business Corporations Act*) in connection with which or following which any holder of Multiple Voting Shares would, directly or indirectly, receive or be entitled to receive consideration, money, property or securities of greater value per share or different in kind than the consideration or distribution available to holders of Subordinate Voting Shares, unless the holders of Subordinate Voting Shares are otherwise already entitled to vote separately as a

class in respect of such transaction under any applicable law (including, without limitation, securities laws in any jurisdiction, together with the rules, regulations, orders and notices made thereunder and the local, uniform and national published instruments and policies adopted by the securities regulatory authority in such jurisdiction, as applied and interpreted by such securities regulatory authority) or the rules, notices, policies and procedures or any decision of any applicable stock exchange.

Issuance of Additional Multiple Voting Shares

Subject to the provisions of the Articles of the Company, the Company may not issue Multiple Voting Shares without the approval of at least 66⅔% of the votes cast at a meeting of the holders of Subordinate Voting Shares duly held for that purpose. However, approval is not required in connection with a subdivision or conversion on a pro rata basis as between the Subordinate Voting Shares and the Multiple Voting Shares or the issuance of Multiple Voting Shares upon the exercise of the Rights to Subscribe.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Principal Shareholders, as the owners of all the outstanding Multiple Voting Shares, will enter into a customary coattail agreement with the Company and a trustee (the "Coattail Agreement"). The Coattail Agreement will contain provisions customary for dual class, TSX listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by any Principal Shareholder of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

(a) offers a price per Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Multiple Voting Shares;

(b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

(c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and

(d) is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Multiple Voting Shares by a Principal Shareholder to a Permitted Holder, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would constitute an exempt take-over bid (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Articles of the Company.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares will have the right, other than through

the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee. The Company will agree to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares pursuant to the Coattail Agreement.

The Coattail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada and (b) the approval of at least $66^{2/3}\%$ of the votes cast by holders of Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares held by the Principal Shareholders, their affiliates and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares (the "Preferred Shares"), issuable in series. Each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. Holders of Preferred Shares, except as otherwise provided in the terms specific to a series of Preferred Shares or as required by law, will not be entitled to vote at meetings of holders of Shares. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series.

Advance Notice Requirements for Director Nominations

The Company's by-laws provide that shareholders seeking to nominate candidates for election as directors must provide timely written notice to the Company's secretary at its principal executive offices. To be timely, a shareholder's notice must be received (i) in the case of an annual meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the shareholder may be received not later than the close of business on the 10th day following the date of such public announcement; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Company's by-laws also prescribe the proper written form for a shareholder's notice. The Board of Directors may, in its sole discretion, waive any requirement under these provisions. These provisions shall be automatically repealed and cease to have effect upon the termination of the Nomination Rights Agreement.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Term Facility

General

On January 30, 2013, Bombardier Recreational Products Inc. entered into an amendment and restatement agreement and a second amended and restated credit agreement (the "Term Credit Agreement") evidencing an aggregate principal amount of U.S.$1,050 million term loans extended to Bombardier Recreational Products Inc. in U.S. dollars and maturing on January 30, 2019 (the "Term Facility").

In addition to the existing Term Facility, the Term Credit Agreement contemplates that Bombardier Recreational Products Inc. may request additional loans from time to time in an aggregate principal amount not exceeding U.S.$150 million subject to compliance on a pro forma basis with a specified consolidated cash flow coverage ratio.

Availability of such incremental loans are subject to, among other conditions, the absence of a default under the Term Credit Agreement and the receipt of commitments by existing or additional financial institutions. Such incremental loans may be extended in U.S. dollars or Canadian dollars.

The Company intends to amend the Term Facility in connection with the Offering. The amendment has been approved by the Board of Directors and is conditional upon customary conditions and Closing of the Offering. See "Description of Material Indebtedness – Term Facility – Proposed Amendment to Term Facility".

Interest Rate and Fees

The interest rates applicable to the Term Facility consist of an applicable margin percentage plus, at the option of Bombardier Recreational Products Inc., (i) U.S. prime rate, (ii) U.S. base rate, or (iii) LIBOR, subject to a LIBOR floor of 1.25%.

In addition to paying interest on outstanding principal under the Term Facility, Bombardier Recreational Products Inc. is required to pay a customary agency fee.

Repayments and Prepayments

Commencing on July 31, 2013, Bombardier Recreational Products Inc. is required to make scheduled semi-annual payments in respect of the loans outstanding under the Term Facility on such date and on the last business day of each subsequent month of January and July in an aggregate principal amount equal to 0.50% of the aggregate principal amount of loans outstanding on January 30, 2013, with the balance to be paid on January 30, 2019. However, the prepayment of the loans may render this obligation inapplicable.

In the event that Bombardier Recreational Products Inc. generates excess cash flow during a given fiscal year and its leverage ratio exceeds certain threshold levels, the Company may be required to repay a portion of the Term Facility. Voluntary prepayments in any given fiscal year of the loans under the Term Facility and of the loans made available under the Revolving Credit Agreement (but only to the extent commitments thereunder are permanently reduced by an equivalent amount) shall be deducted from the excess cash flow repayment obligations for such fiscal year under the Term Credit Agreement.

Bombardier Recreational Products Inc. is also required to make an offer to prepay the loans under the Term Facility in connection with (i) a change of control or (ii) under certain circumstances and subject to a threshold and certain reinvestment and debt prepayment rights, the sale of assets of Bombardier Recreational Products Inc. and its subsidiaries that constitute Term Facility Security (as defined below) securing the loans under the Term Facility on a first priority basis.

Prepayments or amendments of the Term Facility constituting repricing transactions on or prior to January 30, 2014 will be subject to a fee based on a percentage of the aggregate principal amount of term loans so prepaid or amended. Otherwise, Bombardier Recreational Products Inc. can voluntarily prepay the term loans under the Term Facility, in whole or in part, from time to time without premium or penalty other than customary "breakage" costs with respect to LIBOR rate loans.

Covenants

The Term Credit Agreement contains customary representations and warranties, affirmative covenants and provisions relating to events of default. The Term Credit Agreement additionally contains various restrictive covenants that, subject to significant exceptions, limit the ability of Bombardier Recreational Products Inc. and its restricted subsidiaries to, among other things:

- make investments, loans and acquisitions;
- incur indebtedness or issue preferred stock;
- incur, assume or suffer to exist liens;
- engage in mergers, amalgamations, consolidations, or the sale of all or substantially all assets;
- sell assets, including the equity interests of subsidiaries;

- declare or pay dividends on equity interests or redeem, repurchase or retire equity interests or subordinated indebtedness;
- engage in material business other than a permitted business;
- engage in certain transactions with affiliates; and
- create or permit to exist restrictions on (i) the payment of dividends or other distributions, (ii) loans or advances, or (iii) the sale, lease or transfer of assets, in each case to Bombardier Recreational Products Inc. or any of its restricted subsidiaries.

Although BRP Inc. is not generally subject to the restrictive covenants under the Term Credit Agreement, it is subject to a passive holding company covenant that limits its ability to engage in certain activities.

As at May 20, 2013, the Company, Bombardier Recreational Products Inc. and its restricted subsidiaries were in compliance with all of their respective covenants.

Guarantees and Security

The Term Facility is guaranteed by the Company and the restricted subsidiaries of Bombardier Recreational Products Inc. incorporated in Canada, the United States, Mexico and Hungary (collectively, the "Guarantors") and is secured by a security interest in and hypothecs on all existing and after-acquired real and personal property of Bombardier Recreational Products Inc. and the Guarantors, subject to certain exceptions (the "Term Facility Security"). The Term Facility is also secured by a pledge of all of the outstanding shares or other equity interests of subsidiaries held by the Company, Bombardier Recreational Products Inc. and the other Guarantors, subject to certain exceptions.

Proposed Amendment to Term Facility

The Company intends to amend the Term Facility in connection with the Offering. The amendment has been approved by the Board of Directors and is conditional upon customary conditions and Closing of the Offering. The amendment would provide for, *inter alia*, a 0.75% decrease of the applicable margin percentage and a 0.25% decrease of the current LIBOR floor. Under the proposed amendment, Bombardier Recreational Products Inc. would no longer be required to repay a minimum of 1% of the original Term Facility nominal amount each year in two equal payments in the months of July and January.

Revolving Credit Facilities

General

On March 19, 2012, Bombardier Recreational Products Inc., as a Canadian borrower, and BRP US Inc., as a U.S. borrower (collectively with Bombardier Recreational Products Inc., the "Revolving Borrowers") entered into an amended and restated credit agreement (the "Revolving Credit Agreement"), further amended on January 30, 2013 to make selective changes consistent with provisions of the Term Credit Agreement, which provides for (i) the U.S. equivalent of a $175 million revolving credit facility available to BRP US Inc., including a swingline and letter of credit subfacility (the "U.S. Revolving Facility"), and (ii) a $175 million revolving credit facility available to Bombardier Recreational Products Inc., including a swingline and letter of credit subfacility (the "Canadian Revolving Facility" and, collectively with the U.S. Revolving Facility, the "Revolving Credit Facilities").

As of January 31, 2013, the Revolving Borrowers had no outstanding borrowings under the Revolving Credit Facilities. Bombardier Recreational Products Inc. had issued letters of credit for an amount of $8.1 million under the Revolving Credit Facilities as at January 31, 2013. In addition, $0.6 million of letters of credit were outstanding under other agreements as at January 31, 2013.

The Revolving Credit Facilities will mature on March 28, 2016. In connection with the Offering, the Company intends to amend the Revolving Credit Facilities to, *inter alia*, extend its maturity to 2018. The amendment has been approved by the Board of Directors and is conditional upon customary conditions and Closing of the Offering. See "Description of Material Indebtedness – Revolving Credit Facilities – Proposed Amendment to Revolving Credit Facilities".

Interest Rate and Fees

The interest rates applicable to the U.S. Revolving Facility consist of an applicable margin percentage plus, at the option of BRP US Inc., (i) LIBOR, (ii) U.S. base rate, and (iii) U.S. prime rate. The interest rates applicable to the Canadian Revolving Facility consist of an applicable margin percentage plus, at the option of Bombardier Recreational Products Inc., (i) banker's acceptance, (ii) Canadian prime rate, and (iii) EUROLIBOR. The applicable margin percentages are determined based on the ratio of net debt to consolidated cash flow.

In addition to paying interest on outstanding principal under the Revolving Credit Facilities, the Revolving Borrowers are required to pay customary agency fees, and a commitment fee in respect of any unused commitments under the Revolving Credit Facilities based upon Bombardier Recreational Products Inc.'s total leverage ratio at the end of each fiscal quarter.

Repayment and Prepayments

The Revolving Borrowers can voluntarily prepay the loans outstanding under the Revolving Credit Facilities without premium or penalty. The aggregate principal amount of all loans outstanding under the Revolving Credit Facilities on March 28, 2016 must be repaid on such date.

Covenants

The Revolving Credit Agreement contains customary representations and warranties, affirmative covenants and provisions relating to events of default. The Revolving Credit Agreement additionally contains various restrictive covenants that, subject to significant exceptions, limit the ability of Bombardier Recreational Products Inc. and its restricted subsidiaries to, among other things:

- make investments, loans and acquisitions;
- incur indebtedness or issue preferred stock;
- incur, assume or suffer to exist liens;
- engage in mergers, amalgamations, consolidations, or the sale of all or substantially all assets;
- sell assets, including the equity interests of subsidiaries;
- declare or pay dividends on equity interests or redeem, repurchase or retire equity interests or subordinated indebtedness;
- engage in material business other than a permitted business;
- engage in certain transactions with affiliates; and
- create or permit to exist restrictions on (i) the payment of dividends or other distributions, (ii) loans or advances, or (iii) the sale, lease or transfer of assets, in each case to Bombardier Recreational Products Inc. or any of its restricted subsidiaries.

Although BRP Inc. is not generally subject to the restrictive covenants under the Revolving Credit Agreement, it is subject to a passive holding company covenant that limits its ability to engage in certain activities.

In addition, if excess availability under the Revolving Credit Facilities is less than a prescribed amount for any seven consecutive business days, then until excess availability exceeds such prescribed amount for seven consecutive business days, Bombardier Recreational Products Inc. must maintain a fixed charge coverage ratio that is tested on a quarterly basis.

As at May 20, 2013, the Company, Bombardier Recreational Products Inc. and its restricted subsidiaries were in compliance with all of their respective covenants.

Guarantees and Security

The Revolving Credit Facilities are guaranteed by the Company and the Guarantors, subject to certain exceptions, and are secured by a security interest in and hypothecs on all existing and after-acquired real and personal property of Bombardier Recreational Products Inc., BRP US Inc. and the Guarantors, subject to certain exceptions (collectively,

the "Revolving Credit Facilities Security"). The Revolving Credit Facilities are also secured by a pledge of all of the outstanding shares or other equity interests of subsidiaries held by the Company, Bombardier Recreational Products Inc., BRP US Inc. and the other Guarantors, subject to certain exceptions.

Pursuant to an amended and restated lien subordination and intercreditor agreement dated as of March 19, 2012, entered into with the agent under the Term Credit Agreement and the agent under the Revolving Credit Agreement, (i) the Revolving Credit Facilities Security constitutes first priority security on, and the Term Facility Security constitutes second priority security on, the inventory, account receivables and proceeds thereof, including, without limitation, bank accounts and cash and cash equivalents of Bombardier Recreational Products Inc., BRP US Inc. and the other Guarantors, and (ii) the Term Facility Security constitutes first priority security on, and the Revolving Credit Facilities Security constitutes second priority security on, all other real and personal property of Bombardier Recreational Products Inc., BRP US Inc. and the other Guarantors, subject to certain exceptions.

Proposed Amendment to Revolving Credit Facilities

The Company intends to amend the Revolving Credit Facilities in connection with the Offering. The amendment has been approved by the Board of Directors and is conditional upon customary conditions and Closing of the Offering. The amendment would provide for, *inter alia*, an extension of its maturity from March 28, 2016 to 2018 and a reduction of 0.25% of the cost of borrowing.

OPTIONS TO PURCHASE SECURITIES

The Company has previously granted to certain employees and officers options to purchase shares of the Company under the amended and restated management option plan of the Company dated November 20, 2006 which will be further amended and restated effective as of the Closing (the "Rollover Option Plan"). The Rollover Option Plan was initially established in 2003 in connection with the acquisition by the Company of the recreational products division of Bombardier Inc. The options issued under the Rollover Option Plan were granted at an exercise price equal to the fair market value of the underlying shares at the time of initial grant. The exercise price was subsequently adjusted in accordance with the terms of the Rollover Option Plan to reflect dividends or capital distributions by the Company, including the Recapitalization Distributions referred to under "Dividend Policy". The exercise price, the class and the number of shares underlying each option will be adjusted to reflect the exchange of shares and the share consolidation referred to under "Pre-Closing Reorganization". The exercise of options is subject to vesting conditions which were established by the Board of Directors at the time of grant.

The following table shows the aggregate number of options to purchase Subordinate Voting Shares outstanding as at May 1, 2013, assuming the completion of the Pre-Closing Reorganization as a result of which all outstanding options of the Company will become options to purchase Subordinate Voting Shares:

Category	Number of Options	Exercise Price[(1)] ($)	Expiration Date
All executive officers and past executive officers of the Company and its subsidiaries, as a group (11 in total)	206,375	0.434	From February 2019 to August 2021
All other employees and past employees of the Company and its subsidiaries, as a group (124 in total)	592,921	1.419	From August 2016 to February 2023

(1) Represents the weighted average exercise price of all outstanding options to purchase Subordinate Voting Shares, whether vested or unvested.

In connection with the Offering, the Company will also adopt the Option Plan and grant options thereunder, as described under "Executive Compensation".

PRIOR SALES

The table below summarizes the issuance by the Company of Class B non-voting common shares and Super B non-voting common shares or securities convertible into Class B non-voting common shares during the 12-month period preceding the date of this prospectus. As described under "Pre-Closing Reorganization", in connection with and

immediately prior to the Closing of the Offering, each Class B non-voting common share and each Super B non-voting common share in the capital of the Company will be exchanged for one Subordinate Voting Share (except for the Class B non-voting common shares series 2003 which will each be exchanged for Multiple Voting Shares) and all of the issued and outstanding shares in the capital of the Company will be consolidated on a 3.765 to one basis. Pursuant to the Pre-Closing Reorganization, the exercise price, the class and the number of shares underlying each option will also be adjusted to reflect the exchange of shares and the share consolidation. See "Pre-Closing Reorganization" and "Options to Purchase Securities".

				As Adjusted for Pre-Closing Reorganization	
Date	Type of Security	Number of Securities	Offering/ Issuance/ Exercise Price per Security[2]	Number of Securities	Offering/ Issuance/ Exercise Price per Security[2]
May 1, 2012	Class B non-voting common shares	8,000[1]	$1.00	2,125	$ 3.77
May 8, 2012	Class B non-voting common shares	31,000	$2.60	8,234	$ 9.79
May 9, 2012	Class B non-voting common shares	9,000[1]	$1.00	2,390	$ 3.77
May 11, 2012	Class B non-voting common shares	38,000[1]	$0.94	10,093	$ 3.54
May 23, 2012	Class B non-voting common shares	250,000[1]	$0.01	66,401	$ 0.04
June 1, 2012	Class B non-voting common shares	20,000[1]	$0.94	5,312	$ 3.54
June 25, 2012	Class B non-voting common shares	23,400[1]	$1.00	6,215	$ 3.77
August 17, 2012	Options to purchase Class B non-voting common shares	129,000	$3.25	34,263	$12.24
August 23, 2012	Class B non-voting common shares	7,200[1]	$1.00	1,912	$ 3.77
August 27, 2012	Class B non-voting common shares	45,000[1]	$0.94	11,952	$ 3.54
August 27, 2012	Class B non-voting common shares	5,400[1]	$1.00	1,434	$ 3.77
September 28, 2012	Class B non-voting common shares	166,846	$3.25	44,315	$12.24
November 2, 2012	Class B non-voting common shares	1,800[1]	$1.00	478	$ 3.77
November 6, 2012	Class B non-voting common shares	40,000[1]	$0.01	10,624	$ 0.04
November 7, 2012	Class B non-voting common shares	7,200[1]	$1.00	1,912	$ 3.77
November 8, 2012	Class B non-voting common shares	45,000[1]	$0.94	11,952	$ 3.54
November 12, 2012	Class B non-voting common shares	150,000[1]	$0.01	39,841	$ 0.04
December 4, 2012	Class B non-voting common shares	9,200[1]	$1.00	2,444	$ 3.77
December 12, 2012	Class B non-voting common shares	45,000[1]	$0.94	11,952	$ 3.54
December 21, 2012	Class B non-voting common shares	4,000[1]	$1.00	1,062	$ 3.77
January 31, 2013	Class B non-voting common shares	3,600[1]	$1.00	956	$ 3.77
February 15, 2013	Class B non-voting common shares	10,400[1]	$1.00	2,762	$ 3.77
February 15, 2013	Options to purchase Class B non-voting common shares	26,000	$3.25	6,906	$12.24
April 8, 2013	Class B non-voting common shares	140,000[1]	$0.01	37,185	$ 0.04
April 9, 2013	Class B non-voting common shares	7[1]	$0.94	2	$ 3.54
April 10, 2013	Class B non-voting common shares	400,000[1]	$0.01	106,242	$ 0.04
April 10, 2013	Class B non-voting common shares	2,000	$3.25	531	$12.24
April 15, 2013	Super B non-voting common shares	199,777[3]	$0.01[3]	53,062	$ 0.00
April 16, 2013	Class B non-voting common shares	1,925,000[1]	$0.01	511,288	$ 0.04
April 16, 2013	Class B non-voting common shares	765,000[1]	$0.04	203,187	$ 0.15
April 17, 2013	Class B non-voting common shares	45,000[1]	$0.01	11,952	$ 0.04
April 17, 2013	Class B non-voting common shares	93,400[1]	$0.04	24,807	$ 0.15
April 18, 2013	Class B non-voting common shares	1,813,550[1]	$0.01	481,687	$ 0.04
April 18, 2013	Class B non-voting common shares	1,292,800[1]	$0.04	343,373	$ 0.15
April 19, 2013	Class B non-voting common shares	795,993[1]	$0.01	211,419	$ 0.04
April 19, 2013	Class B non-voting common shares	379,600[1]	$0.04	100,823	$ 0.15
April 20, 2013	Class B non-voting common shares	24,400[1]	$0.04	6,481	$ 0.15
April 21, 2013	Class B non-voting common shares	132,000[1]	$0.04	35,060	$ 0.15
April 22, 2013	Class B non-voting common shares	144,000[1]	$0.01	38,247	$ 0.04
April 22, 2013	Class B non-voting common shares	283,200[1]	$0.04	75,219	$ 0.15
April 22, 2013	Class B non-voting common shares	14,400[1]	$0.69	3,825	$ 2.60
April 23, 2013	Class B non-voting common shares	396,000[1]	$0.01	105,179	$ 0.04
April 23, 2013	Class B non-voting common shares	169,000[1]	$0.04	44,887	$ 0.15
April 23, 2013	Class B non-voting common shares	40,000[1]	$0.69	10,624	$ 2.60
April 24, 2013	Class B non-voting common shares	195,000[1]	$0.01	51,793	$ 0.04
April 26, 2013	Class B non-voting common shares	45,000[1]	$0.01	11,952	$ 0.04

(1) Class B non-voting common shares issued upon the exercise of options.

(2) As described under "Options to Purchase Securities", the exercise price of options is adjusted from time to time in accordance with the terms of the Rollover Option Plan to reflect dividends and capital distributions.

(3) As described under "Options to Purchase Securities", the exercise price of options is adjusted from time to time in accordance with the terms of the Rollover Option Plan to reflect dividends and capital distributions. On April 15, 2013, in connection with the payment of special distributions, the adjustment to be made to the exercise price of certain options in accordance with the terms of the Rollover Option Plan would have resulted in a negative exercise price. The exercise price was reduced to $0.01 and Super B non-voting common shares were issued in exchange for Class B non-voting common shares to such holders of options to compensate for the difference. See "Dividend Policy" and "Options to Purchase Securities".

PRINCIPAL SHAREHOLDERS

The following table discloses the names of the persons or companies who, as at the date of the Closing, will own of record, beneficially own or control, directly or indirectly, more than 10% of any class or series of the voting securities of the Company.

		Before the Offering		After the Offering			
Name	Type of Ownership	Number of Multiple Voting Shares Owned	Number of Subordinate Voting Shares Owned	Number of Multiple Voting Shares Owned	Number of Subordinate Voting Shares Owned	Percentage of Outstanding Shares	Percentage of Total Voting Power
Bain Capital Luxembourg Investments S.à r.l.[1]	Beneficial	46,866,424	—	46,866,424	—	40.3%[5]	46.8%[6]
Beaudier Group:							
– Beaudier Inc.[2]	Beneficial	24,743,163	—	24,743,163	—	21.3%[7]	24.7%[8]
– 4338618 Canada Inc[3]	Beneficial	16,494,313	—	16,494,313	—	14.2%[9]	16.4%[10]
Caisse de dépôt et placement du Québec[4]	Beneficial	8,919,444	—	8,919,444	—	7.7%[11]	8.9%[12]

(1) Includes shares held by Bain Capital Luxembourg Investments S.à r.l., which is owned by Bain Capital International Investments, S.à r.l., which in turn is owned by Bain Capital International Holdings, S.à r.l., which in turn is owned by Bain Capital Integral Investors II, L.P. ("Integral"). Bain Capital Investors, LLC ("BCI") is the general partner of Integral. Voting and investment determinations with respect to the shares held by Integral are made by an investment committee comprised of the following managing directors of BCI: Andrew Balson, Steven Barnes, Joshua Bekenstein, Louis Bremer, John Connaughton, Todd Cook, Paul Edgerley, Christopher Gordon, Blair Hendrix, Jordan Hitch, David Humphrey, John Kilgallon, Lew Klessel, Matthew Levin, Ian Loring, Philip Loughlin, Seth Meisel, Mark Nunnelly, Stephen Pagliuca, Ian Reynolds, Mark Verdi and Stephen Zide. As a result, and by virtue of the relationships described in this footnote, the investment committee of BCI may be deemed to exercise voting and dispositive power with respect to the shares held by Integral. Each of the members of the investment committee of BCI disclaims beneficial ownership of such shares. Mr. Bekenstein is a Managing Director and serves on the investment committee of BCI and on its board of directors. Ms. Hao and Messrs. Nomicos and Robbins are also members of BCI's board of directors and Ms. Hao is an Operating Partner at Bain Capital, Mr. Nomicos is a Managing Director at Sankaty Advisors, LLC, the credit arm of Bain Capital and Mr. Robbins is a Principal at Bain Capital. The address of each of BCI and Integral is c/o Bain Capital Investors, LLC, John Hancock Tower, 200 Clarendon Street, Boston, MA 02116. As of May 20, 2013, and before giving effect to the Offering and the Pre-Closing Reorganization, Bain Capital Luxembourg Investments S.à r.l. beneficially holds approximately 45.0% of the Company's total issued and outstanding shares and approximately 50.0% of the voting power attached to all of the shares issued and outstanding of the Company.

(2) Beaudier Inc. is a portfolio holding company of the Beaudoin family and is controlled by Mr. Laurent Beaudoin, Chair of the Board of Directors, and his wife Mrs. Claire Bombardier Beaudoin, through holding companies which they control. In addition, Mrs. Nicole Beaudoin, Mr. Pierre Beaudoin, Mrs. Élaine Beaudoin and Mrs. Denise Beaudoin, may be considered to beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to a class of voting securities of Beaudier Inc., through respective holding companies which they control and various trusts to their benefit and the benefit of their respective issue. Mrs. Nicole Beaudoin is the wife of Mr. Louis Laporte, one of the directors of the Company, who holds securities representing 5% of Beaudier Inc.'s equity interests, through a holding company which he controls. All figures included in the table take into account the purchase by Beaudier Group of Class A voting common shares from CDPQ as described at the end of this section. As of May 20, 2013, and before giving effect to the Offering and the Pre-Closing Reorganization, Beaudier Inc. beneficially holds approximately 23.8% of the Company's total issued and outstanding shares and approximately 24.3% of the voting power attached to all of the shares issued and outstanding of the Company.

(3) 4338618 Canada Inc. is a portfolio holding company which is owned by Mrs. Janine Bombardier, Mrs. Huguette B. Fontaine and Mr. J.R. André Bombardier, through respective holding companies which they control and, in the case of Mrs. Janine Bombardier, a trust to her benefit and the benefit of her issue. In addition, each of the children of Mrs. Janine Bombardier, Mrs. Huguette Bombardier Fontaine and Mr. J.R. André Bombardier, namely France Bissonnette, Joanne Bissonnette, Nathalie Bissonnette, Sylvie Fontaine, Paule Fontaine, Diane Fontaine, Marc Fontaine, Patrick Fontaine, Charles Bombardier, Isabelle Bombardier, Jean-François Bombardier and Louis-Armand Bombardier, may be

considered to beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to a class of voting securities of 4338618 Canada Inc., through respective holding companies which they control, and various trusts to their benefit and the benefit of their respective issue. Mr. J.R. André Bombardier is a director of the Company. All figures included in the table take into account the purchase by Beaudier Group of Class A voting common shares from CDPQ as described at the end of this section. As of May 20, 2013, and before giving effect to the Offering and the Pre-Closing Reorganization, 4338618 Canada Inc. beneficially holds approximately 15.8% of the Company's total issued and outstanding shares and approximately 16.2% of the voting power attached to all of the shares issued and outstanding of the Company.

(4) All figures included in the table take into account the purchase by Beaudier Group of Class A voting common shares from CDPQ as described at the end of this section. As of May 20, 2013, and before giving effect to the Offering and the Pre-Closing Reorganization, Caisse de dépôt et placement du Québec beneficially holds approximately 8.6% of the Company's total issued and outstanding shares and approximately 9.5% of the voting power attached to all of the shares issued and outstanding of the Company.

(5) On a fully-diluted basis 39.7%. If the Over-Allotment Option is exercised in full, such holder will own 39.7% (39.0% on a fully-diluted basis) of the issued and outstanding Shares after the Offering.

(6) On a fully-diluted basis 46.6%. If the Over-Allotment Option is exercised in full, such holder's Multiple Voting Shares will represent 46.6% (46.5% on a fully-diluted basis) of the total voting power of the issued and outstanding Shares after the Offering.

(7) On a fully-diluted basis 20.9%. If the Over-Allotment Option is exercised in full, such holder will own 20.9% (20.6% on a fully-diluted basis) of the issued and outstanding Shares after the Offering.

(8) On a fully-diluted basis 24.6%. If the Over-Allotment Option is exercised in full, such holder's Multiple Voting Shares will represent 24.6% (24.5% on a fully-diluted basis) of the total voting power of the issued and outstanding Shares after the Offering.

(9) On a fully-diluted basis 14.0%. If the Over-Allotment Option is exercised in full, such holder will own 14.0% (13.7% on a fully-diluted basis) of the issued and outstanding Shares after the Offering.

(10) On a fully-diluted basis 16.4%. If the Over-Allotment Option is exercised in full, such holder's Multiple Voting Shares will represent 16.4% (16.4% on a fully-diluted basis) of the total voting power of the issued and outstanding Shares after the Offering.

(11) On a fully-diluted basis 7.5%. If the Over-Allotment Option is exercised in full, such holder will own 7.6% (7.4% on a fully-diluted basis) of the issued and outstanding Shares after the Offering.

(12) On a fully-diluted basis 8.9%. If the Over-Allotment Option is exercised in full, such holder's Multiple Voting Shares will represent 8.9% (8.8% on a fully-diluted basis) of the total voting power of the issued and outstanding Shares after the Offering.

Pursuant to an agreement entered into on May 15, 2013, Beaudier Group has purchased from CDPQ 19,353,919 Class A voting common shares (which, following completion of the share exchange and share consolidation contemplated by the Pre-Closing Reorganization, will represent 5,140,483 Multiple Voting Shares) at a price per Class A voting common share equal to (i) the Offering Price plus one dollar ($1.00) divided by (ii) 3.765 (being the consolidation ratio used in the share consolidation included in the Pre-Closing Reorganization), representing an aggregate purchase price of $115,660,870.52. This agreement follows the exercise by Beaudier Group of a right of first offer under the current shareholders agreement, which provides it a first opportunity to purchase any shares in the capital of the Company which CDPQ wishes to sell.

SECURITYHOLDERS AGREEMENTS

In connection with the acquisition by the Company of the recreational products business of Bombardier Inc. in 2003, the Company entered into a securityholders agreement with J.A. Bombardier (J.A.B.) Inc. and the shareholders of J.A. Bombardier (J.A.B.) Inc., including, *inter alia*, the Principal Shareholders and Bombardier Inc., and a registration rights agreement with J.A. Bombardier (J.A.B.) Inc. and the Principal Shareholders. In connection with the Offering, such securityholders agreement will be terminated and the registration rights agreement will be amended and restated, in each case as of the date of Closing.

Concurrently with the Closing, the Principal Shareholders and the Company will enter into the Nomination Rights Agreement and the Registration Rights Agreement. The following is a summary of certain rights and obligations of the parties under the Nomination Rights Agreement and Registration Rights Agreement, which summary is not intended to be complete. Reference is made to the Nomination Rights Agreement and the Registration Rights Agreement for a complete description and the full text of their respective provisions, which will be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

In addition, the articles of amendment of the Company which will be filed as part of the Pre-Closing Reorganization will provide for a pre-emptive right in favour of the holders of Multiple Voting Shares to participate in new issues of voting shares to fully maintain the proportion of total voting rights (on a diluted basis giving effect to applicable conversions or exchanges) associated with the Multiple Voting Shares. See "Description of Share Capital".

The Company has been advised by Beaudier Group that Beaudier Group and CDPQ will enter into an agreement pursuant to which Beaudier Group will hold a right of first offer on the sale or transfer in certain circumstances of Multiple Voting Shares held by CDPQ. No such agreement or rights exist between Beaudier Group and Bain Capital.

Nomination Rights Agreement

The Nomination Rights Agreement will provide that the Principal Shareholders party thereto at the relevant time will cast all votes to which they are entitled to fix the size of the Board of Directors at 13 members and to elect members of the Board in accordance with the provisions thereof.

The Principal Shareholders will have certain rights to designate members of the Board of Directors.

Bain Capital will initially be entitled to designate four members of the Board of Directors and will continue to be entitled to designate such number of directors for so long as it holds more than 75% of the number of Multiple Voting Shares it holds upon completion of the Offering (the "Bain IPO Shares"). Bain Capital will be entitled to designate three members of the Board of Directors for so long as it holds 75% or less but more than 10% of the Bain IPO Shares. Bain Capital will only be entitled to designate one member of the Board of Directors once it holds 10% or less of the Bain IPO Shares. In the event that Bain Capital holds 10% or less of the Bain IPO Shares, it will lose the right to designate its final member of the Board of Directors once the Multiple Voting Shares held by Bain Capital represent less than 2.5% of the aggregate number of outstanding Multiple Voting Shares and Subordinate Voting Shares (it being understood that the number of Multiple Voting Shares shall be added to the number of Subordinate Voting Shares for purposes of such calculation).

Beaudier Group will initially be entitled to designate three members of the Board of Directors and will continue to be entitled to designate such number of directors for so long as it holds more than 10% of the number of Multiple Voting Shares it holds upon completion of the Offering (the "Beaudier Group IPO Shares"). Beaudier Group will only be entitled to designate one member of the Board of Directors once it holds 10% or less of the Beaudier Group IPO Shares. In the event that Beaudier Group holds 10% or less of the Beaudier Group IPO Shares, it will lose the right to designate its final member of the Board of Directors once the Multiple Voting Shares held by Beaudier Group represent less than 2.5% of the aggregate number of outstanding Multiple Voting Shares and Subordinate Voting Shares (it being understood that the number of Multiple Voting Shares shall be added to the number of Subordinate Voting Shares for purposes of such calculation).

CDPQ will be entitled to designate one member of the Board of Directors for so long as it holds a number of Multiple Voting Shares that is more than 10% of Beaudier Group IPO Shares. In the event that CDPQ holds a number of Multiple Voting Shares that is 10% or less of the Beaudier Group IPO Shares, it will lose the right to designate its member of the Board of Directors once the Multiple Voting Shares held by it represent less than 2.5% of the aggregate number of outstanding Multiple Voting Shares and Subordinate Voting Shares (it being understood that the number of Multiple Voting Shares shall be added to the number of Subordinate Voting Shares for purposes of such calculation).

In accordance with the terms of the Nomination Rights Agreement, the Human Resources, Nomination and Governance Committee will be charged under its charter with selecting candidates for election as independent directors, including replacements for designees of Bain Capital, Beaudier Group and/or CDPQ, as applicable, as and when they lose the right to designate a member of the Board under the Nomination Rights Agreement. See "Corporate Governance – Board of Directors Committees – Human Resources, Nomination and Governance Committee".

The Nomination Rights Agreement will provide that the Principal Shareholders party thereto at the relevant time will cast all votes to which they are entitled in favor of each individual nominated for election to the Board of Directors by the Human Resources, Nomination and Governance Committee as an independent director.

Pursuant to the terms of the Nomination Rights Agreement, the Board of Directors will have the Audit Committee, the Investment and Risk Committee and the Human Resources, Nomination and Governance Committee. For so long as Bain Capital and the Beaudier Group have the right to designate at least one member of the Board of Directors, each will have the right to appoint one member of the Board of Directors to the Human Resources, Nomination and Governance Committee.

Any Principal Shareholder will cease to be a party to the Nomination Rights Agreement and to have rights and obligations thereunder immediately upon ceasing to have the right to designate any director pursuant to such

agreement. The provisions of the Nomination Rights Agreement will terminate at such time as only one Principal Shareholder has the right to designate a member of the Board thereunder.

Registration Rights Agreement

The Registration Rights Agreement will provide for demand registration rights in favour of the parties to the Registration Rights Agreement that will enable them to require the Company to qualify by prospectus in Canada or, following the one year anniversary of the Closing of the Offering and subject to certain conditions, the United States, all or any portion of the Subordinate Voting Shares held by them for a distribution to the public, provided such demand will result in a minimum offering size of $50,000,000.

The Registration Rights Agreement will also provide for incidental registration rights allowing the parties to the Registration Rights Agreement to include their Subordinate Voting Shares in certain public offerings of Subordinate Voting Shares, subject to certain underwriters' cutback rights.

As a result of the lock-up arrangements described under "Plan of Distribution", the demand and incidental registration rights granted pursuant to the Registration Rights Agreement will not be exercisable by the Principal Shareholders during a period of 180 days after the date of the Closing of the Offering without the prior written consent of BMO and RBC, on behalf of the Underwriters. See "Plan of Distribution – Lock-Up Arrangements".

DIRECTORS AND OFFICERS

The following table sets out, for each of the Company's directors and executive officers, the person's name, province or state, and country of residence, positions with the Company and, if a director, the date on which the person became a director. The Company's directors are expected to hold office until the Company's next annual general meeting of shareholders. The Company's directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers will beneficially own, or control or direct, directly or indirectly, a total of 3,668,863 Subordinate Voting Shares, representing in the aggregate 3.2% of all of the Company's issued and outstanding Shares and 0.6% of the total voting power attached to all of the Company's issued and outstanding Shares immediately following the Offering, the whole assuming no exercise of the Over-Allotment Option and excluding any Subordinate Voting Shares that may be purchased under the Directed Share Program. In addition, certain directors and officers may be considered to beneficially own or control shares held by Principal Shareholders. See "Principal Shareholders", "Securityholders Agreements" and "Plan of Distribution".

Directors

Name and Province or State and Country of Residence	Age	Position(s)/Title	Director Since	Principal Occupation
JOSÉ BOISJOLI[1] ..... Québec, Canada	56	Director, President & Chief Executive Officer	2011	President and Chief Executive Officer of the Company
LAURENT BEAUDOIN[2] ..... Québec, Canada	76	Director	2003	Chairman of Bombardier Inc.
JOSHUA BEKENSTEIN[3] ..... Massachusetts, U.S.	55	Director	2003	Managing Director at Bain Capital Investors, LLC (a private equity fund)
J.R. ANDRÉ BOMBARDIER ..... Québec, Canada	70	Director	2003	Vice-Chairman of Bombardier Inc.
MICHAEL HANLEY[4][5] ..... Québec, Canada	48	Director	2012	Corporate Director
YVONNE HAO[1] ..... Massachusetts, U.S.	38	Director	2013	Operating Partner at Bain Capital Partners, LLC (a private equity fund)
LUC HOULE[1] ..... Québec, Canada	56	Director	2003	Senior Vice-President, Investments and Manufacturing, in the Caisse de dépôt et placement du Québec's Private Equity group (a public institutional fund manager)
LOUIS LAPORTE[5][6] ..... Québec, Canada	52	Director	2013	Executive Vice-President of Beaudier Inc. (a private holding company)
CARLOS MAZZORIN[1][7] ..... Michigan, U.S.	71	Director	2004	Corporate Director
PIERRE MICHAUD[8] ..... Québec, Canada	69	Director	2004	Corporate Director
NICHOLAS NOMICOS ..... Massachusetts, U.S.	50	Director	2003	Managing Director at Sankaty Advisors, LLC, the credit arm of Bain Capital Partners, LLC
DANIEL J. O'NEILL[5][7] ..... Alberta, Canada	61	Director	2004	President of O & L Sport Consultant Group (a consulting firm providing management expertise to professional sports organizations and athletes)
EDWARD PHILIP[5][7] ..... Massachusetts, U.S.	48	Director	2005	Chief Operating Officer of Partners in Health (a non-profit health care organization)
JOSEPH ROBBINS ..... Massachusetts, U.S.	33	Director	2013	Principal at Bain Capital Partners, LLC (a private equity fund)

(1) Member of the Investment and Risk Committee.

(2) Chair of the Board of Directors.

(3) Chair of the Human Resources, Nomination and Governance Committee.
(4) Chair of the Audit Committee.
(5) Member of the Human Resources, Nomination and Governance Committee.
(6) Chair of the Investment and Risk Committee.
(7) Member of the Audit Committee.
(8) Mr. Michaud will resign as a director upon Closing of the Offering.

Executive Officers

Name and Province or State and Country of Residence	Age	Position(s)/Title
JOSÉ BOISJOLI ..... Québec, Canada	56	President and Chief Executive Officer
GIULIA CIRILLO ..... Québec, Canada	50	Corporate Vice President, Human Resources
CHRISTOPHER DAWSON ..... Québec, Canada	44	Vice President and General Manager, International
CLAUDE FERLAND ..... Québec, Canada	50	Chief Financial Officer
MARTIN LANGELIER ..... Québec, Canada	42	Vice President, General Counsel and Secretary
DENYS LAPOINTE ..... Québec, Canada	52	Executive Vice President, Design, Innovation and Corporate Image
YVES LEDUC ..... Québec, Canada	48	Vice President and General Manager, North America
SEBASTIEN MARTEL ..... Québec, Canada	41	Vice President, Strategic Planning and Business Development
GERD OHRNBERGER ..... Québec, Canada	56	Vice President and General Manager, Product Engineering and Manufacturing Operations
PIERRE PICHETTE ..... Québec, Canada	62	Vice President, Communications and Public Affairs
ALAIN VILLEMURE ..... Illinois, U.S.	51	Vice President and General Manager, Marine Propulsion Systems Division

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Laurent Beaudoin, Director

Mr. Beaudoin is Chair of the board of directors of the Company since December 2003. Mr. Beaudoin, who was the Chief Executive Officer and Chairman of Bombardier Inc. since 1966, handed over his responsibilities as Chief Executive Officer in June 2008, and remained Chairman of the Board of Directors of Bombardier Inc. He joined Bombardier Inc. in 1963 as Comptroller. From 2002 to 2012, he has been a member of the International Business Council of the World Economic Forum based in Geneva, Switzerland. Since October 2010, he has been President of FIRST Robotics Quebec. Mr. Beaudoin is also President of Beaudier Inc., one of the Principal Shareholders. Mr. Beaudoin holds honorary doctorates from various universities and he received many awards and honours as a business leader, including Canada's Outstanding CEO of the Year by the *Financial Post*. He is a Chartered Accountant and a Fellow of the *Ordre des comptables agréés du Québec*.

Joshua Bekenstein, Director

Mr. Bekenstein is a Managing Director at Bain Capital Partners, LLC (a private equity fund). Prior to joining Bain Capital, in 1984, Mr. Bekenstein spent several years at Bain & Company, Inc., where he was involved with companies in a variety of industries. Mr. Bekenstein is a member of the board of directors, the Chair of the Human Resources and Compensation Committee and a member of the Nominating and Governance Committee of Dollarama Inc. He also serves as a director of several corporations, including Bright Horizons Family Solutions Inc., Burlington Coat Factory Investments Holdings, Inc., The Gymboree Corporation, Michaels Stores, Inc., Toys "R" Us, Inc. and Waters Corporation, and sits on the compensation committee of four of those corporations. Mr. Bekenstein received a Bachelor of Arts from Yale University and a Master of Business Administration (MBA) from Harvard Business School.

J.R. André Bombardier, Director

Mr. Bombardier is the Vice Chairman of Bombardier Inc., a position he has held since 1978. He joined Bombardier Inc. in 1969 as Vice President, Industrial Division, and then successively held the positions of Vice President, Research and Development, *Ski-Doo* Division; Assistant to the President in charge of new products, Vice President of Marketing, Marine Products Division, and President of the Roski Ltd. subsidiary, before taking the position he now holds. Mr. Bombardier is also President of 4338618 Canada Inc., one of the Principal Shareholders. Mr. Bombardier has a Bachelor of Arts from the *Séminaire de Sherbrooke* as well as a Bachelor of Commerce with a major in Finance from the *Université de Sherbrooke*. He is also a graduate of the Harvard International Senior Managers Program. He is the brother-in-law of Chairman Laurent Beaudoin.

Michael Hanley, Director

Mr. Hanley is a corporate director with many years of experience in senior management roles and corporate governance. Between 2009 and 2011, Mr. Hanley was Senior Vice-President, Operations and Strategy Initiatives and a member of the Office of the President at National Bank of Canada. Prior to this, he spent ten years with Alcan Inc. in positions that included President and Chief Executive Officer of the global Bauxite and Alumina business and Executive Vice-President and Chief Financial Officer at the time of Alcan Inc.'s acquisition by Rio Tinto plc. Mr. Hanley also worked at the accounting firm of Arthur Andersen LLP and as an internal auditor of CP Forest Products Ltd. Mr. Hanley serves as an independent director on the board of directors of First Quantum Minerals Ltd., as well as Orbite Aluminae Inc. He sits on the audit committee of First Quantum Minerals Ltd. Mr. Hanley holds a Bachelor of Business Administration from *HEC Montréal*. Mr. Hanley is a Chartered Accountant.

Yvonne Hao, Director

Ms. Hao joined Bain Capital Partners, LLC (a private equity fund) in 2008 and is an Operating Partner in the North American Private Equity Portfolio Group. In this role, she has worked with several portfolio companies, and also played interim Chief Executive Officer and Chief Operating Officer operating roles. Prior to joining Bain Capital Partners, LLC, Ms. Hao held several roles at Honeywell International Inc., including VP/GM of the ADI NA division, VP Global Marketing, and Director of Corporate Strategy. In addition, Ms. Hao was an Associate Partner at McKinsey & Company, and focused on growth projects. Ms. Hao is also a director of The Gymboree Corporation. She holds a Master of Philosophy in Development Economics from Cambridge University, England and a Bachelor of Arts in Economics and Asian Studies from Williams College (highest honors).

Luc Houle, Director

Mr. Houle is Senior Vice-President Investment Private Equity at CDPQ (a public institutional fund manager). He has held various positions at CDPQ since 1985. Mr. Houle is responsible for a portfolio of businesses covering the manufacturing, distribution and service sectors. He is also a member of the investment committee for the Private Equity and Infrastructure group of CDPQ. Mr. Houle has served as a director of several private and public corporations including Transcontinental Inc., Héroux Devtek Inc. and BRP. Mr. Houle holds a Bachelor of Business Administration in Finance from the *Université de Sherbrooke*.

Louis Laporte, Director

Mr. Laporte has been the Executive Vice-President of Beaudier Inc., a private holding company and one of the Principal Shareholders, since 2004. Mr. Laporte managed for Beaudier Group the acquisition of the recreational

products business of Bombardier Inc. in 2003, and since then provides various consulting and management advisory services to the Company pursuant to the Management Agreement. Prior to 2003, Mr. Laporte was the owner and operator of a number of privately held companies, such as Dudley Inc., one of Canada's leading lock manufacturers and distributors, and AMT Marine Inc., a manufacturer, subcontractor and supplier of *Sea-Doo* jet boats, where he contributed to the production and participated in the initial design and engineering of the *Sea-Doo* jet boat for BRP. Mr. Laporte is and has been director of several privately-owned companies. Mr. Laporte holds a Bachelor of Accounting Sciences from the *Université du Québec à Montréal* (UQAM) and a Bachelor of Commerce from McGill University. Mr. Laporte is a Chartered Accountant.

Carlos Mazzorin, Director

Mr. Mazzorin is a corporate director. Mr. Mazzorin was President and Chief Operating Officer of Magna Electronics and President and Chief Operating Officer of Magna Mirrors both wholly-owned subsidiaries of Magna International Inc. Mr. Mazzorin joined Magna International Inc. in December 2002 after 30 years at Ford Motor Company. At Ford Motor Company, Mr. Mazzorin served as Group Vice-President of Asia Pacific Operations, South America Operations and Global Purchasing and previous to that as Group Vice-President Ford, Mexico Operations and Global Purchasing. He also served in a variety of Supply Management activities with General Motors Co. in Argentina and Cadillac Motor Car Division of General Motors Co. in the United States. He is a member of the board of directors of Gentherm Inc. and of the International Advisory Board of Komatsu Inc.

Pierre Michaud, Director

Mr. Michaud founded the Réno-Dépôt Inc. retail chain and remained its Chairman of the board of directors until 2003. He was Chairman of the board of directors of Provigo Inc. from 1993 to 2008 and Vice Chairman of the board of directors of the Laurentian Bank of Canada from 1990 to 2010. Mr. Michaud also sat on the board of directors of Loblaw Companies Limited, Gaz Metro Inc. and CDPQ. Today, he is actively involved with a variety of non-profit organizations.

Nicholas Nomicos, Director

Mr. Nomicos is a Managing Director at Sankaty Advisors, LLC, the credit arm of Bain Capital, and heads its Portfolio Group. Prior to joining Sankaty Advisors, LLC in 2011, he was an Operating Partner at Bain Capital where he worked since 1999 in a variety of investments in the manufacturing and consumer product sectors. Previously, Mr. Nomicos was a senior corporate development and manufacturing executive at Oak Industries Inc., and he spent several years at Bain & Company, Inc. where he was a manager. Mr. Nomicos serves as a director of Dollarama Inc. and Penn Foster College. He received a Master of Business Administration (MBA) from Harvard Business School and a Bachelor of Science in Engineering from Princeton University.

Daniel J. O'Neill, Director

Mr. O'Neill is the President of the O & L Sport Consultant Group, which he founded in January 2013 to provide management expertise to both professional sports organizations and athletes. Prior to that, he was the President and Chief Executive Officer of WinSport Canada, a not-for-profit organization that owns and operates the Canada Olympic Park in Calgary (Alberta). In 2005, Mr O'Neill served as Vice-Chairman, Synergies & Integration of Molson Coors Brewing Company. He was President and Chief Executive Officer of Molson Inc. from 2000 to 2005, prior to its merger with Adolph Coors Company. Before that, he was Executive Vice-President of H.J. Heinz Company and President and Chief Executive Officer of Star-Kist Foods. He also worked at S.C. Johnson, a consumer products company. He was a director of H.J. Heinz Company from 1998 to 1999. Mr. O'Neill holds a Bachelor of Arts from Carleton University and a Master of Business Administration (MBA) from Queen's University. He also attended the Program for Management Development at Harvard Business School.

Edward Philip, Director

Mr. Philip is the Chief Operating Officer of Partners in Health (a non-profit health care organization) since January 2013. In addition, Mr. Philip is a Special Partner at Highland Consumer Fund, serving in this role since 2013. He served as Managing General Partner at Highland Consumer Fund since 2006. Prior thereto, Mr. Philip served as President and Chief Executive Officer of Decision Matrix Group, Inc. from May 2004 to November 2005. Prior

thereto, he was Senior Vice President of Terra Networks, S.A. from October 2000 to January 2004. In 1995, Mr. Philip joined Lycos, Inc. (an Internet service provider and search company) as one of its founding members. During his time with Lycos, Inc., Mr. Philip held the positions of President, Chief Operating Officer and Chief Financial Officer at different times. Prior to joining Lycos, Inc., Mr. Philip spent time as the Vice President of Finance for the Walt Disney Company, and prior thereto Mr. Philip spent a number of years in investment banking. Mr. Philip serves as a director of Hasbro Inc. and sits on its audit committee. Mr. Philip holds a Master of Business Administration from Harvard Business School.

Joseph Robbins, Director

Mr. Robbins is a Principal at Bain Capital Partners, LLC (a private equity fund). Since joining the firm in 2008, he has worked with a number of companies in the energy, technology and consumer sectors. Previously, Mr. Robbins worked at Sentient Jet, LLC, a leading provider of jet membership services, and at the Boston Consulting Group. Mr. Robbins holds a Master of Business Administration (MBA) (with high distinction) from Harvard Business School, where he was a Baker Scholar, and a Bachelor of Arts in Social Studies from Harvard College.

Executive Officers Who Also Serve as Directors

José Boisjoli, President and Chief Executive Officer

Mr. Boisjoli is President and Chief Executive Officer of BRP since December 2003, when BRP became a stand-alone company. In October 1998, Mr. Boisjoli was named President of the Snowmobile and Watercraft division, the largest division of Bombardier Recreational Products Inc. In April 2001, he was given the added responsibility of managing the ATV division. Mr. Boisjoli joined Bombardier Recreational Products Inc. in 1989, after eight years in the pharmaceutical and road safety equipment industries. Mr. Boisjoli received a Bachelor of Engineering from the *Université de Sherbrooke*. He is a member of the *Ordre des ingénieurs du Québec* (Québec's society of professional engineers). In April 2005, Mr. Boisjoli received the prestigious title of Executive of the Year by Powersports Magazine, the most important powersports magazine in the United States.

Executive Officers Who Do Not Serve as Directors

Claude Ferland, Chief Financial Officer

Mr. Ferland is Chief Financial Officer of BRP since September 2009. Mr. Ferland has over 25 years of experience in financial management where he has held a number of positions, including those with the Auditor General of Canada and Canadair Ltd. Before joining BRP, Mr. Ferland spent seven years as Vice-President of finance with Bombardier Aerospace. From 1999 until 2002, Mr. Ferland was Vice-President of Bombardier Inc.'s recreational products division. Mr. Ferland received a Bachelor of Accounting Sciences from the *Université du Québec à Hull* (now the *Université du Québec en Outaouais*). Mr. Ferland is a Certified General Accountant.

Giulia Cirillo, Corporate Vice President, Human Resources

Ms. Cirillo is Corporate Vice President, Human Resources since May 2011. Prior to joining BRP, Ms. Cirillo had over twenty years of experience in multinational companies such as International Paint Ltd., Alcan Packaging Inc. and Rio Tinto Alcan Inc., and over fifteen years of which have been as vice-president, primarily in human resources management, environment health and safety, talent management and organizational development. Ms. Cirillo holds a Bachelor of Arts in Economics and Industrial Relations from McGill University, a Certificate in Human Resources Management from McGill University and a Master of Business Administration (MBA) from McGill University and *HEC Montréal*. She is a member of the *Ordre des conseillers en ressources humaines agréés du Québec* (Québec's society of human resources professionals.)

Christopher Dawson, Vice President and General Manager – International

Mr. Dawson is Vice President and General Manager of the Company's international division since May 2008. Before this appointment, he was Vice President of Strategic Planning, Business Development, and Head of the *Can-Am Spyder* program since 2004, and added strategic marketing responsibilities in November 2005. Prior to this role, Mr. Dawson was Vice President of Marketing, covering all of the Company's brands in North America. He has been

with the Company since January 1998 in a variety of other marketing and strategic planning roles. Previously, Mr. Dawson worked with different multinational companies, including Ford Motor Company and Procter & Gamble Inc., in various domestic and international marketing positions. Mr. Dawson holds a Bachelor of Commerce (honors) from Queen's University and a Master of Business Administration (MBA) from the *Institut européen d'administration des affaires* (INSEAD), France.

Martin Langelier, Vice President, General Counsel and Secretary

Mr. Langelier is Vice President, General Counsel and Secretary of BRP since February 2008. Prior to that, Mr. Langelier was Director, Legal Services of BRP, a position which he held since 2003. Before BRP became an independent company, Mr. Langelier acted as legal counsel for Bombardier Inc.'s recreational products division. Over the course of his career, Mr. Langelier has developed a solid expertise in legal matters while playing a vital role in the process that led to the creation of BRP. Before joining the powersports industry, Mr. Langelier worked for five years in private practice for the legal firm DeGrandpré Chait LLP in Montreal, Canada. Mr. Langelier holds a Bachelor of Laws from the *Université de Sherbrooke* and a Master of Business Administration (MBA) in International Business from Birmingham Business School, England. He is a member of the *Barreau du Québec* (Québec's bar association).

Denys Lapointe, Executive Vice President, Design, Innovation and Corporate Image

Mr. Lapointe is Executive Vice-President of Design, Innovation and Corporate Image of BRP since 2008. Prior to his current position, Mr. Lapointe was Vice-President of Design *Sea-Doo*/*Ski-Doo* from 1995 to 2008. He has held various design management positions since he joined the Company as a junior product designer for *Sea-Doo* watercraft in 1985. Mr. Lapointe is a board member of the *Centre de technologies avancées BRP – Université de Sherbrooke* and a member of the Advisory Board for the College for Creative Studies in Detroit Michigan. Mr. Lapointe holds a Bachelor of Arts in Design from the *Université du Québec à Montréal*. He is member of the following design associations: the *International Council Society of Industrial Designers*, the *Industrial Designers Society of America*, the *Association of Canadian Industrial Designers* and the *Association des designers industriels du Québec*.

Yves Leduc, Vice President and General Manager, North America

Mr. Leduc is Vice President and General Manager of the North American division since October 2009. Prior to this position, Mr. Leduc had successively been appointed Vice President and General Manager of the *Can-Am* and after-sales operations, of the *Can-Am* division, of the Snowmobiles, Watercraft, ATV and Sport boat division and of BRP-*Rotax*. He joined the Company in 1998 and has held several management positions in business development and strategic planning, operations, purchasing and materials management, both in Canada and in Austria. Before joining the Company, Mr. Leduc worked for four years at McKinsey & Company, where he gained experience in strategy and operations across various sectors, through projects in North America and Europe. Prior to joining McKinsey & Company, he was a lawyer at Stikeman Elliott LLP where he specialized in commercial litigation and special remedies. Mr. Leduc has a Bachelor of Laws from the *Université de Montréal* and a Master of Laws from Columbia University. He is a member of the *Barreau du Québec* (Québec's bar association).

Sébastien Martel, Vice President Strategic Planning and Business Development

Mr. Martel is Vice President, Strategic Planning and Business Development of BRP since April 2011. Before this appointment, Mr. Martel was Vice-President, Finance and Control of BRP. Mr. Martel has been with BRP since 2004 and has held other key positions such as Director of Financial Reporting. Mr. Martel has more than 15 years of experience in finance and accounting. Prior to joining BRP, Mr. Martel worked at the accounting firms of Arthur Andersen LLP and Deloitte & Touche LLP where he specialized in serving high technology and public companies in Montreal and in the Silicon Valley. Mr. Martel has a Bachelor Degree from McGill University. He is a Chartered Accountant.

Gerd Ohrnberger, Vice President and General Manager, Product Engineering and Manufacturing Operations

Mr. Ohrnberger is Vice-President and General Manager of the Product Engineering and Manufacturing Operations division of BRP. Prior to that, Mr. Ohrnberger acted as Vice President and General Manager of the Powertrain division of BRP since 2009. He began his career with BRP in 1998 as Vice President of product

development and a member of the management team for BRP-*Rotax* where he supervised various projects, including the implementation of the *Rotax* 2-TEC and 4-TEC engines. From 1994 to 1998, Mr. Ohrnberger was director of Engine Development and Design for Porsche AG. Previously, Mr. Ohrnberger gained experience with Audi AG in Germany where he held several positions within advanced development, engine development and design as well as engine production. Mr. Ohrnberger holds a Bachelor of Engineering in Mechanical Engineering from Heilbronn University.

Pierre Pichette, Vice President, Communications and Public Affairs

Mr. Pichette is Vice President of Communications and Public Affairs of BRP since 2003. Mr. Pichette joined Bombardier Inc. in October 1998 as Corporate Director, Public Affairs and later became Vice President, Communications and Public Affairs for Bombardier Inc.'s recreational products division in May 2002. Prior to joining Bombardier Inc., he worked for the Canadian Department of Foreign Affairs and International Trade. His last position with the Canadian Department of Foreign Affairs and International Trade was as Director General, communications. Mr. Pichette holds a Bachelor of Arts in Economics and a Master of Commercial Sciences from the *Université de Sherbrooke*, a Certificate in International Trade Management from the University of Western Ontario and a Certificate in Corporate Governance from the *Université de Laval*.

Alain Villemure, Vice President and General Manager, Outboard Engines Division

Mr. Villemure is Vice President and General Manager of the Marine Propulsion Systems division of the Company located in Sturtevant (United States). Prior to his appointment, he was Vice President and General Manager of the Vehicle Development and Manufacturing Operations division. Mr. Villemure has also held various management positions in engineering and operations for Bombardier's Recreational Products Group, where he started in 1995 in the Utility Vehicles division in Granby, Québec. Before entering the powersports industry, he worked for two years for Pratt and Whitney Canada Inc. starting in 1993, following a nine-year period with General Motors Co. where he held a variety of engineering and management positions. Mr. Villemure holds a Bachelor of Electrical Engineering from the *École de technologie supérieure* (ETS) of the *Université du Québec*.

Corporate Cease Trade Orders

None of the Company's directors or executive officers is, as at the date of this prospectus, or has been, within the 10 years prior to the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity), was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days.

Bankruptcies

None of the Company's directors or executive officers is, as at the date of this prospectus, or has been, within the 10 years prior to the date of this prospectus, a director or executive officer of any company (including the Company), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for Joshua Bekenstein who was a director of KB Toys, Inc. when it filed for protection under Chapter 11 of the US Bankruptcy Code in January 2004.

None of the Company's directors or executive officers has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or comprise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Shareholder Bankruptcies

No shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this prospectus, or has been within 10 years before the date of this prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that

person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No shareholder holding a sufficient number of securities to affect materially the control of the Company, nor any personal holding company of any such person, has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the shareholder.

Securities Penalties or Sanctions

No director or executive officer of the Company or shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person, has:

- been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "Interest of Management and Others in Material Transactions" and "Directors and Officers".

Indemnification and Insurance

The Company has implemented a director and officer insurance program. In addition, as of the completion of the Offering, the Company will enter into indemnification agreements with each of its directors and officers. The indemnification agreements will generally require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the Company's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Company.

CORPORATE GOVERNANCE

Board of Directors

Independence

As of the Closing of the Offering, the Board of Directors will be comprised of 13 directors, four of whom will be independent. Pursuant to National Instrument 52-110 – *Audit Committees*, as amended from time to time ("NI 52-110"), an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with a director's exercise of independent judgment. Messrs. Hanley, O'Neill, Philip and Mazzorin are independent under these standards. Mr. Boisjoli is not independent under these standards as he is part of the Company's management. Ms. Hao, Mr. Bekenstein, Mr. Nomicos and Mr. Robbins will not be considered independent as they are part of the management of Bain Capital Partners, LLC, which may for certain purposes be deemed to control Bain Capital, a Principal Shareholder. Messrs. Beaudoin, Bombardier and Laporte will not be considered independent as they are part of the management of Beaudier

Group, a Principal Shareholder. Mr. Houle will not be considered independent as he is part of the management of CDPQ, a Principal Shareholder. Although in the view of the Board of Directors, such directors are not independent for the purposes of NI 52-110, following the completion of the Offering, 12 of the 13 directors will not be members of the Company's management.

The Company has taken steps to ensure that adequate structures and processes will be in place following Closing to permit the Board of Directors to function independently of management of the Company. It is contemplated that independent directors within the meaning of NI 52-110 will hold in camera sessions without management present at meetings of the Board of Directors, if considered necessary. In addition, the Human Resources, Nomination and Governance Committee will be charged under its charter with selecting candidates for election as independent directors, including replacements for designees of CDPQ, Beaudier Group and/or Bain Capital, as applicable, as and when they lose the right to designate a member of the Board under the Nomination Rights Agreement. See "Board of Directors Committees – Human Resources, Nomination and Governance Committee".

Members of the Company's Board of Directors are also members of the boards of other public companies. See "Directors and Officers – Biographies". The Board of Directors did not adopt a director interlock policy but is keeping informed of other public directorships held by its members. As at the date of this prospectus, none of the Company's directors serve together on any other company's board of directors, other than Messrs. Bombardier and Beaudoin who both serve on the board of directors of Bombardier Inc. and Messrs Bekenstein and Nomicos who both serve on the board of directors of Dollarama Inc.

Mandate of the Board of Directors

The Board of Directors is responsible for supervising the management of the Company's business and affairs. The Board of Directors' key responsibilities relate to the stewardship of management, generally through the CEO to pursue the best interests of the Company, and will include the following: adopting a strategic planning process, overseeing technologies, capital investments and projects, identifying risks and ensuring that procedures are in place for the management of those risks, reviewing internal control and reporting, reviewing and approving annual operating plans and budgets, overseeing corporate social responsibility and ethics, reviewing the integrity of the CEO and the other executive officers and ensuring that the CEO and other executive officers create a culture of integrity, succession planning, including the appointment, training and supervision of management, overseeing leadership development and executive compensation, overseeing nomination process for new directors (subject to the charter of the Human Resources, Nomination and Governance Committee and the Nomination Rights Agreement), overseeing the Company's corporate governance policies and practices, reviewing and authorizing delegations and general approval guidelines for management, monitoring financial reporting, monitoring internal control and management information systems, seeking to ensure that the Company has a corporate disclosure and communications policy in place in accordance with the guidance set out in National Policy 51-201 – *Disclosure Standards*, adopting measures for receiving feedback from stakeholders and adopting key corporate policies designed to ensure that the Company, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically, with honesty and integrity and taking into account the Company's corporate social responsibility.

Under the mandate, the Board of Directors is entitled to engage outside advisers, at the Company's expense, where, in the view of the Board of Directors, additional expertise or advice is required.

Position Descriptions

The Chair of the Board of Directors, Committee Chairs

Mr. Laurent Beaudoin is the Chair of the Board of Directors. Prior to the Closing of the Offering, the Board of Directors will adopt a written position description for the Chair of the Board of Directors which will set out the chair's key responsibilities, including duties relating to setting Board of Directors meeting agendas, chairing Board of Directors and shareholder meetings, director development, Board of Directors, committee and director assessment, the chair's leadership in ensuring that the Board of Directors works as a cohesive team, monitoring the work of the committees to ensure that delegated projects or responsibilities are carried out and reported to the Board of Directors and communicating with shareholders and regulators.

Prior to the Closing of the Offering, the Board of Directors will also adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings, working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee and reporting to the Board of Directors.

These descriptions will be considered by the Board of Directors for approval annually.

The Chief Executive Officer

The primary functions of the CEO are to lead the day-to-day management of the Company's business and affairs and to lead the implementation of the resolutions and the policies of the Board of Directors.

Prior to the Closing of the Offering, the Board of Directors will develop a written position description and mandate for the CEO which will set out the CEO's key responsibilities, including duties relating to providing leadership in managing the Company, ensuring that matters requiring decisions by the Board of Directors are brought to its attention in a timely fashion, fostering a corporate culture that promotes ethical practices, individual integrity and that maintains a positive work climate that is conducive to attracting, retaining and motivating top-quality employees, providing leadership to management in support of the Company's commitment to corporate social responsibility, ensuring the implementation of the strategic and operating plans approved by the Board of Directors and developing an annual business plan and budget that supports such strategic plan, identifying and managing risks related to the business of the Company, ensuring the accuracy, completeness and integrity of the Company's corporate disclosure, develop and implement an effective communications policy, serving as a spokesperson for the Company and ensuring proper communication between the Company's management and the Board of Directors.

The CEO mandate will be considered by the Board of Directors for approval annually.

Orientation and Continuing Education

Following the Closing of the Offering, the Company will implement an orientation program for new directors under which a new director will meet separately with the Chair of the Board, members of the senior executive team and the secretary. A new director will be presented with a director manual that reviews Board of Directors policies and procedures, the Company's current strategic plan, financial plan and capital plan, the most recent annual and quarterly reports and materials relating to key business issues.

The chair of each committee will be responsible for coordinating orientation and continuing director development programs relating to the committee's mandate. The Chair of the Board will be responsible for instituting learning programs for directors.

Code of Ethics

The Company has a written code of ethics (the "Code of Ethics") that applies to all directors, officers, management and employees, including those employed by subsidiaries. The objective of the Code of Ethics is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Company, its subsidiaries and business units.

The Code of Ethics addresses matters relating to conflicts of interest, political activity, communication with media, corrupt practices, acceptance of gifts, health, safety and environment, alcohol and drugs, protection of the Company's assets, confidentiality, fair dealing with the Company's securityholders, customers, suppliers, competitors and employees, compliance with laws and reporting any illegal or unethical behavior.

As part of the Company's Code of Ethics, any person subject to the Code of Ethics is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Company's best interests or that may give rise to real, potential or the appearance of conflicts of interest.

Under the Code of Ethics, members of the Board of Directors will be required to disclose any conflict of interest or potential conflict of interest to the entire Board of Directors as well as any committee on which they serve.

A director who has a material interest in a matter before the Board of Directors or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by the Board of Directors, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the *Canada Business Corporations Act* regarding conflicts of interest.

The Human Resources, Nomination and Governance Committee will be responsible for assisting the Board of Directors reviewing and updating the Code of Ethics periodically, reviewing the system that the Company's management will establish to enforce the Code of Ethics and reviewing management's monitoring of the Company's compliance with the Code of Ethics.

The Code of Ethics will also be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

Board of Directors Committees

The Board of Directors ensures that the composition of its committees shall meet applicable statutory independence requirements as well as any other applicable legal and regulatory requirements.

Audit Committee

The audit committee of the Company (the "Audit Committee") is composed of a minimum of three directors, each of whom is independent and meets the criteria for financial literacy established by applicable laws, including NI 52-110. As of Closing, the Audit Committee will be composed of Messrs. Hanley, O'Neill, Philip and Mazzorin, all of whom are independent. Mr. Hanley will be the chair of the Audit Committee.

The relevant education and experience of each member of the Audit Committee is described as part of their respective biographies. See "Directors and Officers – Biographies".

Prior to the Closing of the Offering, the Board will adopt a written charter describing the mandate of the Audit Committee (the "Charter of the Audit Committee"). The Charter of the Audit Committee will reflect the purpose of the Audit Committee, which is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to ensuring that adequate procedures are in place for the review of the Company's public disclosure documents that contain financial information, ensuring that an effective internal audit process has been implemented, ensuring that an effective risk management and financial control framework has been implemented and tested by the Company's management, providing better communication between directors, management, internal auditors and external auditors, overseeing the work and reviewing the independence of the external auditors and reporting to the Board of Directors on any outstanding issue. The text of the proposed Charter of the Audit Committee that is expected to be adopted is attached to this prospectus as Appendix A.

Independent Auditor Fees

In Fiscal 2013 and Fiscal 2012, the Company was invoiced the following fees by its independent auditor, Deloitte (s.e.n.c.r.l.):

	Fiscal Year Ended January 31, 2013	Fiscal Year Ended January 31, 2012
Audit Fees[1]	$1,497,965	$1,497,868
Audit Related Fees[2]	$ 158,235	$ 176,170
Tax Fees[3]	$ 112,385	$ 125,050
All Other Fees[4]	$ 453,445	$ —
Total Fees Paid	**$2,222,030**	**$1,799,088**

(1) "Audit Fees" include fees necessary to perform the annual audit or reviews of the consolidated financial statements.

(2) "Audit Related Fees" include fees for assurance and related services by the independent auditor that are reasonably related to the performance of the audit or review of the Company's financial statements other than those included in "Audit Fees".

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.
(4) "Other Fees" include fees for products and services provided by the independent auditor other than those included above, including consulting services.

The Audit Committee will be responsible for the pre-approval of all and any non-audit services to be provided to the Company or its subsidiary entities by the independent auditor. At least annually, the Audit Committee shall review and confirm the independence of the independent auditor by obtaining statements from the independent auditor on any non-audit services.

Human Resources, Nomination and Governance Committee

The human resources, nomination and governance committee of the Company (the "Human Resources, Nomination and Governance Committee" or the "HRNGC") is composed of five directors, a majority of whom are independent. As of the Closing, the Human Resources, Nomination and Governance Committee will be composed of Messrs. Bekenstein, Hanley, Laporte, O'Neill and Philip. All members of the Human Resources, Nomination and Governance Committee will have a working familiarity with corporate governance, human resources and compensation matters. Mr. Joshua Bekenstein will act as chair of the Human Resources, Nomination and Governance Committee.

Prior to the Closing of the Offering, the Board of Directors will adopt a written charter describing the mandate of the Human Resources, Nomination and Governance Committee. Such charter will reflect the purpose of the Human Resources, Nomination and Governance Committee which is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the establishment of key human resources and compensation policies (including all incentive and equity based compensation plans), the performance evaluation of the CEO and the CFO, the determination of the compensation for the CEO, the CFO and other senior executives of the Company, succession planning (including the appointment, training and evaluation of senior management), the compensation of directors, identifying individuals qualified to be nominated as members of the Board of Directors (subject to the terms of the Nomination Rights Agreement), developing corporate governance guidelines and principles for the Company, assessing the structure, composition, performance and effectiveness of Board of Directors committees, evaluating the performance and effectiveness of the Board of Directors and reporting to the Board of Directors on any outstanding issue. The Human Resources, Nomination and Governance Committee will annually conduct, review and report to the Board of Directors the results of an assessment of the performance and effectiveness of the Board of Directors, the committees of the Board of Directors, the committee chairs and each member of the Board of Directors.

The charter of the Human Resources, Nomination and Governance Committee will also provide that the committee is charged with selecting candidates for election as directors, including replacements for designees of CDPQ, Beaudier Group and/or Bain Capital, as applicable, as and when they lose their rights to designate directors under the Nomination Rights Agreement. In identifying new candidates for the Company's Board of Directors, the Human Resources, Nomination and Governance Committee will consider what competencies and skills the Board of Directors, as a whole, should possess, assess what competencies and skills each existing director possesses, considering the Board of Directors as a group, with each individual making his or her own contribution, and the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic. Individuals selected as nominees shall have the highest personal and professional integrity, shall have demonstrated exceptional ability and judgment and shall, in the opinion of the Human Resources, Nomination and Governance Committee, be most effective, in conjunction with the other directors, in collectively serving the long-term interests of the shareholders. The charter of the Human Resources, Nomination and Governance Committee may not be amended without the written consent of each Principal Shareholder party to the Nomination Rights Agreement at the relevant time. In addition, for so long as each of Bain Capital and the Beaudier Group continue to have the right to designate at least one member of the Board of Directors, each will have the right to appoint one member of the Board of Directors to the Human Resources, Nomination and Governance Committee. See "Securityholders Agreements – Nomination Rights Agreement".

Investment and Risk Committee

The investment and risk committee of the Company (the "Investment and Risk Committee") is composed of a minimum of three directors. As of Closing of the Offering, the Investment and Risk Committee will be composed

of Messrs. Laporte, Mazzorin, Houle and Boisjoli and Ms. Hao. All members of the Investment and Risk Committee will have a working familiarity with corporate finance and investment matters. Louis Laporte will act as Chair of the Investment and Risk Committee.

Prior to the Closing of the Offering, the Board of Directors will adopt a written charter describing the mandate of the Investment and Risk Committee. Such charter will reflect the purpose of the Investment and Risk Committee, which is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the Company's financial policies and strategies (including capital structure), the Company's financial risk management practices, proposed issues of securities and the utilization of financial instruments, reviewing and then approving or rejecting proposed significant transactions (including proposed acquisitions and dispositions of assets or properties), reviewing and approving or rejecting proposed significant capital expenditures and reporting to the Board of Directors on any outstanding issue.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion describes the significant elements of the Company's executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the three other most highly compensated executive officers of the Company (collectively, the "Named Executive Officers" or "NEOs"). The NEOs are:

- José Boisjoli, President and Chief Executive Officer
- Claude Ferland, Chief Financial Officer
- Yves Leduc, Vice President and General Manager, North America
- Gerd Ohrnberger, Vice President and General Manager, Product Engineering and Manufacturing Operations
- Alain Villemure, Vice President and General Manager, Marine Propulsion Systems Division

Executive Compensation Philosophy and Objectives

The Company's compensation program is designed to retain, motivate and reward the executive officers for their performance and contribution to the Company's long-term success. The Board of Directors seeks to compensate the executive officers by combining short-and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation.

In order to support the Company's vision and mission, the executive officers must be fully engaged to innovate and deliver results that meet and exceed expectations from all the Company's stakeholders, including its shareholders. The Company must also prioritize the proper management of its investment in executive total compensation. The Company's philosophy is to pay fair, reasonable and competitive compensation with a particular emphasis on stock-based compensation in order to best align the interests of the Company's senior executives with those of its shareholders. The Company's executive officer compensation policy:

- Supports and promotes successful execution of the business strategy;
- Provides executives with competitive rewards and an appropriate pay mix based on a pay for performance philosophy;
- Is designed to attract and engage talented and results-oriented executives with experience in a global business environment;
- Drives desired performance and encourages discretionary effort; and
- Promotes flexibility and agility in managing the business to succeed as a global organization and to adapt to local requirements and culture.

Role and Accountabilities of the Human Resources, Nomination and Governance Committee

As of the Closing of the Offering, the Human Resources, Nomination and Governance Committee will be composed of Messrs. Bekenstein, Hanley, Laporte, O'Neill and Philip. All members of the Human Resources, Nomination and Governance Committee will have a working familiarity with corporate governance, human resources and compensation matters. Mr. Bekenstein will act as chair of the Human Resources, Nomination and Governance Committee. See "Corporate Governance – Board of Directors Committees – Human Resources, Nomination and Governance Committee".

The HRNGC plays a critical role in the oversight and governance of the executive compensation policies and programs of the Company. Prior to Closing of the Offering, the HRNGC will adopt a written charter describing the mandate of the HRNGC. On matters that are specific to executive compensation, the HRNGC assumes the following responsibilities:

- Establishes the Company's general compensation philosophy, in consultation with management and external independent consultants;
- Reviews the general compensation structures of the Company;
- Reviews the components of overall compensation of senior executives consisting of base salary, bonus, stock options and long-term incentive plans;
- Reviews the corporate goals and objectives for which the CEO is responsible for and which are relevant to his compensation and reviews the suggested level of and/or changes in the CEO's overall compensation taking into consideration performance in light of those corporate goals and objectives and competitive compensation practices to ensure that such compensation realistically reflects the CEO's responsibilities;
- Reviews the suggested level of and/or changes in the overall compensation of other senior executives, taking into consideration individual performance and competitive compensation practices;
- Identifies any risk that may arise from the Company's compensation policies or practices that could have a material adverse effect on the Company or that could encourage an executive officer to take inappropriate or excessive risks;
- Makes recommendations to the Board of Directors on any new incentive plan or on any material change to the Company's short-term and long-term incentive plans and to discharge any responsibilities imposed on the HRNGC under these plans; and
- Reviews annually the extent to which designated senior executives are meeting the minimum share ownership requirements.

Market Positioning and Benchmarking

The HRNGC adopted a compensation policy that is specific to the senior executives of the Company which provides for a specific positioning of each element of total compensation within a well-defined group of comparable companies (the "Comparator Group").

Periodic market surveys within specific reference markets determine total reward competitiveness. The HRNGC reviews the compensation practices of the Comparator Group. Companies included in the comparator group operate in relevant industries, have revenues substantially similar to the Company, have global operations and are mostly publicly-traded companies. Additionally, such companies share similar economic and business challenges as the Company, making relative performance and compensation comparisons meaningful.

The following table presents the companies included in the Comparator Group for the year ending on January 31, 2014 and outlines the main selection criteria:

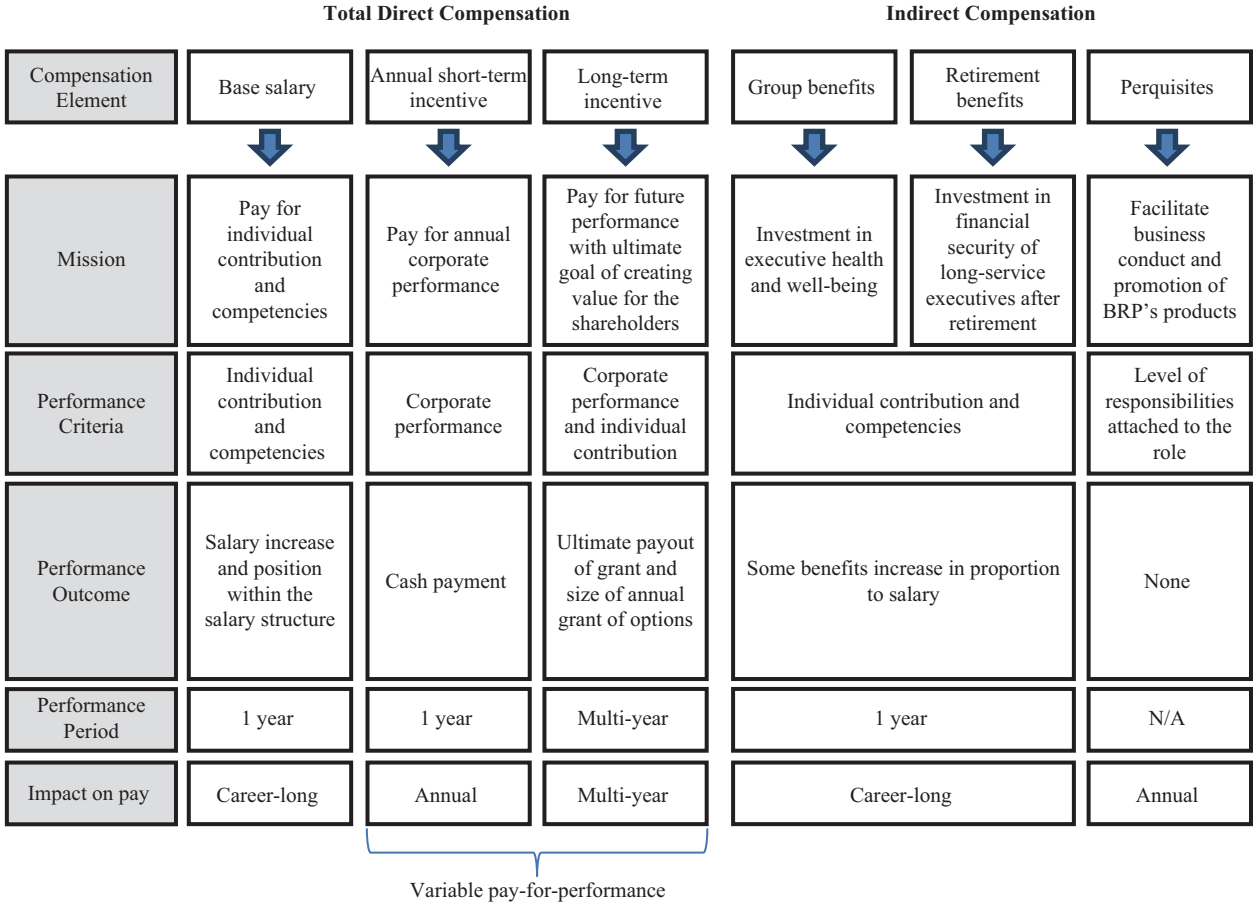
Company	Competitors	Competitor Comparators	Engineering/ Technology	Product Development & Innovation	Consumer Focused	International Operations	Autonomous	Publicly-Traded
Aecon Group Inc.			✓			✓	✓	✓
Arctic Cat Inc.	✓	✓	✓	✓	✓	✓	✓	✓
Bell Helicopter Textron Inc.			✓	✓		✓		
Bombardier Transportation Americas			✓	✓				
Briggs & Stratton Corporation		✓	✓	✓		✓	✓	✓
Brunswick Corporation	✓	✓	✓	✓	✓	✓	✓	✓
CAE Inc.			✓	✓		✓	✓	✓
Canadian Pacific Railway						✓	✓	✓
Canam Group Inc.			✓	✓		✓	✓	✓
Cascades, Inc.			✓	✓	✓	✓	✓	✓
CGI Group, Inc.			✓			✓	✓	✓
Ericsson Canada Inc.			✓	✓	✓			
Finning International Inc.						✓	✓	✓
Flowserve Corp.		✓	✓	✓		✓	✓	✓
General Electric Canada Company			✓	✓				
Harley-Davidson, Inc.	✓	✓	✓	✓	✓	✓	✓	✓
IBM Canada			✓	✓	✓			
Molson Canada Inc.				✓	✓			
Polaris Industries, Inc.	✓	✓	✓	✓	✓	✓	✓	✓
Procter & Gamble Inc. Canada				✓	✓			
Quebecor Inc.			✓	✓	✓		✓	✓
SNC-Lavalin Group Inc.			✓			✓	✓	✓
Thor Industries Inc.		✓	✓	✓	✓		✓	✓
Toro Co.		✓	✓	✓		✓	✓	✓
Toyota Motor Manufacturing Canada Inc.					✓			
Transat A.T. Inc.					✓	✓	✓	✓
Woodbridge Foam Corporation			✓	✓		✓	✓	

The following table summarizes the market positioning for each element of the Company's compensation program and in aggregate on a total compensation basis.

Pay Element	Market Positioning: For Performance Meeting Expectations	Market Positioning: For Top Performer Achieving Superior Performance
Direct Compensation		
Base Salary	Market median	Above salary structure mid point
Annual Bonus	Target set at market median	Maximum can reach twice target
Long Term Incentives	Annual grant value set to bring total compensation to market median	Annual grant value set to bring total compensation up to the 75th percentile of the market
Indirect Compensation		
Benefits	Competitive (approximately market median)	Competitive (approximately market median)
Pension	Competitive (approximately market median)	Higher salary may generate superior pension benefits
Total Compensation	**Median**	**Up to 75th percentile**

Elements of Compensation

The executive compensation program of the Company consists primarily of five elements: base salary, annual short-term incentive and long-term equity incentive, retirement and group insurance benefits and perquisites, as illustrated in the following table:



Base Salary

Base salary established for each of the Company's executive officers is intended to reflect their ability to contribute to the Company's success through expertise, experience and know-how. Base salary is not contingent on short-term variation in operating performance, and therefore sustains individual performance and competency development.

The amount payable to an executive officer is determined based on the scope of his/her responsibilities and relevant experience, while taking into account competitive market compensation within the Company's Comparator Group for similar positions and overall market demand for such executive. Base salaries are targeted at or above the market median of the competitive market.

Base salaries will be reviewed on an annual basis by the HRNGC. The HRNGC will assess if adjustments are required considering market changes, individual performance, corporate performance, change in role or responsibilities and other considerations deemed relevant.

Short-Term Incentive Plan

The executive officers of the Company participate in the same short-term incentive plan that is offered to all employees. The Company's short-term incentive plan is designed to facilitate:

- Sharing of the Company's success;
- Driving employee engagement as a foundation for high performance;
- Aligning employee contribution to the Company's objectives;
- Encouraging employees in successfully executing the Company's strategic plan; and
- Ensuring market competitiveness of total cash compensation (sum of base salary and annual short-term incentive) to attract and retain employees with key competencies who can contribute to the Company's success.

The Company's short-term incentive plan is managed under the following framework:

Governing Rules	**Performance Measures (indicators of the Company's success)**
1. One bonus plan: same multiplier of target bonus level for all eligible employees	1. EBIT[(1)] (70%)
2. Steady improvement of profitability	2. Cash Generation (15%)
3. No bonus payout if profitability is below previous year's level	3. Consumer Visit Index (15%)

(1) Earnings before interest and taxes. See "Non-IFRS Measures".

Each executive is provided with an individual bonus target for a given fiscal year, established as a percentage of such executive's base salary. Targets are aligned at or above the market median of the competitive market and the maximum incentive is set at two times the predetermined target percentage for exceptional results. The following table sets forth the Fiscal 2014 target and maximum awards for each of our NEOs:

Title	Short-Term Incentive Target as a Percentage of Salary	Maximum Short-Term Incentive Award as a Percentage of Salary
José Boisjoli . . . . . President and Chief Executive Officer	125%	250%
Claude Ferland . . . . . Chief Financial Officer	75%	150%
Yves Leduc . . . . . Vice President and General Manager, North America	75%	150%
Gerd Ohrnberger . . . . . Vice President and General Manager, Product Engineering and Manufacturing Operations	75%	150%
Alain Villemure . . . . . Vice President and General Manager, Marine Propulsion Systems Division	75%	150%

The Company's short-term incentive plans are ultimately under the responsibility of the HRNGC who may establish, amend or repeal, from time to time and at its own discretion, rules that are incompatible with the Company's executive compensation policy. The payout grid, articulating performance thresholds and multipliers for levels of achievement, is also reviewed annually by the HRNGC to assess the appropriate level of targets based on past performances and future outlook.

Long-Term Incentive Plans

The Company believes that equity-based awards are an important component of its executive compensation program and should represent a significant portion of its compensation package. The design of the new long-term incentive program is based on the following guiding principles:

- Provide management with a strong incentive to generate sustained long-term value for the shareholders following the completion of this Offering;
- Promote an ownership and entrepreneurial mindset among senior management;
- Promote a corporate and individual pay-for-performance philosophy;
- Encourage senior executives to have significant "skin in the game";
- Offer an attractive and competitive compensation package to attract and retain competent and solid managers; and
- Promote simplicity in the design and understanding of the plan.

Upon Closing of the Offering, each executive will be awarded a long-term incentive grant based on a target expressed as a percentage of base salary. The Company's executive compensation policy provides that the long-term incentive is the balancing item that will bring the total compensation between the median and the top quartile of the Company's competitive market.

Option Plan

Prior to the Closing of the Offering, the Board of Directors will approve a new stock option plan (the "Option Plan") which will be effective upon the completion of the Offering, pursuant to which options may be granted to officers, employees and, in limited circumstances, to consultants of the Company. The Board of Directors has delegated the administration of the Option Plan to the HRNGC. The following discussion is qualified in its entirety by the text of the Option Plan.

Generally, stock options will be granted according to the Company's compensation policy and pre-established target awards on an annual basis. Stock options that will be granted upon the completion of the Offering will have the following features:

- Time-based vesting
- 25% of the options will vest on each of the first, second, third and fourth anniversary of the grant; and
- Options will have a ten-year term, at the end of which the options expire (subject to certain limited extension if the expiration would otherwise fall in a trading black-out period).

Stock options are intended to align the interests of the executive officers with those of the shareholders towards an increase of the price of the Subordinate Voting Shares of the Company, while the ten-year expiry term and the four-year ratable vesting periods will promote retention.

The maximum number of Subordinate Voting Shares issuable to participants, at any time, under the Option Plan and any other treasury-based share compensation arrangement (other than the Rollover Option Plan) shall not exceed 5,814,828 Subordinate Voting Shares (representing approximately 5% of the Company's issued and outstanding Shares as of the Closing assuming no exercise of the Over-Allotment Option) plus an additional 799,296 Subordinate Voting Shares issuable upon the exercise of options which will remain outstanding under the Rollover Option Plan as of the Closing of the Offering (collectively, the "Total Reserve"). As of the Closing of the Offering, the Company will have 116,296,562 Shares issued and outstanding (118,126,562 Shares if the Over-Allotment is exercised in full) and the Total Reserve would represent 6,614,124 Shares. Upon the Closing of the Offering, a total of 1,098,500 options will be granted under the Option Plan and a total of 799,296 options will be outstanding under the Rollover Option Plan, and the shares issuable upon exercise of such options will represent in the aggregate: (i) 9.8% of the Subordinate Voting Shares issued and outstanding upon Closing of the Offering (9.0% if the Over-Allotment Option is exercised in full), and (ii) 1.6% of the Shares issued and outstanding upon Closing of the Offering (1.6% if the Over-Allotment Option is exercised in full).

To the extent options terminate for any reason prior to exercise in full or are cancelled, the Subordinate Voting Shares subject to such options shall be added back to the Total Reserve and such Subordinate Voting Shares will again become available for grant under the Option Plan, the whole without increasing the Total Reserve.

The following additional limitations shall apply to grants under the Option Plan: (i) the maximum number of Subordinate Voting Shares issuable to insiders and their associates and affiliates, at any time or within any one year period, under the Option Plan, the Rollover Option Plan and any other share compensation arrangements of the Company, shall not exceed 5% of the issued and outstanding Shares; and (ii) the total number of Subordinate Voting Shares issuable to any one participant, at any time, under the Option Plan, the Rollover Option Plan and any other share compensation arrangement of the Company, shall not exceed 5% of the issued and outstanding Shares.

All options granted have an exercise price determined and approved by the Board of Directors at the time of grant, which shall not be less than the market value of the Subordinate Voting Shares at such time. For purposes of the Option Plan, the market value of the Subordinate Voting Shares shall be:

(i) If the grant is made during a black-out period (a period self-imposed by the Company during which designated employees cannot trade the securities of the Company), the volume weighted average trading price of the Subordinate Voting Shares on the TSX for the five trading days following the last day of such black-out period, and

(ii) If the grant is made outside a black-out period, the volume weighted average trading price of the Subordinate Voting Shares for the five trading days ending on the last trading day before the day on which the option is granted.

The Option Plan also provides that appropriate adjustments, if any, will be made by the Board of Directors in connection with a reclassification, reorganization or other change of shares, consolidation, distribution, merger or amalgamation, in order to maintain the optionees' economic rights in respect of their options in connection with such change in capitalization, including adjustments to the exercise price and/or the number of Subordinate Voting Shares to which an optionee is entitled upon exercise of options, or permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

The Board of Directors may at its discretion accelerate the vesting of any outstanding options notwithstanding the previously established vesting schedule, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration or, subject to applicable regulatory provisions and shareholder approval, extend the expiration date of any option, provided that the period during which an option is exercisable does not exceed ten years from the date such option is granted.

The following table describes the impact of certain events upon the rights of holders under the Option Plan, including resignation, termination for cause, termination other than for cause, termination other than for cause within 12 months following a change of control or retirement, death or disability:

Event	Provisions
Resignation or termination for cause	Forfeiture of all unvested options Cancellation of all unexercised options on date of resignation
Termination other than for cause	Forfeiture of all unvested options 60 days after termination to exercise vested options
Termination other than for cause within 12 months from a Change in Control	Immediate vesting of all options outstanding 180 days after termination to exercise vested options
Retirement, death and disability	Forfeiture of all unvested options 12 months after termination to exercise vested options

For the purposes of the Option Plan, "Change of Control" is defined as the acquisition by any person or group of persons acting jointly or in concert (other than holders of Multiple Voting Shares and their affiliates) of securities of the Company carrying the right to elect a majority of the board of directors of the Company.

The Board of Directors or the HRNGC may amend the Option Plan or any option at any time without the consent of the optionees provided that such amendment shall (i) not adversely alter or impair any option previously granted except as permitted by the terms of the Option Plan, (ii) be subject to any regulatory approvals including, where required, the approval of the TSX, and (iii) be subject to shareholder approval, where required, by law, the requirements of the TSX or the Option Plan, provided however that shareholder approval shall not be required for the following amendments and the Board of Directors may make any changes which may include but are not limited to:

- Amendments of a "housekeeping" nature;
- A change to the provisions of any option governing vesting, assignability and effect of termination of a participant's employment;
- The introduction or amendment of a cashless exercise feature payable in cash or securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Total Reserve;
- The addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
- A change to advance the date on which any option may be exercised under the Option Plan; and
- A change to the eligible participants of the Option Plan, provided that no such change shall result in members of the Board of Directors who are not otherwise employees of the Company becoming eligible participants.

For greater certainty, the Board of Directors shall be required to obtain shareholder approval to make the following amendments:

(a) Any amendment which reduces the exercise price of any option after the options have been granted or any cancellation of an option and the substitution of that option by a new option with a reduced price, except in the case of an adjustment pursuant to a change in capitalization;

(b) Any amendment which extends the expiry date of any option beyond the original expiry date, except in case of an extension due to a black-out period;

(c) Any amendment to remove or to exceed the percentage limits with respect to the maximum number of Subordinate Voting Shares issuable to insiders and their associates and affiliates under the Option Plan, except in the case of an adjustment pursuant to a change in capitalization;

(d) Any increase to the maximum number of Shares issuable from treasury under the Option Plan and any other treasury-based share compensation plans, other than an adjustment pursuant to a change in capitalization; and

(e) Any amendment to the amendment provisions of the Option Plan.

For paragraphs (a) to (c), the votes of securities held directly or indirectly by insiders benefiting directly or indirectly from the amendment must be excluded.

In addition to the above exclusions, with respect to paragraph (e), where the amendment will disproportionately benefit one or more insiders over other participants under the arrangement, the votes of securities held directly or indirectly by those insiders receiving the disproportionate benefit must be excluded.

Except as specifically provided in an option agreement approved by the Board of Directors, options granted under the Option Plan are not transferable (provided that an optionee may, with the prior approval of the Company, transfer options to (i) such optionee's family or retirement savings trust for *bona fide* tax planning purposes, and (ii) registered retirement savings plans or registered retirement income funds of which the optionee is the annuitant).

No financial assistance is currently provided by the Company to participants under the Option Plan.

Rollover Option Plan

The Company has previously granted to certain employees and officers options to purchase shares of the Company under the Rollover Option Plan. The Rollover Option Plan was initially established in 2003 in connection with the acquisition by the Company of the recreational products division of Bombardier Inc. The options issued under the Rollover Option Plan were granted at exercise prices equal to the fair market value of the underlying shares at the time of initial grant. The exercise price was subsequently adjusted in accordance with the terms of the Rollover Option Plan to reflect dividends or capital distributions by the Company, including the Recapitalization Distributions referred to under "Dividend Policy". The exercise price, the class and the number of shares underlying each option will be adjusted to reflect the exchange of shares and the share consolidation referred to under "Pre-Closing Reorganization". For additional information relating to options outstanding under the Rollover Option Plan, see "Options to Purchase Securities".

Following the Closing of the Offering, no additional options will be granted under the Rollover Option Plan. As of the Closing of the Offering, a total of 799,296 options will be outstanding under the Rollover Option Plan, and the Subordinate Voting Shares issuable upon exercise of such options will represent in the aggregate: (i) 4.1% of the Subordinate Voting Shares issued and outstanding upon Closing of the Offering (3.8% if the Over-Allotment Option is exercised in full), and (ii) 0.7% of the Shares issued and outstanding upon Closing of the Offering (0.7% if the Over-Allotment Option is exercised in full).

The Rollover Option Plan provides that appropriate adjustments, if any, will be made by the Board of Directors in connection with a reclassification, reorganization or other change of shares, consolidation, distribution, merger or amalgamation, in order to maintain the optionees' economic rights in respect of their options in connection with such change in capitalization, including adjustments to the exercise price and/or the number of Subordinate Voting Shares to which an optionee is entitled upon exercise of options, or permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

As of the Closing of the Offering, the Rollover Option Plan will be amended and restated to, among other things, include terms and conditions required by the TSX for a stock option plan such as provisions and restrictions relating to amendment of the plan or options similar to those applicable to the Option Plan summarized above under "Option Plan", and the restrictions on insider or individual participation summarized above under "Option Plan".

Share Ownership Guidelines

Prior to the Closing of the Offering, the Company will adopt share ownership guidelines which will provide that executives occupying certain positions are required to maintain minimum holdings of Subordinate Voting Shares, based on each executive's compensation and position:

NEOs	Guideline as a Multiple of Base Salary	Equity Ownership is Met (Yes or No)
José Boisjoli President and Chief Executive Officer	4x	Yes
Claude Ferland Chief Financial Officer	2x	Yes
Yves Leduc Vice President and General Manager, North America	2x	Yes
Gerd Ohrnberger Vice President and General Manager, Product Engineering and Manufacturing Operations	2x	Yes
Alain Villemure Vice President and General Manager, Marine Propulsion Systems Division	2x	Yes

The HRNGC will regularly monitor executives' share ownership to ensure that the share ownership requirements are met. Under the share ownership guidelines, the requirements will be based on the highest of the market value and the cost base of the Subordinate Voting Shares of the Company owned by the executive and there will be no set time to satisfy the requirements. Participants must, however, retain the after-tax long-term incentive plan gains in Subordinate Voting Shares until the share ownership requirements are met.

Pension, Benefits and Perquisites

Pension and retirement benefits made available by the Company to the NEOs are described below under "Pension Plan Benefits". Pension and retirement benefits are, in the view of the HRNGC, aligned with the median of the Company's Comparator Group.

Perquisites include leased automobiles, availability of Company products, financial counseling services and an annual medical plan. Perquisites are, in the view of the HRNGC, aligned with the median of the Company's Comparator Group.

Compensation Consultant

The Company retained the services of Towers Watson, a consulting firm which provides independent advice in executive compensation and related governance issues, in Fiscal 2013 and 2014 to review the competitiveness of executive compensation and to assist in connection with executive compensation matters in the context of the Offering.

Towers Watson provided consultative services including a review of executive compensation, trends in the executive compensation landscape, best practice analysis and disclosure regarding executive and director compensation and design of the Option Plan.

The aggregate fees billed to the Company for Fiscal 2014 for executive compensation-related services and all other services provided by Towers Watson, are as set out below:

	Fiscal 2014 (Year to Date) ($)
Executive compensation-related fees	372,668
All other fees[1]	12,020

(1) Fees related to the development of an employee compensation policy and structure and related communication services.

Hedging/Anti-Hedging Policy

The NEOs and the directors are, under the terms of the Company's Insider Trading Policy which will be adopted prior to Closing of the Offering, prohibited from purchasing financial instruments designed to hedge or offset a decrease in the market value of shares, including shares granted as or underlying share-based compensation or otherwise held directly or indirectly by a NEO or a director.

Compensation Risk Management

As of the date of this prospectus, the Board of Directors or the HRNGC have not yet conducted a formal review of the implications of risks associated with the Company's compensation policies and practices. However, the current compensation structure ensures that compensation and incentive plans do not promote unwanted behaviours and unnecessary risk-taking based on:

- A well-balanced mix of base salary, annual incentive plan and long-term incentive plan;
- An annual bonus plan with the same performance measures applied to all employees in the organization, including the executives;
- Maximums applied to annual bonus payout (maximum two times target);
- The use of performance metrics aligned with the creation of long-term value for the shareholders; there is no measure related to aggressive revenue growth which could encourage excessive risk-taking that could be detrimental to the long-term profitability of the business of the Company; and
- Policies and practices that are generally applied on a consistent basis to all executive officers.

Summary Compensation Table

The following table sets out the information concerning the compensation expected to be paid by the Company to the NEOs during the year ending on January 31, 2014.

					Non-Equity Incentive Plan Compensation				
Name and Principal Position	**Fiscal**	**Salary[1] ($)**	**Share-Based Awards ($)**	**Option-Based Awards[2] ($)**	**Annual Incentive Plans[3] ($)**	**Long-Term Incentive Plans ($)**	**Pension Value[4] ($)**	**All Other Compensation[5] ($)**	**Total Compensation ($)**
José Boisjoli ..... President and Chief Executive Officer	2014	925,000	—	2,887,688	1,156,250	—	658,000	—	5,626,938
Claude Ferland ..... Chief Financial Officer	2014	443,848	—	467,986	391,386[6]	—	247,000	—	1,550,220
Yves Leduc ..... Vice President and General Manager, North America	2014	450,903	—	478,622	338,177	—	132,000	695,090	2,094,792
Gerd Ohrnberger ..... Vice President and General Manager, Product Engineering and Manufacturing Operations	2014	418,898[7]	—	446,714	314,173[8]	—	80,000	254,348	1,514,133
Alain Villemure ..... Vice President and General Manager, Marine Propulsion Systems Division	2014	406,756[9]	—	430,760	305,067[10]	—	364,000	349,144	1,855,727

(1) Represent the annualized base salary to be in effect as of the Closing of the Offering. Actual salary paid for Fiscal 2014 may be less than this amount and will vary based on the date of Closing.

(2) Represent grants of options to be made to the NEOs under the Option Plan effective as of the Closing of the Offering. Messrs. Boisjoli, Ferland, Leduc, Ohrnberger and Villemure will be granted 271,500, 44,000, 45,000, 42,000 and 40,500 stock options, respectively, as of Closing of the Offering. The grant date fair value of options is based on the Offering Price and has been calculated using the Black-Scholes method. The grant date fair value for these options is the same as the fair value determined for accounting purposes. For additional information regarding these awards, see "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Plans – Option Plan".

(3) Includes amounts to be earned pursuant to the Company's short-term incentive plan, based on target payment amounts. Actual short-term incentive plan payments will depend upon the achievement of performance goals and will be paid in cash in the year following the fiscal year in respect of which they are earned. For the purposes of this table, awards are deemed to be earned in the fiscal year relating to the applicable performance target, even if payments are not made in such fiscal year. See "Compensation Discussion and Analysis – Short-Term Incentive Plan".

(4) See "Executive Compensation – Pension Plan Benefits". Dollar values disclosed in such column correspond to the dollar values in the "Compensatory Change" column of the Defined Benefit Plan table.

(5) None of the NEOs are entitled to perquisites or personal benefits which, in the aggregate, are worth over $50,000 or 10% of their base salary. The amounts included under "All Other Compensation" for Mr. Ohrnberger and Mr. Villemure represent payments made to them in connection with their foreign assignments on behalf of the Company, including a foreign assignment premium and related allowances for housing and transportation, together with gross-up for related taxes. Such entitlements amount to $254,348 for Mr. Ohrnberger and US$339,998 ($349,144 when converted into Canadian dollars using an exchange rate of 1.0269, being the noon exchange rate posted by the Bank of Canada for conversion of US$ into Canadian dollars on May 17, 2013) for Mr. Villemure. The amount of $695,090 included under "All Other Compensation" for Mr. Leduc represents a payment to be made to Mr. Leduc in Fiscal 2014 in order to compensate him for double taxation in Austria and Canada as a result of his exercise of options which were granted to him during his foreign assignment in Austria on behalf of the Company.

(6) Represents an amount of $332,886 to be earned by Mr. Ferland pursuant to the Company's short-term incentive plan, based on the target payment amount, plus a special bonus of $58,500 payable to Mr. Ferland in November 2013.

(7) Represents an annualized base salary of Euro 318,263 converted in Canadian dollars using an exchange rate of 1.3162, being the noon rate of exchange posted by the Bank of Canada for conversion of Euros into Canadian dollars on May 17, 2013.

(8) Represents an amount of Euro 238,697 to be earned under the short-term incentive plan, converted in Canadian dollars using an exchange rate of 1.3162, being the noon rate of exchange posted by the Bank of Canada for conversion of Euros into Canadian dollars on May 17, 2013.

(9) Represents an annualized base salary of U.S.$396,101 converted in Canadian dollars using an exchange rate of 1.0269, being the noon rate of exchange posted by the Bank of Canada for conversion of U.S.$ into Canadian dollars on May 17, 2013.

(10) Represents an amount of U.S.$297,076 to be earned under the short-term incentive plan, converted in Canadian dollars using an exchange rate of 1.0269, being the noon rate of exchange posted by the Bank of Canada for conversion of U.S.$ into Canadian dollars on May 17, 2013.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards Table

The following table indicates, for each of the NEOs, all awards outstanding immediately following the Closing of the Offering.

	Option-Based Awards				Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options ($)[1]	Number of Shares or Units of Shares That Have Not Vested (#)	Market Payout Value of Share-Based Awards That Have Not Vested ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)
José Boisjoli . . . . . President and Chief Executive Officer	271,500[2]	21.50[3]	May 29, 2023[4]	—	—	—	—
Claude Ferland	44,000[2]	21.50[3]	May 29, 2023[4]	—	—	—	—
Chief Financial Officer	79,681[5]	0.151[5]	Nov. 1, 2019	1,701,142	—	—	—
Yves Leduc . . . . . Vice President and General Manager, North America	45,000[2]	21.50[3]	May 29, 2023[4]	—	—	—	—
Gerd Ohrnberger . . . . . Vice President and General Manager, Product Engineering and Manufacturing Operations	42,000[2]	21.50[3]	May 29, 2023[4]	—	—	—	—
Alain Villemure . . . . . Vice President and General Manager, Marine Propulsion Systems Division	40,500[2]	21.50[3]	May 29, 2023[4]	—	—	—	—

(1) Value of unexercised in-the-money options is calculated based on the Offering Price.

(2) Represent grants of options to be made to the NEOs under the Option Plan effective as of the Closing of the Offering. The exercise price will be equal to the Offering Price.

(3) Options to be granted under the Option Plan as of the Closing of the Offering will have an exercise price equal to the Offering Price.

(4) Options to be granted under the Option Plan as of the Closing of the Offering will expire on the 10th anniversary of the grant.

(5) Options granted under the Rollover Option Plan. The exercise price, the class and the number of options/shares underlying such options will be adjusted to reflect the exchange of shares and the share consolidation referred to under "Pre-Closing Reorganization" and "Description of Share Capital".

Incentive Plan Awards – Value Vested or Earned During the Year

The following table indicates, for each of the NEOs, a summary of the value of the option-based and share-based awards vested or non-equity incentive plan compensation earned during the fiscal year ended January 31, 2014.

Name	Option-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year ($)	Non-Equity Incentive Plan Compensation –Value Earned During the Year ($)[1]
José Boisjoli President and Chief Executive Officer	—	—	1,156,250
Claude Ferland Chief Financial Officer	—	—	391,386
Yves Leduc Vice President and General Manager, North America	—	—	338,177
Gerd Ohrnberger Vice President and General Manager, Product Engineering and Manufacturing Operations	—	—	314,173[2]
Alain Villemure Vice President and General Manager, Marine Propulsion Systems Division	—	—	305,067[3]

(1) Total amounts earned are equal to the sum of the cumulative amounts shown in the "Non-equity incentive plan compensation" column in the Summary Compensation Table. The amounts included in the table are based on target incentive.

(2) Represents an amount of Euro 238,697 to be earned under the short-term incentive plan, converted in Canadian dollars using an exchange rate of 1.3162, being the noon rate of exchange posted by the Bank of Canada for conversion of Euros into Canadian dollars on May 17, 2013.

(3) Represents an amount of U.S.$297,076 to be earned under the short-term incentive plan, converted in Canadian dollars using an exchange rate of 1.0269, being the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars on May 17, 2013.

Pension Plan Benefits

The Canadian executives of the Company, including the Canadian NEOs, participate in two defined benefit pension plans to which executives do not contribute. However, NEOs may make optional ancillary contributions to the registered plan in order to provide for additional ancillary benefits at retirement or termination, subject to applicable legislation.

Benefits payable from the basic plan correspond to 2% of average base salary in the three continuous years of service during which the executives are paid their highest salary (up to the maximum earnings which, for 2013, is $134,834) multiplied by the number of years of credited service.

The supplemental plan provides for additional benefits, depending on the management level, of:

- 2% of average base salary up to $134,834 plus 1.75% of average base salary in excess of that amount; or
- 2.25% of average base salary; or
- 2.50% of average base salary;

multiplied by the number of years of credited service (up to 40) less the pension payable from the basic plan. Bonuses and any other compensation are not considered in the computation of pension benefits.

Benefits are reduced by 0.33% for each month between the date of early retirement and the date of a participant's 60th birthday or, if earlier, the date at which the participant's age plus his/her years of service total 85. No benefits are payable from the supplemental plan if a participant has not completed five years of service. Upon the death of a participant, the spouse of the participant will be entitled to a benefit equal to 60% of the benefit to which such participant was entitled. If the participant has no spouse at the time of retirement, the benefits will be paid, after death, to the designated beneficiary until such time as 120 monthly instalments, in the aggregate, have been paid to the participant and/or to the designated beneficiary.

All pension benefits payable from these plans are in addition to government social security benefits.

Messrs. Ferland, Leduc and Villemure are entitled to an accrual rate of pension of 2.25% and Mr. Boisjoli is entitled to an accrual rate of pension of 2.50%.

Until February 1, 2013, Mr. Gerd Ohrnberger participated in a defined benefit pension plan providing for benefits equal to 2% of base salary multiplied by the number of years of service credited. The pension benefits are partially offset by the government social security benefit. As of February 1, 2013, Mr. Gerd Ohrnberger transferred his defined benefit pension value to a funded defined contribution plan. Under this plan, the employer contribution is 1.6% of base salary up to the social security covered compensation (Euro 62,160 in 2013) plus 8.7% of his base salary above the social security covered compensation.

Defined Benefit Plan Table

Name	Number of Years of Credited Service[1] (#)	Annual Benefit Payable		Opening Present Value of Defined Benefit Obligation[2] ($)	Change in Benefit Obligation During the Year		Closing Present Value of Defined Benefit Obligation[3] ($)
		At Year End ($)	At Age 65 ($)		Compensatory Change[4] ($)	Non-Compensatory Change[5] ($)	
José Boisjoli ..... President and Chief Executive Officer	23.92	482,800	767,000	6,300,000	658,000	848,000	7,806,000
Claude Ferland[6] ..... Chief Financial Officer	3.33	61,700	217,200	547,000	247,000	111,000	905,000
Yves Leduc ..... Vice President and General Manager, North America	14.58	133,400	320,400	1,330,000	132,000	248,000	1,710,000
Gerd Ohrnberger[7] ..... Vice President and General Manager, Product Engineering and Manufacturing Operations	15.00	86,400	N/A	880,000	364,000	(227,000)	1,017,000
Alain Villemure ..... Vice President and General Manager, Marine Propulsion Systems Division	17.17	143,000	278,200	1,455,000	80,000	237,000	1,762,000

(1) As of January 31, 2013.

(2) Based on assumptions used in the preparation of the financial statements of the Company for the year ended January 31, 2012.

(3) Based on assumptions used in the preparation of the financial statements of the Company for the year ended January 31, 2013.

(4) The compensatory change includes the annual service cost as well as the change in accrued obligation attributable to the impact of the differences between actual earnings for the year, and those assumed in the previous years' calculations. Key assumptions include a discount rate of 5.00% per year to calculate the accrued benefit obligation at start of year and the annual service cost, a discount rate of 4.40% to calculate the accrued benefit obligation at year end.

(5) The non-compensatory change amount represents the change in the accrued benefit obligation during the year attributable to items that are not related to earnings, such as assumptions changes and interest on the accrued obligation. The change is based on the same assumptions outlined in note 4 above.

(6) In accordance with his employment agreement, this participant is credited two years of additional service for the first four years of regular participation in the Supplementary Pension Plan.

(7) This participant chose to transfer his defined benefit value to the new defined contribution plan. The closing defined benefit obligation is equal to the transfer value as at the date of transfer.

Defined Contribution Plan Table

Name	Accumulated Value at Start of Year[1] ($)	Compensatory ($)	Accumulated Value at Year End ($)
Gerd Ohrnberger[2] . . . . . Vice President and General Manager, Product Engineering and Manufacturing Operations	—	—	—
Alain Villemure[3] . . . . . Vice President and General Manager, Marine Propulsion Systems Division	23,261	—	25,184

(1) As of January 31, 2013.

(2) This participant chose to transfer his defined benefit value to the new defined contribution plan. The transferred account will be reflected in next financial year values (as it is included in the defined benefit table as at January 31, 2013).

(3) Value accumulated during his participation in the Employee Plan, from January 1, 1996 to April 1, 1999.

Termination and Change of Control Benefits

The Company has entered into executive employment agreements with each of the NEOs. These agreements provide for, among other things, the continuation of the executive's employment for an indeterminate term in accordance with applicable law, as well as such NEO's base salary, bonus entitlement, vacations, insurance coverage, pension benefits, perquisites and other matters related to the NEO's employment.

The following table describes the entitlement of NEOs in the event of a termination without cause within 12 months following a Change of Control.

	CEO	CFO and Vice-Presidents and General Managers
Triggering events (Double trigger)	Termination of employment without cause within 12 months following a Change of Control[1]	Termination of employment without cause within 12 months following a Change of Control[1]
Severance calculation	24 months of base salary + target bonus	18 months of base salary + target bonus
Method of severance payment	Lump sum	Lump sum
Continuation of benefits (health care, but excluding disability)[2][3]	24 months	18 months
Vesting of option awards	Immediate vesting of all options outstanding	Immediate vesting of all options outstanding
	6-month exercise period after termination	6-month exercise period after termination

(1) Change of Control under the relevant employment agreements has the same meaning as ascribed thereto under the Option Plan. See "Compensation Discussion and Analysis – Elements of Compensation – Long-Term Incentive Plans – Option Plan".

(2) Car benefits, Company products allowance, financial services and annual medical services cease after 12 months following the termination.

(3) Health care coverage ceases earlier if new employment found before end of severance period.

The following table describes the entitlement of NEOs in the event of a termination without cause:

	CEO	CFO and Vice-Presidents and General Managers
Severance calculation	24 months of base salary + target bonus	12 months of base salary + target bonus
Method of severance payment	Monthly instalments	Monthly instalments
Continuation of benefits (health care and pension, but excluding disability)[1][2]	24 months	12 months
Retirement plan – credit of years of service	Credit with an additional 24 months of service under the executive retirement plans	Credit with an additional 12 months
Vesting of option awards	Forfeiture of unvested options	Forfeiture of unvested options
	60-day exercise period after termination	60-day exercise period after termination

(1) Car benefits, PR fleet allowance, financial services and annual medical services cease after 12 months.
(2) Health care coverage ceases earlier if new employment found before end of severance period.

The following table sets forth estimates of the amounts payable to each of the NEOs upon termination without cause or upon a Change of Control:

Name of the NEO	Termination Without Cause[1] ($)	Change of Control[1] ($)
José Boisjoli President and Chief Executive Officer	4,162,500	4,162,500
Claude Ferland Chief Financial Officer	776,734	1,165,101
Yves Leduc Vice President and General Manager, North America	789,080	1,183,620
Gerd Ohrnberger Vice President and General Manager, Product Engineering and Manufacturing Operations	733,071[2]	1,099,606[2]
Alain Villemure Vice President and General Manager, Marine Propulsion Systems Division	711,823[3]	1,067,736[3]

(1) Amounts represent payment based on such NEO's base salary and entitlement under the Short-Term Incentive Plan, if any (based on target amount). The amounts assume a termination as of January 31, 2014.

(2) Represent amounts of Euro 556,960 (termination without cause) and Euro 835,440 (Change of Control) converted in Canadian dollars using an exchange rate of 1.3162, being the noon rate of exchange posted by the Bank of Canada for conversion of Euros into Canadian dollars on May 17, 2013.

(3) Represents an amount of U.S.$693,177 (termination without cause) and U.S.$1,039,766 (Change of Control) converted in Canadian dollars using an exchange rate of 1.0269, being the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars on May 17, 2013.

The Company has also entered into non-competition, non-solicitation and non-disclosure agreements with each of the NEOs. These agreements contain contractual covenants in favour of the Company, which includes a perpetual confidentiality covenant and a non-competition covenant which applies for a period of two years from the NEO's termination of employment. NEOs are also subject to non-solicitation covenants in respect of employees and customers which apply for a period of two years from the NEO's termination of employment.

Director Compensation

The director compensation program to be effective upon Closing of the Offering will be designed to (i) attract and retain qualified individuals who possess the relevant experience of board membership with other international successful Canadian and U.S. listed corporations, and (ii) align the compensation of the directors with the interest of

the Company's shareholders through stock-based compensation. The following table outlines the annual compensation payable following the Closing of the Offering to the non-executive directors and the independent directors of the Company. The directors of the Company who are not independent for the purposes of NI 52-110 as a result of their functions with a Principal Shareholder are not currently expected to receive compensation as directors of the Company.

Independent Board Member	
Cash Retainer	$ 50,000
Equity Retainer	$100,000
Committee Chair:	
• Audit Committee	$ 15,000
• Human Resources, Nomination and Governance Committee	—
• Investment and Risk Committee	—
Committee Member:	
• Audit Committee	$ 10,000
• Human Resources, Nomination and Governance Committee	$ 10,000
• Investment and Risk Committee	$ 10,000
Per-meeting fees	—

The retainers set forth above will be paid in U.S.$ or Canadian dollars based on the residency of the Director. BRP vehicles will be made available to the directors in accordance with the policy applicable to Vice-Presidents of the Company.

The equity retainer will be paid in DSUs, which must be retained until the director resigns or retires from the Board, or until death. Each director may also elect to receive up to 100% of their cash retainer in the form of deferred share units ("DSUs"). The cash and equity retainers will be paid on a quarterly basis with the number of DSUs to be issued based on the volume weighted average trading price on the TSX for the five trading days prior to such issuance. While the DSUs vest immediately, they will only be paid out following the director's resignation or retirement from the Board of Directors, or death.

The Company will not offer a meeting fee for Board of Directors members. The total retainer is deemed to be full payment for the role of Director. The exception to this approach would be in the event of a transaction or other special circumstance that required more meetings than are typically required.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors, executive officers, employees, former directors, former executive officers or former employees of the Company, and none of their associates is or has, within 30 days before the date of this prospectus or at any time since the beginning of Fiscal 2013, been indebted to the Company or any of its subsidiaries or another entity whose indebtedness is, or at any time since the beginning of Fiscal 2013, has been, the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or any of its subsidiaries, except for routine indebtedness as defined under applicable securities legislation.

PLAN OF DISTRIBUTION

General

Pursuant to the underwriting agreement dated May 21, 2013 between the Company and the Underwriters (the "Underwriting Agreement"), the Company has agreed to sell and the Underwriters have agreed to purchase 12,200,000 Subordinate Voting Shares at a price of $21.50 per Subordinate Voting Share, for aggregate gross consideration of $262,300,000 payable in cash to the Company against delivery of the Subordinate Voting Shares on May 29, 2013 or such later date as the Company and the Underwriters agree, but not later than June 28, 2013. The Offering Price of the Subordinate Voting Shares has been determined by negotiation between the Company and the Underwriters.

Pursuant to the Underwriting Agreement, the Company has granted the Underwriters an Over-Allotment Option to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters, in whole or in part, for a 30 day period following the Closing and entitles the Underwriters to purchase from the Company up to 1,830,000 Subordinate Voting Shares at the Offering Price (being 15% of the aggregate number of Subordinate Voting Shares offered hereunder). If the Over-Allotment Option is exercised in full, the total price to the public will be $301,645,000, the Underwriters' Commission (as defined below) will be $15,836,362.50 and the net proceeds to the Company will be $285,808,637.50.

The Offering is being made in each of the provinces and territories of Canada and in the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act, and to certain other purchasers in transactions exempt from the registration requirements of the U.S. Securities Act. The Subordinate Voting Shares will be offered in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer the Subordinate Voting Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the provisions of the Underwriting Agreement, the Underwriters may offer the Subordinate Voting Shares outside of Canada. Wells Fargo and Baird are not registered to sell securities in any Canadian jurisdiction and, accordingly, will only sell Subordinate Voting Shares outside of Canada.

The Subordinate Voting Shares offered hereby have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold within the United States, or to, or for the account of, U.S. persons absent registration or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act, and applicable U.S. state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Subordinate Voting Shares may not be offered or sold within the United States, or to, or for the account of, U.S. persons. Each Underwriter has agreed that it will not offer or sell Subordinate Voting Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Subordinate Voting Shares that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the United States in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Subordinate Voting Shares outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subordinate Voting Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer is made pursuant to an exemption from registration under the U.S. Securities Act.

The TSX has conditionally approved the listing of the Subordinate Voting Shares to be issued pursuant to the Offering and that may be sold pursuant to the exercise of the Over-Allotment Option under the symbol "DOO", subject to the Company fulfilling all the listing requirements of the TSX on or before August 13, 2013, including the distribution of the Subordinate Voting Shares to a minimum number of public holders.

In connection with the Offering, certain of the Underwriters or securities dealers may distribute this prospectus electronically.

The obligations of the Underwriters under the Underwriting Agreement are joint (and not solidary nor joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Subordinate Voting Shares if any Subordinate Voting Shares are

purchased under the Underwriting Agreement. In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to $1.13 per Subordinate Voting Share with respect to the Offering and the Over-Allotment Option, if exercised (the "Underwriters' Commission"). The Underwriters are entitled under the Underwriting Agreement to customary indemnification by the Company against certain liabilities and expenses, including certain liabilities and related expenses under applicable securities legislation in connection with the Offering.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Subordinate Voting Shares while the Offering is in progress. These transactions may also include making short sales of the Subordinate Voting Shares, which involve the sale by the Underwriters of a greater number of Subordinate Voting Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Subordinate Voting Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subordinate Voting Shares available for purchase in the open market compared with the price at which they may purchase Subordinate Voting Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Subordinate Voting Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subordinate Voting Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subordinate Voting Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, 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.

As a result of these activities, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subordinate Voting Shares are listed, in the over-the-counter market, or otherwise.

Over-Allotment Option

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters (subject to the condition that the Subordinate Voting Shares subject to the Over-Allotment Option are listed on the TSX at the time of closing the Over-Allotment Option), for a period of 30 days from the date of the Closing, to purchase from the Company up to an aggregate of 1,830,000 additional Subordinate Voting Shares (representing 15% of the Subordinate Voting Shares offered hereunder), at the Offering Price, payable in cash against delivery of such additional shares. The Over-Allotment Option is exercisable only for the purpose of covering over-allotments, if any, made by the Underwriters in connection with the Offering and for market stabilization purposes. The Company will pay the Underwriters' Commission in respect of Subordinate Voting Shares sold under the Over-Allotment Option if the Over-Allotment Option is exercised. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' Commission and net proceeds to the Company before deducting other expenses of the Offering, will be $301,645,000, $15,836,362.50 and $285,808,637.50, respectively. This prospectus qualifies the grant of the Over-Allotment Option and up to 1,830,000 Subordinate Voting Shares to be sold by the Company upon exercise of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Over-Allotment Option acquires those shares under this prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Directed Share Program

At the request of the Company, the Underwriters have reserved up to 5% of the Subordinate Voting Shares to be offered by this prospectus for sale, at the Offering Price, to certain eligible officers and employees of the Company and its subsidiaries in eligible jurisdictions through a directed share program. The number of Subordinate Voting Shares available for sale to the general public will be reduced by the number of reserved Subordinate Voting Shares sold to these individuals. Any reserved Subordinate Voting Shares not purchased by these individuals will be offered by the Underwriters to the general public on the same basis as the other Subordinate Voting Shares offered by this prospectus. Subordinate Voting Shares purchased pursuant to the directed share program will not be subject to the lock-up arrangements referred to below.

Lock-Up Arrangements

In connection with completion of the Offering, the Principal Shareholders, the Company and each of the Company's directors, officers and senior management have agreed not to, directly or indirectly, without the prior written consent of BMO and RBC, on behalf of the Underwriters, issue, sell, grant any option, right or warrant for the sale of, lend, secure, pledge or otherwise dispose or monetize, or make any short sale, engage in any hedging transaction, or enter into any form of arrangement the consequence of which is to directly or indirectly transfer to someone else, in whole or in part, any of the economic consequences of ownership of, or offer or announce any intention to do so, in a public offering or by way of private placement or otherwise, any Subordinate Voting Shares or Multiple Voting Shares (except for Subordinate Voting Shares or Multiple Voting Shares purchased on or following Closing) or any securities convertible or exchangeable into Subordinate Voting Shares or Multiple Voting Shares or any other securities of the Company, cause to be filed any prospectus in connection therewith, for a period of 180 days after the date of Closing, other than the issuance of securities by the Company pursuant to or in connection with the Option Plan, the Rollover Option Plan and any other equity incentive plans described under "Executive Compensation", the issuance of securities of the Company upon the conversion, exercise or exchange of convertible, exercisable or exchangeable securities existing on the Closing Date or the transfer of securities of the Company between the Principal Shareholders or their affiliates or the acquisition by the Principal Shareholders or their affiliates in compliance with applicable securities laws of securities held by management shareholders, provided that such transferee continues to be bound by and agrees to comply with the terms of the lock-up agreement in respect of the transferred Shares. The holders of 3,668,863 Subordinate Voting Shares, representing 19.0% of the Company's issued and outstanding Subordinate Voting Shares after the completion of the Offering and assuming no exercise of the Over-Allotment Option (17.3% on a fully diluted basis), and the holders of 97,023,344 Multiple Voting Shares, representing 100% of the Company's issued and outstanding Multiple Voting Shares (100% on a fully diluted basis), the aggregate of which representing 97.4% of the total voting power in the Company after the completion of the Offering and assuming no exercise of the Over-Allotment Option (97.1% on a fully diluted basis), have entered into such agreements.

Commissions and Expenses

The following table shows the per share and total Underwriters' Commission the Company will pay to the Underwriters, assuming both no exercise and full exercise of the Underwriters' Over-Allotment Option:

	Over-Allotment Not Exercised	Over-Allotment Fully Exercised
Per Subordinate Voting Share	$1.13	$1.13
Total	$13,770,750	$15,836,362.50

The Underwriters propose to offer the Subordinate Voting Shares initially at the Offering Price stated on the cover page of this prospectus. After the Underwriters have made a reasonable effort to sell all of the Subordinate Voting Shares offered by this prospectus at that price, the initially stated Offering Price may be decreased, and further changed from time to time, by the Underwriters to an amount not greater than the initially stated Offering Price and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subordinate Voting Shares is less than the gross proceeds paid by the Underwriters to the Company.

Book Entry System

Subscriptions for the Subordinate Voting Shares 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. Transfers of ownership of Subordinate Voting Shares in Canada will be effected through records maintained by participants in the CDS depository service ("CDS Participants"), which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Each purchaser of Subordinate Voting Shares in Canada will receive a customer confirmation of purchase from the CDS Participant from or through which such Subordinate Voting Shares are purchased in accordance with the practices and procedures of such CDS Participant. No certificates will be issued to purchasers except in certain limited circumstances, and registration will be made in the depository service of CDS.

RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN UNDERWRITERS

BMO, RBC, UBS Securities Canada Inc., Citigroup Global Markets, CIBC World Markets Inc., Desjardins Securities Inc., Scotia Capital Inc. and National Bank Financial Inc. are affiliates of banks that are or will upon completion of the Offering be members of one or more syndicates of lenders that have made credit facilities available to subsidiaries of the Company, including the Revolving Credit Facilities. The Company intends to amend the Term Facility and the Revolving Credit Facilities in connection with the Offering. The amendments have been approved by the Board of Directors and are conditional upon customary conditions and Closing of the Offering. See "Description of Material Indebtedness". In addition, affiliates of the Underwriters may from time to time be members of the syndicate of lenders under the Term Facility or otherwise managing the participation of other lenders or investors in such Term Facility. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Company may be considered a "connected issuer" with such Underwriters for the purposes of securities regulations in certain provinces and territories of Canada.

As of the date of this prospectus, the Company and its subsidiaries are in compliance in all material respects with the terms of the Revolving Credit Facilities and the Term Facility. Since the indebtedness to the lenders under the Term Facility was incurred, the financial position of the borrowers under such facilities has not adversely changed. No indebtedness was outstanding under the Revolving Credit Facilities as of January 31, 2013. None of the lenders have waived any breach of the Revolving Credit Facilities or the Term Facility since the execution of the Revolving Credit Agreement or the Term Credit Agreement.

None of the lenders were involved in the decision to distribute the Subordinate Voting Shares hereunder or were involved in the determination of the terms of the Offering, including structure and pricing. As a consequence of the

Offering, the Underwriters will receive a commission in respect of the Subordinate Voting Shares sold through the Underwriters and the lenders will receive a portion of the proceeds from the Company as a repayment of outstanding indebtedness under the Term Facility. See "Use of Proceeds".

Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, investment banking and other services for the Company or its subsidiaries, for which they received or will receive customary fees.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this prospectus, and all other information contained in this prospectus before purchasing Subordinate Voting Shares, including the consolidated financial statements and accompanying notes. The risks and uncertainties described below are those the Company currently believes to be material, but they are not the only ones the Company faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that the Company currently considers not to be material, actually occur or become material risks, the Company's business, results of operations or financial condition and consequently the price of the Subordinate Voting Shares could be materially adversely affected. In all these cases, the trading price of the Subordinate Voting Shares could decline, and you could lose all or part of your investment.

Risks Related to the Company

Economic conditions that impact consumer spending may have a material adverse effect on the Company's business, results of operations or financial condition

The Company's business is cyclical in nature, and the Company's products compete with a variety of other recreational products and activities for consumers' discretionary income and leisure time. The Company's results of operations are therefore sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact consumer spending and particularly discretionary spending. Weakening of, and fluctuations in, economic conditions affecting disposable consumer income such as personal income levels, the availability of consumer credit, employment levels, consumer confidence, business conditions, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, fuel and energy costs, as well as the impacts of natural disasters, acts of terrorism or other similar events could reduce consumer spending generally or discretionary spending in particular. Such reductions could materially adversely affect the Company's business, results of operations or financial condition.

Worldwide economic conditions continue to be challenging as economies begin to recover from the effects of the subprime lending crisis and general credit market crisis. Demand for the Company's products has been significantly influenced by weak economic conditions and increased market volatility worldwide. Any deterioration in general economic conditions that further diminishes consumer confidence or discretionary income may further reduce the Company's sales and materially adversely affect its business, results of operations or financial condition. The Company cannot predict the timing or strength of economic recovery, either worldwide or in the specific markets where it competes.

Changes in economic conditions could result in a deterioration or increased volatility in the credit and lending markets, which could adversely impact the consumers who purchase the Company's products from dealers and rely upon financing for such purchases as well as the availability of floorplan financing arrangements to dealers to finance their inventory. If financing is not available to consumers or dealers on satisfactory terms, it is possible that the Company's business, results of operations or financial condition could be materially adversely affected.

In addition, concerns regarding the U.S. debt ceiling and budget deficit resulting in the downgrade of the U.S. government's credit rating and the impact of additional credit agency downgrades, as well as the European debt crisis, could have a material adverse effect on worldwide economic conditions. These concerns could have a material adverse impact on worldwide economic conditions, the financial markets and the availability of credit and, consequently, have a material adverse effect on the Company's business, results of operations or financial condition.

Any decline in the social acceptability of the Company's products or any increased restrictions on the access or the use of the Company's products in certain locations could materially adversely affect its business, results of operations or financial condition

Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished social acceptance. Circumstances outside the Company's control, such as social action to reduce the use of fossil fuels, could also negatively impact consumers' perceptions of its products. Any decline in the social acceptability of the Company's products could negatively impact their sales or lead to changes in laws, rules and regulations that prevent their access to certain locations, including trails and lakes, or restrict their use or manner of use in certain areas or

during certain times. Additionally, while the Company has implemented various initiatives to address these risks, including the improvement of the environmental footprint and safety of its products, there can be no assurance that the perceptions of the Company's customers will not change. Consumers' attitudes towards the Company's products and the activities in which they are used also affect demand. Any failure by the Company to maintain the social acceptability of its products could impact its ability to retain existing customers and attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition.

Fluctuations in foreign currency exchange rates could result in declines in reported sales and net earnings

The Company reports its financial results in Canadian dollars and the majority of its sales and operating costs are realized in currencies other than the Canadian dollar, including the Australian dollar, the Brazilian real, the Euro, the Norwegian krone, the Swedish krona and the United States dollar. If the value of any of these currencies depreciates relative to the Canadian dollar, the Company's foreign currency revenue will decrease when translated to Canadian dollar for reporting purposes. Alternatively, if the value of any of these currencies appreciates relative to the Canadian dollar, the Company's operating costs will increase when translated to Canadian dollar for reporting purposes. Although these risks may sometimes be naturally hedged by a match in the Company's sales and operating costs denominated in the same currency, fluctuations in foreign currency exchange rates could create discrepancies between the Company's sales and its operating costs in a given currency which could have a material adverse effect on its business, results of operations or financial condition. Fluctuations in foreign currency exchange rates could also have a material adverse effect on the relative competitive position of the Company's products in markets where they face competition from manufacturers who are less affected by such fluctuation in exchange rates.

In addition, the Company's indebtedness under the Term Credit Agreement is denominated in U.S. dollars. As a result, any strengthening of the U.S. dollar versus the Canadian dollar or any revaluation of the denomination of the Term Credit Agreement into Canadian dollars at the end of each reporting period can result in significant fluctuations of net income, which could have a material adverse effect on the Company's business, results of operations or financial condition.

While the Company actively manages its exposure to fluctuating foreign currency exchange rates by entering into foreign exchange hedging contracts from time to time, these contracts hedge foreign currency denominated transactions and any change in the fair value of the contracts would be offset by changes in the underlying value of the transactions being hedged. Furthermore, the Company does not have foreign exchange hedging contracts in place with respect to all currencies in which it does business. As a result, there can be no assurance that the Company's hedging strategies, if any, will be effective in the future or that the Company will be able to enter into foreign exchange hedging contracts on satisfactory terms.

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness and there can be no assurance that it will be able to pay its indebtedness as it becomes due

The Company has, and is expected to continue to have and incur, a significant amount of indebtedness, including substantial fixed obligations under the Term Facility and the Revolving Credit Facilities, and as a result of challenging economic or other conditions affecting the Company, the Company may incur greater levels of indebtedness than currently exist. The amount of indebtedness that the Company currently has and which it may incur in the future could have a material adverse effect on its business, results of operations or financial condition, for example, by (i) limiting the Company's ability to obtain additional financing, (ii) requiring the Company to dedicate a substantial portion of its cash flow generated from operations to payments on its indebtedness or fixed cost, thereby reducing the funds available for other purposes, (iii) making the Company more vulnerable to economic downturns, and (iv) limiting the Company's flexibility in planning for, or reacting to, competitive pressures or changes in its business environment.

The ability of the Company to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance and its ability to refinance its indebtedness, if necessary. In addition, as the Company incurs indebtedness which bears interest at fluctuating interest rates, to the extent that these interest rates increase, its interest expense will increase. There can be no assurance that the Company will be able to generate sufficient cash from its operations to pay its debts and other financing obligations. Each of these factors is, to a large extent, subject to economic, financial, competitive, regulatory, operational and other factors, many of which are beyond the Company's control.

The Company uses cash generated from its operating activities to fund its business and execute its growth strategy and may require additional capital which may not be available to the Company

The Company relies on net cash generated from its operating activities as its primary source of liquidity. To support the Company's business and execute its growth strategy as planned, the Company will need to continue to generate significant amounts of cash from operations, including funds to pay personnel, invest further in its infrastructure and facilities, invest in research and development, and pay for the increased costs associated with operating as a public company. If the Company's business does not generate cash flow from operating activities sufficient to fund these activities, and if sufficient funds are not otherwise available to it from its credit facilities, the Company may need to seek additional capital, through debt or equity financings, to fund its business or execute its strategy growth. Conditions in the credit markets (such as availability of finance and fluctuations in interest rates) may make it difficult for the Company to obtain such financing on attractive terms or even at all. Additional debt financing that the Company may undertake may be expensive and might impose on it covenants that restrict the Company's operations and strategic initiatives, including limitations on its ability to incur liens or additional debt, pay dividends, repurchase its capital stock, make investments and engage in merger, consolidation and asset sale transactions. Equity financings may be on terms that are dilutive or potentially dilutive to the Company's shareholders, and the prices at which new investors would be willing to purchase its equity securities may be lower than the price per share of its Subordinate Voting Shares. If new sources of financing are required, but are unattractive, insufficient or unavailable, then the Company could be required to modify its business plans or growth strategy based on available funding, if any, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Unfavourable weather conditions may reduce demand and negatively impact sales and production of certain of the Company's products

The sales of the Company's products are affected by unfavourable weather conditions. Unfavourable weather in any particular geographic region may have a material adverse effect on sales of the Company's products in that region. In particular, lack of snowfall during winter may materially adversely affect snowmobile sales, while excessive rain before and during spring and summer may materially adversely affect sales of off-road vehicles, roadsters, PWCs and marine propulsion systems. To the extent that unfavourable weather conditions are exacerbated by global climate change or otherwise, the Company's sales may be affected to a greater degree than previously experienced. There is no assurance that unfavourable weather conditions could not affect the Company's sales for any of its products, which, in turn, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's sales and operating results fluctuate from quarter to quarter and from year to year as they are affected, among other things, by the seasonal nature of its business

The Company's sales and operating results experience substantial fluctuations from quarter to quarter and year to year. In general, retail sales of the Company's products are highest in the period immediately preceding and during their particular season of use. For example, retail sales for snowmobiles will be highest in fall and winter while retail sales for PWCs will be highest in spring and summer. Revenues in the second fiscal quarter have generally been lower than those in other fiscal quarters. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal and geographic demand, the introduction of new products and models and production scheduling for particular types of products. In addition, the Company's dealers and distributors may modify orders, change delivery schedules or change the mix of products ordered. The Company may also make strategic decisions to deliver and invoice products at certain dates in order to lower costs or improve supply chain efficiencies. As a result, the Company may not be able to accurately predict its quarterly sales and the Company's results of operations are likely to fluctuate significantly from period to period. In addition, the Company incurs significant additional expenses in the period leading up to the introduction of new products which may also result in fluctuations in the Company's results of operations. This seasonality in revenues and expenses, along with other factors that are beyond the Company's control, including general economic conditions, changes in consumer preferences, weather conditions, availability of import quotas, changes in the cost or availability of raw materials or labour, discretionary spending habits and currency exchange rate fluctuations, could materially adversely affect the Company's business, results of operations or financial condition.

The Company's annual and quarterly gross profit margins are also sensitive to a number of factors, including those that are beyond its control, as well as shifts in product sales mix, geographic sales trends, and currency exchange

rate fluctuations, all of which the Company expects will continue. Results of operations in any period should not be considered indicative of the results to be expected for any future period.

The Company's actual results of operations may differ from the financial outlook set forth in this prospectus

The financial outlook contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus concerning the first and second quarters of Fiscal 2014 was prepared using assumptions that reflect management's intended course of action for the respective periods and is based on assumptions that management believes are reasonable in the circumstances. However, there can be no assurance that the assumptions reflected in the financial outlook will prove to be accurate. Actual results may differ materially from the financial outlook for the first and second quarters of Fiscal 2014 as disclosed in this prospectus. There is no representation by the Company or by management that the financial outlook for the first and second quarters of Fiscal 2014 will actually be achieved or that results will accord with any outlook indicated. Any failure to achieve the financial outlook could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is subject to laws, rules and regulations regarding product safety, health, environmental, noise pollution and other issues, and compliance with such laws, rules and regulations could cause the Company to incur fines or penalties, or increase its capital or operating costs

The Company is subject to federal, provincial/state and local/municipal laws, rules and regulations in Canada, the United States and other countries regarding product safety, health, environmental, noise pollution and other issues. While the Company believes that it is in material compliance with all such laws, rules and regulations, a failure to comply with, or compliance with, these requirements, or the adoption of new laws, rules and regulations, could cause the Company to incur fines or penalties or increase the Company's capital or operating costs, all of which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's products are subject to laws, rules and regulations relating to product safety. A failure to comply with, or compliance with, any such requirements or any new requirements, including new requirements resulting from the on-going rule-making procedure of CPSC with respect to SSVs as described under "Business of the Company – Regulatory Matters – Safety Regulation", could result in increased expenses to modify the Company's products, or harm to its reputation, which could have a material adverse effect on the Company's business, results of operations or financial condition. Certain jurisdictions require or are considering requiring a license to operate the Company's products. While such licensing requirements are not expected to be unduly restrictive, they may deter potential customers, thereby reducing the Company's sales. The Company's products are also subject to laws, rules and regulations imposing environmental, noise emission, zoning and permitting restrictions, which are subject to change and may limit the locations where the Company's products may be used or restrict their use or manner of use during certain times.

Climate change is receiving increasing attention worldwide. Many scientists, legislators and others attribute climate change to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. Greenhouse gas regulation, in particular registration and reduction programs, could increase the price of the electricity the Company purchases, require the Company to purchase allowances to offset the Company's own emissions or result in an overall increase in costs of raw materials, any of which could increase the Company's costs, reduce competitiveness in a global economy or otherwise have a material adverse effect on the Company's business, results of operations or financial condition. Many of the Company's suppliers face similar circumstances. Moreover, the Company may face greater regulatory or customer pressure to develop products that generate less emissions. This may require the Company to spend additional funds on research and development and implementation and subject the Company to the risk that the Company's competitors may respond to these pressures in a manner that gives them a competitive advantage. While additional regulation of emissions in the future appears likely, it is too early to predict whether this regulation could ultimately have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is also subject to environmental laws, rules and regulations pursuant to which, among other things, current or previous owners or occupants of property may become liable for the contamination of such property and, as a result, may be liable for the costs of investigating, removing and monitoring any hazardous substances found on the

property. Given the nature of the Company's manufacturing activities and the fact that certain of its facilities have been in operation for many years, the Company and the prior owners or occupants of its property may have generated and disposed of materials that are or may be considered hazardous. The Company is aware of certain current environmental liabilities in relation to certain of its property and it is possible that additional environmental liabilities may arise in the future as a result of any prior or future generation or disposal of hazardous materials. From time to time, the Company has incurred and continues to incur material costs and obligations related to environmental compliance and remediation matters. While the Company believes that it has taken all appropriate measures and that it is, except as previously mentioned, currently in material compliance with all applicable environmental laws, rules and regulations, any failure to comply with, or the compliance with, any such laws, rules and regulations or the adoption of any new such laws, rules or regulations could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company depends on dealers, suppliers, financing sources and other strategic partners who may be sensitive to economic conditions that could affect their businesses, results of operations or financial condition in a manner that materially adversely affects their relationship with the Company

The Company: (i) distributes its products through numerous dealers and distributors; (ii) sources component parts and raw materials through numerous suppliers; (iii) relies on important third-party providers for the warehousing and distribution of PAC and for information technology services; and (iv) has relationships with a limited number of sources of product financing for its dealers and consumers. The Company's business, results of operations or financial condition could be materially adversely affected if a deterioration of economic or business conditions results in a weakening of the financial condition of a material number of the Company's dealers and distributors, suppliers or financing sources or if uncertainty about the economy or the demand for the Company's products causes these business partners to voluntarily or involuntarily reduce or terminate their relationship with the Company.

The Company has a relatively large fixed cost base that can affect its profitability in a declining sales environment

The fixed costs involved in owning and operating the Company's manufacturing facilities can reduce the Company's gross profit margins when sales and production decline. The Company's profitability is dependent, in part, on its ability to spread fixed costs over an increasing number of products sold and shipped, and if the Company is required to reduce its rate of production, gross profit margins could be negatively affected. Consequently, decreased demand or the need to reduce inventories can lower the Company's ability to absorb fixed costs, which could have a material adverse effect on its business, results of operations or financial condition.

The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition

The Company's dealers and distributors require adequate liquidity to finance their operations and to purchase the Company's products. Dealers and distributors are subject to numerous risks and uncertainties that could unfavourably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis and on reasonable terms. The Company has agreements with its dealers and distributors and large financing companies (such as TCF in North America and Latin America and the GE Group in Europe, Australia and New Zealand) to provide financing to its dealers and distributors to facilitate their purchase of the Company's products. These sources of financing are vital to the Company's ability to sell products through the Company's distribution network, as a significant percentage of the Company's sales are done under such arrangements. See "Business of the Company – Distribution, Sales and Marketing – Floorplan Financing Arrangements".

The availability and terms of financing offered by the Company's floorplan financing companies will continue to be influenced by the following factors: their ability to access certain capital markets, including the securitization and the commercial paper markets, and to fund their operations in a cost effective manner; the performance of their overall credit portfolios; their willingness to accept the risks associated with lending to the Company's dealers; and the overall creditworthiness of those dealers. The Company's business, results of operations or financial condition could be materially adversely affected if further declines in floorplan financing availability occur, or if financing terms change unfavourably. This could require the Company to find alternative sources of financing, including the Company providing this financing directly to dealers and distributors, which could require additional capital to fund the associated receivables.

In the event of a dealer or distributor default, the Company may be required to purchase, from the floorplan financing companies, new and unused products at the total unpaid principal balance to the finance company, subject to certain caps as described under "Business of the Company – Distribution, Sales and Marketing". Any requirement of the Company to purchase the inventory of several of its dealers or distributors could result in a material adverse effect on the Company's business, results of operations and financial condition.

Supply problems, termination or interruption of supply arrangements or increases in the cost of materials could have a material adverse effect on the Company's business, results of operations or financial condition

The primary raw materials used in manufacturing the Company's products are aluminium, steel, plastic, resins, stainless steel, copper, rubber and certain rare earth metals. In addition, outside suppliers provide the Company with certain product parts and components. The Company cannot be certain that it will not experience supply problems, such as the untimely delivery of, or defects or variations in, raw materials, parts or components. As well, the Company obtains certain of the raw materials, parts and components it uses from either sole suppliers or a limited number of suppliers. If these supply arrangements were terminated or interrupted for reasons such as supplied goods not meeting the Company's quality or safety standards or suppliers' operations being disrupted as a result of a variety of internal or external risks, the Company could have difficulty establishing substitute supply arrangements on satisfactory terms. Problems with the Company's supplies or supply arrangements could have a material adverse effect on the Company's business, results of operations or financial condition. This situation could be further aggravated in the event that the Company were overly dependent on a few key suppliers.

Moreover, the Company's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Company may not be able to pass along price increases in raw materials, parts or components to its customers. As a result, an increase in the cost of the raw materials, parts and components used in the manufacturing of the Company's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

Covenants contained in agreements to which the Company is a party affect and, in some cases, significantly limit or prohibit the manner in which the Company operates its business

Some of the financing and other major agreements to which the Company is a party, including the Term Credit Agreement and the Revolving Credit Agreement, contain certain covenants which affect and, in some cases, significantly limit, among other things, the activities in which the Company may engage, the ability of the Company to incur debt, issue preferred stock, grant liens over its assets, engage in lines of business different from its own, consummate asset sales, pay dividends or make other distributions, redeem or otherwise retire capital stock or make other restricted payments, make loans, advances and other investments, and merge consolidate or amalgamate with another person. Under the Revolving Credit Agreement, the Company is bound by a fixed charge coverage ratio.

A failure by the Company to comply with such contractual obligations or to pay amounts due under financing and other major agreements could result in an acceleration of the debt incurred under such agreements, a termination of the commitments made thereunder, as well as an exercise of remedies provided therein by the creditors of the Company (including foreclosure over substantially all of the assets of the Company). In such a situation, the Company may not be able to repay the accelerated indebtedness, fulfill its obligations under certain contracts or otherwise cover its fixed costs, which could result in a material adverse effect on the Company's business, results of operations or financial condition.

The Company faces intense competition in all product lines, including from some competitors that have greater financial and marketing resources. Failure to compete effectively against competitors could materially adversely impact the Company's business, results of operations or financial condition

The powersports industry is highly competitive. Competition in such markets is based upon a number of factors, including price, quality, reliability, styling, product features and warranties. At the dealer level, competition is based on a number of factors including sales and marketing support programs (such as financing joint advertising programs and cooperative advertising). Certain of the Company's competitors are more diversified and have financial and marketing resources which are substantially greater than the Company's, which allow these competitors to invest more heavily in

intellectual property, product development, and sales and marketing support. If the Company is not able to compete with new products, product features or models of its competitors, or attract new dealers, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company is subject to competitive pricing. Such pricing pressure may limit the Company's ability to maintain prices or to increase prices for its products in response to raw material, component and other cost increases and so negatively affect the Company's profit margins.

If the Company loses the services of members of its management team or employees who possess specialized market knowledge and technical skills, the Company's ability to compete, to manage its operations effectively, or to develop new products could be reduced

Many of the Company's senior executives have extensive experience in the Company's industry and with its business, products and customers. The loss of the technical knowledge, management expertise and knowledge of the Company's operations of one or more members of the core management team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves the Company and would need to spend time usually reserved for managing the Company's business to search for, hire and train new members of management. The loss of some or all of the Company's senior executives could negatively affect the Company's ability to develop and pursue its business strategy, which could materially adversely affect the Company's business, results of operations or financial condition.

In addition, the Company's success depends to a large extent upon its ability to retain skilled employees. There is intense competition for qualified and skilled employees, and the Company's failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition. In addition, to implement and manage the Company's business and operating strategies effectively, the Company must maintain a high level of efficiency, performance and content quality, continue to enhance its operational and management systems and continue to effectively attract, train, motivate and manage its employees. If the Company is not successful in doing so, it may have a material adverse effect on its business, results of operations and financial condition.

The Company's success depends upon the continued strength of its reputation and brands

The Company's well-established brands include *Ski-Doo* and *Lynx* snowmobiles, *Sea-Doo* PWCs, *Rotax* engines and *Evinrude* outboard engines. Also, in 2006, the Company rebranded its ATVs under the *Can-Am* brand and, in 2007, introduced the *Spyder*, which formed a new segment within the on-road product category under the *Can-Am* brand. The Company believes that its reputation and brands are significant contributors to the success of its business. Any negative publicity about the Company's products could diminish customer trust, do significant damage to the Company's reputation and brands and could negatively impact sales. As the Company expands into new geographical markets, maintaining and enhancing its brands may become increasingly difficult and expensive, as consumers in these markets may not accept its brand image. Failure to maintain and enhance the Company's brands in any of its markets may materially adversely affect the Company's business, results of operations or financial condition.

The Company's brands and branded products could also be adversely affected by incidents that reflect negatively on the Company. Moreover, the negative impacts of these events may be aggravated as the perceptions of consumers and others are formed based on modern communication and social media tools over which the Company has no control. The increasing use of social media has especially heightened the need for reputational risk management. Any actions the Company takes that cause negative public opinion have the potential to negatively impact the Company's reputation, which may materially adversely affect its business, results of operations or financial condition.

In addition, the Company entered into a license agreement with Bombardier Inc. in connection with the acquisition of the recreational products business of Bombardier Inc. in 2003, which, among other things, enables it to continue to use certain marks owned by Bombardier Inc., including the Bombardier® trademark. See "Interest of Management and Others in Material Transactions". If the Company is not able to create a comparable independent brand for its products prior to any termination of the license, it may see a decline in sales and revenues when the license terminates, which could have a material adverse effect on its business, results of operations or financial condition.

An adverse determination in any significant product liability claim against the Company could materially adversely affect its business, results of operations or financial condition

The development, manufacturing, sale and usage of the Company's products expose the Company to significant risks associated with product liability claims. If the Company's products are defective or used incorrectly by its consumers, it may result in bodily injury, property damage or other injury, including death, which could give rise to product liability claims against the Company. Changes to the Company's manufacturing processes and the production of new products could result in product quality issues, thereby increasing the risk of litigation and potential liability. Any losses that the Company may suffer from any liability claims and the effect that any product liability litigation may have upon the brand image, reputation and marketability of the Company's products could have a material adverse impact on its business, results of operations or financial condition.

The Company had approximately 146 pending litigation cases as of May 20, 2013, 44% of which were in the United States and about 45% and 36% of which consist of product quality and product liability cases, respectively. The Company does not believe the outcome of any pending product liability litigation would have a material adverse effect on its business, results of operations or financial condition, and the Company has insurance with respect to any future claims in amounts it believes to be appropriate. However, no assurance can be given that the Company's historical claims record will not change, that material product liability claims will not be made in the future against the Company, or that claims will not arise in the future in excess of the Company's indemnities and insurance coverage. The Company records provisions for known potential liabilities, but there is the possibility that actual losses may exceed these provisions and therefore negatively impact earnings. Also, the Company may not be able in the future to adequately insure its product liability and warranty risk or the cost of doing so may be prohibitive. Adverse determinations of material product liability claims made against the Company could also harm the Company's reputation and cause it to lose customers and could have a material adverse effect on its business, results of operations or financial condition**.**

Significant product repair and/or replacement due to product warranty claims or product recalls could have a material adverse impact on the Company's business, results of operations or financial condition

The Company provides a limited warranty against defects for all of its products for a period generally varying from six months to three years. The Company may provide longer warranties related to certain promotional programs, as well as longer warranties in certain geographical markets as determined by local laws, rules or regulations and market conditions. The Company also provides a limited emissions warranty for certain emissions-related parts in its products as required by the United States Environmental Protection Agency and the California Air Resources Board. Although the Company employs quality control procedures, sometimes a product is distributed that needs repair or replacement, or that needs to be recalled. The Company's standard warranties require the dealers to repair or replace defective products during such warranty periods at no cost to the consumer. The Company records provisions based on an estimate of product warranty claims, but there is the possibility that actual claims may exceed these provisions and therefore negatively impact earnings. The Company could make major product recalls or could be held liable should the Company's products not meet safety standards or statutory requirements on product safety or consumer protection. In addition, the risks associated with product recalls may be aggravated if production volumes increase significantly, supplied goods do not meet the Company's standards or the Company fails to perform its risk analysis systematically or product-related decisions are not fully documented. Historically, product recalls have been administered through the Company's dealers and distributors. The repair and replacement costs that the Company could incur in connection with a recall could have a material adverse effect on the Company's business, results of operations or financial condition. Product recalls could also harm the Company's reputation and cause it to lose customers, particularly if recalls cause consumers to question the safety or reliability of the Company's products, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company relies on a network of independent dealers and distributors to manage the retail distribution of its products

The Company depends on the capability of its independent dealers and distributors to develop and implement effective retail sales plans to create demand among retail purchasers for its products. If the Company's independent dealers and distributors are not successful in these endeavours, then the Company will be unable to maintain or grow its sales. Further, independent dealers and distributors may experience difficulty in funding their day-to-day cash flow

needs and paying their obligations resulting from adverse business conditions, including weakened consumer spending or tightened credit. Inability to fund operations can force dealers and distributors to cease business, and the Company may not be able to obtain alternate distribution in the vacated market, which could negatively impact the Company's sales through reduced market presence or inadequate market coverage. In the event of a dealer or distributor default under any floorplan financing arrangements, the Company may also be required to repurchase such dealer's or distributor's inventory. See "The inability of the Company's dealers and distributors to secure adequate access to capital could materially adversely affect the Company's business, results of operations or financial condition". In addition to dealers or distributors ceasing business, in some cases, the Company may seek to terminate relationships with certain dealers or distributors leading to a reduction in the number of its dealers or distributors. Being forced to liquidate a former dealer's or distributor's inventory of the Company's products could add downward pressure on such products' prices. Further, the unplanned loss of any of the Company's independent dealers or distributors may create negative impressions of the Company with its retail customers and have a material adverse impact on the Company's ability to collect wholesale receivables that are associated with that dealer or distributor. Also, if the Company's dealer and distributor base were to consolidate, competition for the business of fewer dealers and distributors would intensify. If the Company does not provide product offerings and pricing that meet the needs of its dealers and distributors, or if the Company loses a substantial amount of its dealer and distributor base, its business, results of operations or financial condition could be materially adversely affected. Additionally, if the Company is unable to optimize or expand its dealer network in North America, part of its growth strategy will be negatively impacted, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company sells a majority of its products through distribution and dealer agreements. In general, distributors are contractually obligated to offer the Company's products on an exclusive basis. On the other hand, many of the dealers through which the Company sells its products also carry competing product offerings and most dealers who sell the Company's products exclusively are not contractually obligated to continue to do so and may choose to sell competing products at any time, which may lower the Company's sales. The Company also relies on its dealers to service and repair its products. There can be no assurance that its dealers will provide high quality repair services to the Company's customers. If dealers fail to provide quality service during either trial, delivery or after-sales service to the Company's customers, the Company's brand identity and reputation may be damaged, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company depends on its relationships with customers for its outboard engines and Rotax engines

The Company depends on relationships with customers for whom it manufactures OEM products, particularly with respect to outboard engines and *Rotax* engines. If the Company's customer base were to begin using competitors for their OEM needs, or if any of these customers were acquired by the Company's competitors, OEM outboard engine and *Rotax* engine sales could be adversely affected, which could have a material adverse effect on the Company's business, results of operations or financial position.

The Company depends upon the successful management of its inventory levels, both at the Company's and the dealers' levels, and any failure to successfully manage its inventory levels could have a material adverse effect on its business, results of operations or financial condition

The Company must maintain sufficient inventory levels to operate its business successfully. However, the Company must also guard against accumulating excess inventory as it seeks to minimize out-of-stock levels across all product categories and to maintain in-stock levels.

The nature of certain of the Company's product lines, including the snowmobile, PWC and *Spyder* product lines, require the Company to purchase supplies and manufacture products well in advance of the time these products will be offered for sale. As a result, the Company may experience difficulty in responding to a changing retail environment, which may lead to excess inventory or to inventory shortages if supply does not meet demand. In addition, sales for such product lines are managed through long-term purchase commitments and the Company plans annual production levels and long-term product development and introduction based on anticipated demand, as determined by the Company in reliance on its own market assessment and regular communication with its dealers and other customers to anticipate the future volumes of purchase orders. If the Company does not accurately anticipate the future demand for a particular product or the time it will take to obtain new inventory, its inventory levels will not be appropriate and its results of operations may be negatively impacted, including through lower gross profit margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels.

On the other hand, the sales of certain of the Company's product lines such as the off-road vehicle, outboard engine and *Rotax* engine product lines, are managed through short-term purchase commitments, and the Company has begun to introduce flexible orders with respect to certain of its products. Any failure by the Company to maintain adequate inventory levels for such products could result in undesirable delivery delays for its customers or result in the loss of certain sales, which could, in turn, have a material adverse effect on the Company's business, results of operations or financial condition.

Additionally, the Company's dealers and distributors could decide to reduce the number of units of the Company's products they hold. Such a decision would likely require the Company to reduce its production levels, thus resulting in lower rates of absorption of fixed costs in the Company's manufacturing facilities and lower margins. If the Company's dealers and distributors then placed additional orders for the Company's products, this could impair the Company's ability to respond rapidly to these demands and adequately manage its inventory levels, which could materially adversely affect its business, results of operations or financial condition.

The Company's international sales and operations subject it to additional risks, which risks may differ in each country in which the Company operates and which could have a material adverse effect on its business, results of operations and financial condition

The Company manufactures its products in Canada, Mexico, the United States, Finland and Austria. The Company maintains sales and administration facilities in approximately 15 countries, including its recently opened sales office in Shanghai, China. The Company's primary distribution facilities distribute the Company's products to its North American dealers and it has various other locations around the world that distribute its products to its international dealers and distributors. The Company's total sales outside Canada and the United States represented 35%, 38% and 40% of the Company's total sales for Fiscal 2013, Fiscal 2012 and Fiscal 2011, respectively, and the Company intends to continue to expand its international operations. Growth opportunities include international markets such as China, Russia, Brazil and Australia, where the Company is building strategic partnerships to facilitate the growth of its industries or is already investing in developing its dealer network and promoting the Company's brands and products. International markets have been, and will continue to be, a focus for sales growth, and over time the Company intends for international sales to comprise a larger percentage of its total sales. Several factors, including weakened international economic conditions, could adversely affect such growth. Additionally, the expansion of the Company's existing international operations and entry into additional international markets require significant management attention and financial resources. Some of the countries in which the Company sells its products, or otherwise has an international presence, are to some degree subject to political, economic and/or social instability. The Company's international sales and operations expose the Company and its representatives, agents and distributors to risks inherent in operating in foreign jurisdictions. These risks include:

- increased costs of adapting products for foreign countries;
- difficulties in managing and staffing international operations and increases in infrastructure costs, including legal, tax, tariffs, customs and duties, accounting, and information technology;
- the imposition of additional Canadian and foreign governmental controls or regulations; new or enhanced trade restrictions and restrictions on the activities of foreign agents, representatives, and distributors; and the imposition of increases in costly and lengthy import and export licensing and other compliance requirements, customs duties and tariffs, license obligations, and other non-tariff barriers to trade;
- the imposition of Canadian and/or international sanctions against a country, company, person, or entity with whom the Company does business that would restrict or prohibit the Company's continued business with the sanctioned country, company, person, or entity;
- international pricing pressures;
- laws and business practices favouring local companies;
- governmental expropriation;
- adverse currency exchange rate fluctuations;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;

- difficulties in enforcing or defending intellectual property rights; and
- multiple, changing, and often inconsistent enforcement of laws, rules, and regulations, including rules relating to environmental, health, and safety matters.

Certain of the Company's manufacturing facilities are located in Mexico and are subject to this country's changes in economic, social and political conditions. In the past, Mexico has been subject to political instability, changes and uncertainties which could cause future changes to its existing economic, social and political conditions. The occurrence and the impact of any such potential changes are beyond the Company's control and they cannot be accurately predicted. There can be no assurance that any mitigating actions by the Company would be effective. As a result, the Company's business, results of operations or financial condition could be materially adversely affected by any significant change in existing economic, social and political conditions in Mexico.

In addition, the Company's international operations may not produce desired levels of sales. This or one or more of the factors listed above may harm the Company's business, results of operations or financial condition. Any material decrease in the Company's international sales or profitability could also materially adversely impact the Company's business, results of operations or financial condition.

Furthermore, some of the Company's operations and sales are conducted in parts of the world that experience corruption to some degree. Although the Company has policies and procedures in place that are designed to promote legal and regulatory compliance, the Company's employees, distributors, consultants or independent dealers could take actions that violate applicable anti-corruption laws or regulations. Violations of these laws, or allegations or such violations, could have a material adverse effect on the Company's business, results of operations or financial position.

The Company may be unable to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance

Notwithstanding its investments in research and development and emerging product lines, the Company may not be able to compete as effectively with its competitors, and ultimately satisfy the needs and preferences of its customers, unless it can continue to successfully enhance existing products, develop new innovative products and distinguish its products from its competitors' products through innovation and design. Product development requires significant financial, technological, and other resources. While the Company expended $128.2 million, $129.4 million and $103.1 million for research and development efforts in Fiscal 2013, Fiscal 2012 and Fiscal 2011, respectively, there can be no assurance that the Company will be able to sustain this level of investment or that this level of investment in research and development will be sufficient to successfully maintain the Company's competitive advantages in product innovation and design.

Product improvements and new product introductions also require significant planning, design, development, and testing at the technological, product, and manufacturing process levels and the Company may not be able to develop product improvements or new products in a timely manner. The new products of the Company's competitors may beat the Company's products to market, be more effective with more features and/or less expensive than the Company's products, obtain better market acceptance, or render the Company's products obsolete. Changes in consumer tastes caused by cultural, demographic or other factors could also affect the popularity of the Company's products. Any new products that the Company develops may not receive market acceptance or otherwise generate any meaningful sales or profits for the Company relative to its expectations based on, among other things, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs, and research and development. Further, the sales of any new products are expected to decline over such new products' life cycle, with sales being higher early in the life cycle of the new products and sales decreasing over time as the new products age. The Company cannot predict the length of the life cycle for any new products. Any failure by the Company to continue to enhance existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance could have a material adverse effect on the Company's business, results of operations or financial condition.

In addition, even if the Company is able to successfully enhance existing products and develop new products, there is no guarantee that the markets for the Company's existing products and new products will progress as anticipated. If any of the markets in which the Company's existing products compete do not develop as expected, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company may be unable to protect its intellectual property or it may incur substantial costs as a result of litigation or other proceedings relating to protection of its intellectual property

The Company's success depends in part on its ability to protect its patents, trademarks, copyrights and trade secrets from unauthorized use by others. If substantial unauthorized use of the Company's intellectual property rights occurs, the Company may incur significant costs in enforcing such rights by prosecuting actions for infringement of its rights, particularly taking into account that policing unauthorized use of the Company's intellectual property may be particularly difficult outside North America and Europe. Such unauthorized use could also result in diversion of engineering and management resources devoting attention to these matters at the expense of other tasks related to the business. Others may also initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes their patents, trademarks, copyrights or trade secrets. If the Company's competitors initiate litigation to challenge the validity of the Company's patents, trademarks, copyrights and trade secrets, or allege that the Company infringes theirs, the Company may incur substantial costs to defend its rights. If the outcome of any such litigation is unfavourable to the Company, its business, results of operations or financial condition could be materially adversely affected. The Company also cannot be sure that the patents it has obtained, or other protections such as confidentiality and trade secrets, will be adequate to prevent imitation of its products and technology by others. If the Company is unable to protect its technology through the enforcement of intellectual property rights, its ability to compete based on technological advantages may be harmed. If the Company fails to prevent substantial unauthorized use of its trade secrets, it risks the loss of certain competitive advantages, which could have a material adverse effect on its business, results of operations or financial condition.

Some of the Company's direct competitors and indirect competitors may have significantly more resources to direct toward developing and patenting new technologies. It is possible that the Company's competitors will develop and patent equivalent or superior engine technologies and other products that compete with the Company's products. They may assert these patents against the Company and the Company may be required to license these patents on unfavourable terms or cease using the technology covered by these patents, either of which could harm the Company's competitive position and may materially adversely affect its business, results of operation or financial condition.

Additionally, the Company is currently a defendant in patent proceedings relating to its snowmobiles and others may bring similar suits. If the Company is unsuccessful in its defense of any of these actions, there could be material adverse consequences including payment of monetary damages, licensing of patents on unfavourable terms, limitations on its ability to use certain technology and removal of desirable features from the Company's products. Even if the Company is able to defeat such claims, the allegation that it is infringing on others' intellectual property rights could harm its reputation and cause it to incur significant costs in connection with its defense of these actions. Also, from time to time, third parties have challenged, and may in the future try to challenge, the Company's trademark rights and branding practices. The Company may be required to institute or defend litigation to enforce its trademark rights, which, regardless of the outcome, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. If the Company loses the use of a product name, its efforts spent building that brand will be lost and it will have to rebuild a brand for that product, which it may or may not be able to do.

The failure of the Company's information technology systems or a security breach involving consumer or employee personal data could materially adversely affect the Company's business, results of operations or financial condition

The Company's global business operations are managed through a variety of information technology systems. These systems govern all aspects of the Company's operations around the world. The Company is dependent on these systems for all commercial transactions, dealership and distributorship interactions, and supply chain and inventory management. Although the Company has established appropriate contingency plans to mitigate the risks associated with a failure of its information technology systems or a security breach, some of the systems are based on legacy technology and operate with a minimal level of available support. If one of the Company's key IT systems were to suffer a failure this could have a material adverse effect on the Company's business, results of operations or financial condition. Further, the Company relies on large outsourcing contracts for IT services with a major third-party service provider and if such service provider were to fail or the relationship with the Company were to end, and the Company were unable to find a suitable replacement in a timely manner, the Company's business, results of operations or financial condition could be materially adversely affected. The Company is continually modifying and enhancing its IT systems and technologies to increase productivity and efficiency. As new systems and technologies are implemented,

the Company could experience unanticipated difficulties resulting in unexpected costs and adverse impacts to its manufacturing and other business processes. When implemented, the systems and technologies may not provide the benefits anticipated and could add costs and complications to ongoing operations, which may have a material adverse effect on the Company's business, results of operations or financial condition.

The Company and its dealers and distributors receive and store personal information in connection with its human resources operations, credit operations, warranty management, marketing efforts and other aspects of its business. Additionally, the Company exchanges information with hundreds of trading partners across all aspects of its commercial operations. The Company makes significant investments in research and development each year and data from such activities is maintained in the Company's IT systems. Any security breach of the Company's IT systems could result in disruptions to its operations or erroneous transactions. To the extent that such a breach results in a loss or damage to the Company's data, or in inappropriate disclosure of confidential or personal information, it could cause significant damage to the Company's reputation, affect its relationships with its customers, lead to claims against the Company and ultimately materially adversely affect its business, results of operations or financial condition.

Retail sales of the Company's new products may be materially adversely affected by declining prices for used versions of the Company's products or the supply of new products by competitors in excess of demand

The Company has observed that when prices for used versions of its products have declined, it has had the effect of reducing demand among retail purchasers for new versions of its products (at or near manufacturer's suggested retail prices). Also, while the Company has taken steps designed to balance production volumes for its products with demand, its competitors could choose to supply new products to the market in excess of demand at reduced prices which could also have the effect of reducing demand for new versions of the Company's products. Reduced demand for new versions of the Company's products could lead to reduced sales by the Company, which could materially adversely affect its business, results of operations or financial condition.

The Company may not be able to successfully execute its manufacturing strategy

One of the priorities of the strategic plan established by management consists in sustained efforts in terms of cost reduction and operational efficiencies. This priority aims at leveraging the strength of the Company's established manufacturing centers, while expanding manufacturing operations for certain products in Mexico to meet added demand and reduce costs. In order to help the Company to respond to ongoing changes in the market place and reduce inventory across the supply chain, this priority also focuses on further implementing model mix production on its assembly lines, which means being able to produce a greater range of models on a weekly and daily basis, without expensive set-up costs or production downtime. The Company believes that flexible manufacturing is the key element to enable improvements in the Company's ability to respond to customers in a cost effective manner. The success of the Company in implementing this priority of its strategic plan is dependent on the involvement of management, production employees and suppliers. Any inability to achieve this priority could materially adversely impact the Company's business, results of operations or financial condition and its ability to deliver the right product at the right time to the customer.

In addition, the Company plans to maintain its manufacturing operations and production capacity at relatively stable levels in Canada, Austria, the United States and Finland, while accommodating volume growth by increasing production levels in Mexico. The Company has initiated a transfer of certain of its manufacturing activities from Canada to Mexico, which resulted in the opening of the Company's first manufacturing facility in Juárez in 2007 and the completion of the first construction phase of a second Mexican manufacturing facility in Querétaro at the end of 2012. The Juárez manufacturing facility remains in the relatively early stage of its development and the operations at the Querétaro facility have only recently started. Any failure to achieve or sustain the anticipated levels of productivity and operational efficiencies in those manufacturing facilities could have a material adverse impact on the Company's business, results of operations or financial condition.

Tax matters and changes in tax laws could materially adversely affect the Company's business, results of operations or financial condition

The Company, as a multinational company conducting operations through subsidiaries in multiple jurisdictions, is subject to income taxes in Canada, the United States and numerous other foreign jurisdictions. The Company's effective income tax rate in the future could be adversely affected as a result of a number of factors, including changes

in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the outcome of income tax audits in various jurisdictions around the world. The Company regularly assesses all of these matters to determine the adequacy of its tax liabilities. If any of the Company's assessments turn out to be incorrect, the Company's business, results of operations or financial condition could be materially adversely affected.

The Company's Canadian and foreign entities undertake certain operations with other currently existing or new subsidiaries in different jurisdictions, including Canada, the United States, Mexico, Finland and Austria. The tax laws of these jurisdictions, including Canada, have detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's length pricing principles. Although the Company believes that its transfer pricing policies have been reasonably determined in accordance with arm's length principles, the taxation authorities in the jurisdictions where the Company carries on business could challenge its arm's length related party transfer pricing policies. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment. If any of these taxation authorities were to successfully challenge the Company's transfer pricing policies, its income tax expense may be adversely affected and the Company could also be subjected to interest and penalties. The Company may be liable for such penalties in respect of transfer pricing adjustments unless reasonable efforts were made to determine, and use, arm's length transfer prices. Generally, reasonable efforts in this regard are only considered to be made if contemporaneous documentation has been prepared that supports the transfer pricing methodology. Any such increase in the Company's income tax expense and related interest and penalties could have a material adverse effect on its business, results of operations or financial condition.

Although the Company believes that the expenses and tax credits claimed by the Company, including research and development expenses and Scientific Research and Experimental Development tax credits, have been reasonably determined and are deductible, there can be no assurance that the Canadian and the relevant foreign taxation authorities will agree. If a taxation authority were to successfully challenge the correctness of such expenses or tax credits claimed, or if a taxation authority were to reduce any tax credit either by reducing the rate of the grant or the eligibility of some research and development expenses in the future, the Company's business, results of operations or financial condition could be materially adversely affected.

Higher fuel costs can materially adversely affect the Company's business, results of operations or financial condition

Higher fuel costs increase the transportation cost both of acquiring the Company's materials and shipping its products to customers. Increases in energy costs can also adversely affect the pricing and availability of petroleum-based raw materials. There is no guarantee that the Company would be able to pass such higher costs to its customers, and so an increase in such costs could have a material adverse effect on the Company's business, results of operations or financial condition. Also, higher fuel costs increase the cost of owning and operating many of the Company's products, which can reduce demand for them and so materially adversely affect the Company's business, results of operations or financial condition.

Deterioration in relationships with the Company's non-unionized and unionized employees could have a material adverse effect on the business, results of operations or financial condition

A majority of the Company's employees are non-unionized, including in all facilities in Canada and the United States. The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. A deterioration in relationships with employees or in the labour environment could result in work interruptions or other disruptions, or cause management to divert time and resources from other aspects of the Company's business, which could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is party to some national collective bargaining agreements in Austria, Finland and Mexico that expire at various times in the future. As the Company is dependent on national unions to renew these agreements on terms that are satisfactory as they become subject to renegotiation from time to time, the outcome of these labour negotiations could have a material adverse effect on the Company's business, results of operations or financial condition. Such could be the case if current or future labour negotiations or contracts were to further restrict its ability to maximize the efficiency of its operations. In addition, its ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its national collective bargaining agreements.

The Company cannot predict the outcome of any current or future negotiations relating to labour disputes, union representation or the renewal of its national collective bargaining agreements, nor can the Company assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If its unionized workers engage in a strike or any other form of work stoppage, it could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Pension plan liability may have a material adverse effect on the Company

Economic cycles can have a negative impact on the funding of the Company's remaining defined benefit pension obligations and related expenditures. In particular, a portion of the Company's pension plan assets are invested in equity securities, which can experience significant declines if financial markets weaken. Also, the Company's latest actuarial funding valuation reports show that the defined benefit components of the Company's registered pension plans present a solvency deficit and, as a result, the Company is required to make additional funding contributions. There is no guarantee that the expenditures and contributions required to fund these defined benefit pension obligations will not increase in the future and therefore negatively impact its operating results, liquidity and financial position. Risks related to the funding of defined benefit pension plans may materialize if total obligations with respect to such a pension plan exceed the total value of the plan fund's assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the discount rate used to assess the pension plan's obligations, and actuarial losses. Any of these risks could result in a material adverse effect on the Company's business, results of operations or financial condition.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events could materially adversely affect the Company's business, results of operations or financial condition

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in physical damage to one or more of the Company's properties, increases in fuel or other energy prices, temporary or permanent closure of one or more of the Company's facilities, temporary lack of an adequate workforce in a market, temporary or long-term disruption in the supply of raw materials, product parts and components, temporary disruption in transport to and from overseas, disruption in the Company's distribution network and disruption to the Company's information systems.

Failure to carry proper insurance coverage may have a material adverse effect on the Company

The Company maintains directors and officers insurance, liability insurance, business interruption and property insurance and its insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that the Company's insurance coverage will be sufficient, or that insurance proceeds will be paid to it in a timely manner. In addition, there are types of losses the Company may incur but against which it cannot be insured or which it believes are not economically reasonable to insure, such as losses due to acts of war and certain natural disasters. If the Company incurs these losses and they are material, the Company's business, results of operations or financial condition could be materially adversely affected.

Risks Related to this Offering

The Company's securities have no prior public market and the share price of its Subordinate Voting Shares may decline after the Offering

Before this Offering, there has been no public market for the Subordinate Voting Shares, and an active public market for the Subordinate Voting Shares may not develop or be sustained after this Offering. If an active public market does not develop, the liquidity of investments in the Subordinate Voting Shares may be limited, and the share price may decline below its initial public Offering Price. The Offering Price has been determined by negotiation between the Company and the representatives of the Underwriters and may bear no relationship to the price that will prevail in the public market.

Volatile market price for Subordinate Voting Shares

The market price for Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of the Company's future results of operations by the Company;
- changes in forecasts, estimates or recommendations of securities research analysts regarding the Company's future results of operations or financial performance;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- additions or departures of the Company's senior management team or other key employees;
- sales or perceived sales of additional Subordinate Voting Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, financial condition or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's business, results of operations or financial condition could be materially adversely impacted and the trading price of the Subordinate Voting Shares could be materially adversely affected.

Because the Company has no current plans to pay dividends on Subordinate Voting Shares for the foreseeable future, investors may not receive any return on investment unless they sell their Subordinate Voting Shares for a price greater than that which they paid for it

The Company currently intends to retain future earnings, if any, for future operation, expansion and debt repayment and has no current plans to pay any dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, the Company's financial results, cash requirements, contractual restrictions and other factors that the Board of Directors may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness the Company incurs. As a result, investors may not receive any return on an investment in their Subordinate Voting Shares unless they sell them for a price greater than that which they paid for it.

The Company will incur significant expenses as a result of being a public company, which may negatively impact its financial performance or results of operations

The Company will incur significant additional legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact its financial performance or results of operations. The Company expects that compliance with applicable securities laws and the rules of the TSX will substantially increase its expenses, including its legal and accounting costs, and make some activities more time-consuming and costly.

The Company is a holding company

The Company is a holding company and a substantial portion of its assets is the shares of its direct and indirect subsidiaries. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of its subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company. Upon completion of this Offering, the Subordinate Voting Shares will be effectively junior to approximately $813.8 million of indebtedness of its subsidiaries.

Bain Capital, Beaudier Group and CDPQ will have significant influence with respect to matters put before the shareholders, which may have a negative impact on the trading price of the Subordinate Voting Shares

After this Offering, assuming no exercise of the Over-Allotment Option, it is anticipated that (i) Bain Capital will own 46,866,424 Multiple Voting Shares, which in the aggregate will represent approximately 48.3% of the issued and outstanding Multiple Voting Shares of the Company, (ii) Beaudier Group will own 41,237,476 Multiple Voting Shares, which in the aggregate will represent approximately 42.5% of the issued and outstanding Multiple Voting Shares of the Company, and (iii) CDPQ will own 8,919,444 Multiple Voting Shares, which in the aggregate will represent approximately 9.2% of the issued and outstanding Multiple Voting Shares of the Company. Bain Capital, Beaudier Group and CDPQ will collectively own 100% of the Company's Multiple Voting Shares. The Subordinate Voting Shares have one vote per share, while the Multiple Voting Shares have six votes per share on all matters to be voted on by the Company's shareholders. See "Principal Shareholders" and "Description of Share Capital".

As a result, Bain Capital, Beaudier Group and CDPQ will control approximately 46.8%, 41.1% and 8.9%, respectively, of the combined voting power of the Company's outstanding Shares after giving effect to the Offering and assuming no exercise of the Over-Allotment Option. Accordingly, the Principal Shareholders will have significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the articles of incorporation and by-laws of the Company and the approval of certain business combinations. Holders of Subordinate Voting Shares will have a limited role in the Company's affairs. This concentration of voting power may cause the market price of the Subordinate Voting Shares to decline, delay or prevent any acquisition or delay or discourage take-over attempts that shareholders may consider to be favourable, or make it more difficult or impossible for a third party to acquire control of the Company or effect a change in the Company's Board of Directors and management. Any delay or prevention of a change of control transaction could deter potential acquirors or prevent the completion of a transaction in which the Company's shareholders could receive a substantial premium over the then current market price for their Subordinate Voting Shares.

In addition, Bain Capital, Beaudier Group and CDPQ's interests may not in all cases be aligned with interests of the other shareholders of the Company. Bain Capital, Beaudier Group and CDPQ may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of its management, could enhance its equity investment, even though such transactions might involve risks to the shareholders of the Company and may ultimately affect the market price of the Subordinate Voting Shares.

Future sales of Subordinate Voting Shares by the Company's Principal Shareholders, officers, directors and senior management

After this Offering, assuming no exercise of the Over-Allotment Option, it is anticipated that (i) Bain Capital will own 46,866,424 Multiple Voting Shares, which in the aggregate will represent approximately 48.3% of the issued and outstanding Multiple Voting Shares of the Company, (ii) Beaudier Group will own 41,237,476 Multiple Voting Shares, which in the aggregate will represent approximately 42.5% of the issued and outstanding Multiple Voting Shares of the

Company, and (iii) CDPQ will own 8,919,444 Multiple Voting Shares, which in the aggregate will represent approximately 9.2% of the issued and outstanding Multiple Voting Shares of the Company. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. See "Principal Shareholders" and "Description of Share Capital".

Subject to compliance with applicable securities laws and the terms of any lock-up arrangements described under "Plan of Distribution", the Company's officers, directors, Principal Shareholders and their affiliates may sell some or all of their Subordinate Voting Shares in the future. No prediction can be made as to the effect, if any, such future sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares prevailing from time to time. However, the future sale of a substantial number of Subordinate Voting Shares by the Company's officers, directors, senior management or principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Subordinate Voting Shares.

Pursuant to the Registration Rights Agreement, each Principal Shareholder is granted certain registration rights. See "Securityholders Agreement – Registration Rights Agreement".

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last financial year before the date of this prospectus, entered into prior to such date but which contract is still in effect, or to which the Company is or will become a party on or prior to the Closing:

- the Underwriting Agreement;
- the Term Credit Agreement;
- the Registration Rights Agreement;
- the Nomination Rights Agreement;
- the Management Agreement; and
- the Coattail Agreement.

Copies of the above material agreements, if not already entered into then once executed, may be inspected during ordinary business hours at the Company's principal executive offices located at 726 Saint-Joseph Street, Valcourt, Québec, J0E 2L0 during the period of distribution of the Subordinate Voting Shares or may be viewed at the website maintained by the Canadian Securities Administrators at www.sedar.com.

EXPERTS

There is no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion in this prospectus other than Stikeman Elliott LLP, McCarthy Tetrault LLP and Deloitte (s.e.n.c.r.l.).

Certain Canadian legal matters relating to the Offering will be passed upon on the Company's behalf by Stikeman Elliott LLP, and on behalf of the Underwriters by McCarthy Tétrault LLP. The partners and associates of Stikeman Elliott LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding of any class of the Company, its affiliates or associates. The partners and associates of McCarthy Tétrault LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding shares of any class of the Company, its affiliates or associates.

The current independent auditor of the Company is Deloitte (s.e.n.c.r.l.). Deloitte (s.e.n.c.r.l.) has informed the Company that it is independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

LEGAL PROCEEDINGS AND REGULATORY MATTERS

The Company had approximately 146 pending litigation cases as of May 20, 2013, 44% of which were in the United States and about 45% and 36% of which consist of product quality and product liability cases, respectively. The Company believes that none of the litigation cases in which it or its subsidiaries are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, are material to the Company's consolidated financial condition or results of operations.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires Subordinate Voting Shares pursuant to this Offering. This summary only applies to a holder who, for the purposes of the Tax Act and at all relevant times: (i) deals at arm's length and is not affiliated with the Company, and (ii) holds the Subordinate Voting Shares as capital property (a "Holder"). The Subordinate Voting Shares will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade. A holder who is resident in Canada and whose Subordinate Voting Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have its Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Such Canadian resident holders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution" within the meaning of the Tax Act; (ii) that is a "specified financial institution" within the meaning of the Tax Act; (iii) that reports its "Canadian tax results" within the meaning of the Tax Act in a currency other than Canadian currency; (iv) an interest in which is a "tax shelter investment" within the meaning of the Tax Act; (v) that enters into a "synthetic disposition arrangement" or a "derivative forward agreement" (as such terms are defined in the proposed amendments contained in the Notice of Ways and Means Motion that accompanied the federal budget tabled by the Minister of Finance (Canada) on March 21, 2013) in respect of Subordinate Voting Shares; or (vi) that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere. Such Holders should consult their own tax advisors.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder (the "Regulations") in force as of the date hereof; (ii) all specific proposals (the "Tax Proposals") to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof; and (iii) counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary assumes that all such Tax Proposals will be enacted in the form currently proposed but no assurance can be given that they will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

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 Holder. Accordingly, Holders are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Subordinate Voting Shares in their particular circumstances.

Residents of Canada

This section of the summary applies to a Holder who, for the purposes of the Tax Act and any applicable income tax convention, and at all relevant times, is, or is deemed to be, resident in Canada (a "Resident Holder").

Additional considerations, not discussed in this summary, may be applicable to a Resident Holder that: (a) is a corporation resident in Canada, and (b) is, or becomes as part of a transaction or event or series of transactions or

events that includes the acquisition of Subordinate Voting Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in the Tax Act. Such Resident Holders should consult with their tax advisors with respect to the consequences of acquiring Subordinate Voting Shares.

Dividends on Subordinate Voting Shares

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Subordinate Voting Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividend will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation that are designated by the corporation as "eligible dividends" will be subject to an enhanced gross-up and tax credit regime in accordance with the rules in the Tax Act. In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its income for that taxation year.

Dispositions of Subordinate Voting Shares

A Resident Holder who disposes of or is deemed for the purposes of the Tax Act to have disposed of a Subordinate Voting Share will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition are greater (or are less) than the total of: (i) the adjusted cost base to the Resident Holder of the Subordinate Voting Share immediately before the disposition or deemed disposition, and (ii) any reasonable costs of disposition. The adjusted cost base to a Resident Holder of Subordinate Voting Shares acquired pursuant to this Offering will be determined by averaging the cost of such Subordinate Voting Shares with the adjusted cost base of all other Subordinate Voting Shares (if any) held by the Resident Holder as capital property at that time.

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "taxable capital gain") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an "allowable capital loss") realized in the taxation year of disposition against taxable capital gains realized in the same taxation year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such taxation years, to the extent and under the circumstances specified in the Tax Act.

If a Resident Holder is a corporation, any capital loss realized on a disposition or deemed disposition of Subordinate Voting Shares may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such Subordinate Voting Shares. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Subordinate Voting Shares directly or indirectly through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Taxes

A Resident Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax of 33⅓% under Part IV of the Tax Act on dividends received on the Subordinate Voting Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. This tax will generally be refunded to the corporation at a rate of $1.00 for every $3.00 of taxable dividends paid while it is a private corporation or a subject corporation.

A Resident Holder that is throughout the relevant taxation year a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, including taxable capital gains realized on the disposition of Subordinate Voting Shares.

Capital gains and taxable dividends received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Non-Resident Holders

This section of the summary applies to a Holder who, for the purposes of the Tax Act and any applicable income tax convention, and at all relevant times: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold, and will not be deemed to use or hold, the Subordinate Voting Shares in the course of carrying on a business in Canada (a "Non-Resident Holder").

Dividends on Subordinate Voting Shares

A dividend paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Subordinate Voting Shares will generally be subject to Canadian non-resident withholding tax at the rate of 25% of the gross amount of the dividend, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where the Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the Canada-United States Income Tax Convention (1980) (the "Convention") and is the beneficial owner of the dividends, the applicable rate of Canadian withholding tax is generally reduced to 15%. Not all persons who are residents of the United States will qualify for the benefits of the Convention. A Non-Resident Holder who is a resident of the United States is advised to consult its tax advisor in this regard.

Dispositions of Subordinate Voting Shares

A Non-Resident Holder who disposes of or is deemed to have disposed of a Subordinate Voting Share will not be subject to income tax under the Tax Act unless, at the time of disposition: (i) the Subordinate Voting Share is, or is deemed to be, "taxable Canadian property" of the Non-Resident Holder, and (ii) the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Subordinate Voting Share acquired pursuant to this Offering will not be taxable Canadian property of a Non-Resident Holder at a particular time provided that: (i) the Subordinate Voting Share is listed at that time on a designated stock exchange (which currently includes the TSX), and (ii) at no time during the 60 month period that ends at that particular time were both of the following conditions satisfied: (a) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of the Non-Resident Holder and persons with whom the Non-Resident Holder did not deal at arm's length (for the purposes of the Tax Act), and (b) more than 50% of the fair market value of the Subordinate Voting Share was derived directly or indirectly from one, or any combination of: (I) real or immovable property situated in Canada; (II) Canadian resource property (as defined in the Tax Act); (III) timber resource property (as defined in the Tax Act), or (IV) options in respect of, interests in or civil law rights in any of the foregoing property, whether or not such property exists. Non-Resident Holders for whom the Subordinate Voting Shares are, or may be, taxable Canadian property should consult their own tax advisors.

In the case of a Non-Resident Holder that is: (i) a resident of the United States, and (ii) fully entitled to the benefits of the Convention, any capital gain realized by the Non-Resident Holder on a disposition of a Subordinate Voting Share that would otherwise be subject to tax under the Tax Act will be exempt from Canadian income tax pursuant to the Convention provided that the value of such Subordinate Voting Share is not derived principally from real property situated in Canada (within the meaning of the Convention).

In the event that a Subordinate Voting Share constitutes taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an applicable income tax convention or treaty, the income tax consequences discussed above for Resident Holders, under "Dispositions of Subordinate Voting Shares" will generally apply to the Non-Resident Holder but any such Non-Resident Holder should consult its own tax advisor in this regard.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Underwriters, on the date of the Offering, provided that the Subordinate Voting Shares acquired by investors pursuant to the Offering (the "Offered Shares") are then listed on a "designated stock exchange" for the purposes of the Tax Act, which currently includes the TSX, the Offered Shares will, on that date, be "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts ("TFSAs").

Notwithstanding the foregoing, if an Offered Share is a "prohibited investment" for a RRSP, RRIF or TFSA, the annuitant under the RRSP or RRIF or the holder of the TFSA (as applicable) may be subject to a penalty tax under the Tax Act. An Offered Share will not be a "prohibited investment" provided that the holder or annuitant, as the case may be: (i) deals at arm's length with the Company, (ii) does not have a "significant interest" in the Company (within the meaning of the Tax Act), and (iii) does not have a "significant interest" (within the meaning of the Tax Act) in a corporation, partnership or trust that does not deal at arm's length with the Company. Draft legislation released on December 21, 2012 (the "December 2012 Proposals") proposes to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, the Offered Shares will generally not be "prohibited investments" if the Offered Shares are "excluded property" as defined in the December 2012 Proposals for TFSAs, RRSPs, or RRIFs. Holders of TFSAs and annuitants of RRSPs or RRIFs should consult with their own tax advisors in this regard.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set out below or as described elsewhere in this prospectus, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own or control or direct, directly or indirectly, more than 10% of the voting shares of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this prospectus or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

Transactions with Principal Shareholders

On December 18, 2003, the Company entered into a management agreement with the Principal Shareholders (the "Management Agreement") pursuant to which the Principal Shareholders provide various consulting and management advisory services to the Company. The Company pays to the Principal Shareholders an annual management fee of U.S.$2.25 million and reimbursement of certain out-of-pocket expenses in exchange for the ongoing management services that they provide under the Management Agreement. The Management Agreement will be amended effective as of the date of Closing to remove the management fee and provide for the reimbursement of expenses only.

	Fiscal Year Ended	
(dollars in millions)	**January 31, 2013**	**January 31, 2012**
Management fee expense	$2.4	$2.3

Under the Revolving Credit Facilities, CDPQ has committed to lend to subsidiaries of the Company an amount of up to $25 million. As at January 31, 2013, no indebtedness to CDPQ was outstanding ($22.7 million as at January 31, 2012). CDPQ also participates in the Term Facility for $74.9 million (U.S.$75.0 million) and $24.8 million (U.S.$24.7 million) as at January 31, 2013 and 2012, respectively. Those transactions were made on terms equivalent to those that have prevailed with other third party lenders that are parties to such arrangements.

On August 1, 2011, the Company acquired from the Principal Shareholders, and without consideration, all the outstanding voting shares of J.A. Bombardier Financing Inc. J.A.B. Bombardier Financing Inc. is an investment company having primarily an investment of $50.0 million in preferred shares of the Company with cumulative dividend rights of 15.2% and redeemable at $1.00 per share and a government loan from an affiliate of Investissement Québec of $50.0 million bearing interest at 15% and repayable at any time but no later than June 2014. On August 1, 2011 and after, the Company repaid to this affiliate of Investissement Québec the $50.0 million loan and its accrued interest and purchased the shares of the Company held by such entity for a total consideration of $75.0 million.

Reimbursement to Bombardier Inc., a company related to Beaudier Group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational products business of Bombardier Inc., the Company is required to reimburse to Bombardier Inc. income taxes amounting to $21.3 million as of January 31, 2013 ($18.1 million as of January 31, 2012). The reimbursement will begin when Bombardier Inc. starts making any income tax payments in Canada and/or the United States.

In addition, in connection with the above-mentioned transaction, the Company entered into a trademark license agreement whereby it has the right to continue to use certain trademarks of Bombardier Inc. which were not otherwise assigned to the Company in connection with such transaction, subject to certain conditions. The license allows the Company to use "Bombardier" in the corporate name of certain subsidiaries of the Company as long as, among other things, Beaudier Group maintains at least a 10% voting or equity interest in the Company. If the Company has not been able to create a comparable independent brand for its products prior to the termination of the license, the Company may see a decline in sales and revenues if and when the license terminates. See "Risk Factors".

INDEPENDENT AUDITOR, TRANSFER AGENT AND REGISTRAR

The independent auditor of the Company is Deloitte (s.e.n.c.r.l.), 1 Place Ville-Marie, Suite 3000, Montreal, Québec, H3B 4T9. The transfer agent and registrar for the Subordinate Voting Shares is Computershare Investor Services Inc. at its principal office in Montreal.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories 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 and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

GLOSSARY OF TERMS

"**Audit Committee**" means the audit committee of the Company.

"**ATV**" means all-terrain vehicle.

"**Bain Capital**" means Bain Capital Luxembourg Investments S.à r.l.

"**Baird**" means Robert W. Baird & Co. Incorporated.

"**BCI**" means Bain Capital Investors, LLC.

"**Beaudier Group**" means, collectively, Beaudier Inc. and 4338618 Canada Inc.

"**BMO**" means BMO Nesbitt Burns Inc.

"**Board**" or "**Board of Directors**" means the board of directors of the Company.

"**Budget**" means the Company's annual budget and budget revisions performed during the year.

"**Canadian Revolving Facility**" means the $175 million revolving credit facility available to Bombardier Recreational Products Inc. under the Revolving Credit Agreement, including a swingline and letter of credit subfacility.

"**cc**" means cubic centimeter.

"**CDPQ**" means the Caisse de dépôt et placement du Québec, and includes any of its affiliates.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**CDS Participants**" means the participants in the CDS depository service.

"**CEO**" means the chief executive officer of the Company.

"**CFO**" means the chief financial officer of the Company.

"**CGU**" means Cash Generating Units within the Company at which level management assesses the value in use of property, plant and equipment and intangible assets for the purpose of estimating the impairment on property, plant and equipment and intangible assets in the preparation of the consolidated financial statements of the Company.

"**Charter of the Audit Committee**" means the written charter describing the mandate of the Audit Committee, as adopted by the Board of Directors.

"**Closing**" means the closing of the Offering.

"**Closing Date**" means the date of Closing which is expected to occur on or about May 29, 2013, or such later date as the Company and the Underwriters may agree, but in any event not later than June 28, 2013.

"**Coattail Agreement**" means the coattail agreement to be entered into by the Principal Shareholders, as the owners of all the outstanding Multiple Voting Shares, the Company and a trustee.

"**Code of Ethics**" means the written code of ethics of the Company that applies to all directors, officers, management and employees, including those employed by subsidiaries.

"**Company**" means BRP Inc. and its direct and indirect subsidiaries and predecessors or other entities controlled by them.

"**Convention**" means the Canada-United States Income Tax Convention (1980).

"**Convertible Securities**" has the meaning set out under the heading "Description of Share Capital – Shares – Subscription Rights".

"**CPSC**" means the Consumer Product Safety Commission.

"**DSU**" means deferred share unit.

"**Eastern Europe**" includes Estonia, Russia, Slovenia and Ukraine.

"**Fiscal 2010**" means the Company's fiscal year ended January 31, 2010.

"**Fiscal 2011**" means the Company's fiscal year ended January 31, 2011.

"**Fiscal 2012**" means the Company's fiscal year ended January 31, 2012.

"**Fiscal 2013**" means the Company's fiscal year ended January 31, 2013.

"**Fiscal 2014**" means the Company's fiscal year ending January 31, 2014.

"**GE Group**" means GE Commercial Distribution Finance and GE Commercial Corporation.

"**Guarantors**" means the Company and the subsidiaries of Bombardier Recreational Products Inc. incorporated in Canada, the United States, Mexico and Hungary.

"**Holder**" means a holder who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm's length and is not affiliated with the Company, and (ii) holds the Subordinate Voting Shares as capital property.

"**hp**" means horsepower.

"**Human Resources, Nomination and Governance Committee**" or "**HRNGC**" means the human resources, nomination and governance committee of the Company.

"**IASB**" means the International Accounting Standards Board.

"**IFRS**" means the International Financing Reporting Standards.

"**Integral**" means Bain Capital Integral Investors II, L.P.

"**international**" means all jurisdictions other than Canada and the United States.

"**Investment and Risk Committee**" means the investment and risk committee of the Company.

"**IT**" means information technology.

"**LIBOR**" means the London Interbank Offered Rate.

"**Management Agreement**" means the management agreement entered into by the Company and the Principal Shareholders on December 18, 2003, as same will be amended and restated effective as of the Closing.

"**Multiple Voting Shares**" means multiple voting shares in the capital of the Company.

"**Named Executive Officers**" or "**NEOs**" means the CEO and CFO and the three next most highly compensated executive officers of the Company who are currently serving as executive officers.

"**Nomination Rights Agreement**" means the nomination rights agreement to be entered into by the Company and the Principal Shareholders on the Closing Date.

"**Non-Resident Holder**" means a Holder who, for the purposes of the Tax Act and any applicable income tax convention, and at all relevant times, (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold, and will not be deemed to use or hold, the Subordinate Voting Shares in the course of carrying on a business in Canada.

"**North America**" means Canada and the United States, and excludes Mexico.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*, as amended from time to time.

"**OEM**" means original equipment manufacturer.

"**Offered Shares**" means the Subordinate Voting Shares acquired by investors pursuant to the Offering.

"**Offering**" means this initial public offering of Shares.

"**Offering Price**" means the price of each Subordinate Voting Share that will be issued pursuant to the Offering.

"**on-highway motorcycle**" means a motorcycle which is certified by its manufacturer as being in compliance with the Federal Motor Vehicle Safety Standards and designed primarily for use on public roads.

"**On-Road Motorcycles of 500cc+**" means motorcycles for on-road and on-highway use with engine size of 500cc and more in North America and Europe, of 450cc and more in Brazil and of 600cc and more in Russia and Australia.

"**Option Plan**" means the new stock option plan approved by the Board of Directors on May 21, 2013, which will be effective upon the completion of the Offering.

"**Over-Allotment Option**" means the option granted by the Company to the Underwriters to purchase up to 1,830,000 additional Subordinate Voting Shares at the Offering Price, exercisable for a period of 30 days from the Closing Date.

"**ORV**" means off-road vehicle.

"**PAC**" means parts, accessories and clothing and other services sold to third parties.

"**Person**" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

"**Pre-Closing Reorganization**" has the meaning set out under the heading "Pre-Closing Reorganization".

"**Preferred Shares**" means preferred shares in the capital of the Company.

"**Principal Shareholders**" means, collectively, Bain Capital, Beaudier Group and CDPQ.

"**Propulsion Systems**" means *Evinrude* outboard engines and *Rotax* engines.

"**PWC**" means personal watercraft.

"**RBC**" means RBC Dominion Securities Inc.

"**Recapitalization Distributions**" has the meaning set out under the heading "Dividend Policy".

"**Registration Rights Agreement**" means the amended and restated registration rights agreement to be entered into by the Company and the Principal Shareholders on the Closing Date.

"**Regulations**" means the regulations under the Tax Act in force as of the date hereof.

"**Resident Holder**" means a Holder who, for the purposes of the Tax Act and any applicable income tax convention, and at all relevant times, is, or is deemed to be, resident in Canada.

"**Revolving Credit Agreement**" means the amended and restated credit agreement entered into by Bombardier Recreational Products Inc. as of March 19, 2012, and as further amended on January 30, 2013, which provides for the Revolving Credit Facilities.

"**Revolving Credit Facilities**" means, collectively, the Canadian Revolving Facility and the U.S. Revolving Facility.

"**Revolving Credit Facilities Security**" means, collectively, the security interest in and hypothecs on all existing and after-acquired real and personal property of Bombardier Recreational Products Inc. and the Guarantors, subject to certain exceptions, securing the Revolving Credit Facilities.

"**ROHVA**" means the Recreational Off-Highway Vehicle Association.

"**Rollover Option Plan**" means the amended and restated management option plan of the Company dated November 20, 2006, which will be further amended and restated as of the Closing Date.

"**RRIFs**" means registered retirement income funds.

"**RRSPs**" means registered retirement savings plans.

"**Seasonal Products**" means *Ski-Doo* and *Lynx* snowmobiles and *Sea-Doo* PWCs.

"**Shares**" means, collectively, the Subordinate Voting Shares and the Multiple Voting Shares.

"**SSV**" means side-by-side vehicle.

"**Subordinate Voting Shares**" means subordinate voting shares in the capital of the Company.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

"**Tax Proposals**" means all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof.

"**TCF**" means TCF Inventory Finance Inc. and TCF Commercial Finance Canada, Inc.

"**Term Facility**" means the U.S.$1,050 million Term B Loans maturing on January 30, 2019 provided for under the Term Credit Agreement.

"**Term Facility Security**" means the security interest in and hypothecs on all existing and after-acquired real and personal property of Bombardier Recreational Products Inc. and the Guarantors, subject to certain exceptions, securing the Term Facility.

"**Term Credit Agreement**" means the second amended and restated credit agreement entered into by Bombardier Recreational Products Inc. as of January 30, 2013, which provides for the Term Facility.

"**TFSAs**" means tax-free savings accounts.

"**Total Reserve**" means the maximum number of Subordinate Voting Shares issuable to participants, at any time, under the Option Plan, the Rollover Option Plan and any other treasury-based share compensation arrangement.

"**TSX**" means the Toronto Stock Exchange.

"**U.S.**" means United States of America.

"**U.S. Revolving Facility**" means the Canadian equivalent of a U.S.$175 million revolving credit facility available to BRP US Inc. under the Revolving Credit Agreement, including a swingline and letter of credit subfacility.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**Underwriters**" means BMO, RBC, UBS Securities Canada Inc., Citigroup Global Markets Canada Inc., Wells Fargo, CIBC World Markets Inc., Desjardins Securities Inc., Scotia Capital Inc., National Bank Financial Inc. and Baird.

"**Underwriters' Commission**" means a fee equal to $1.13 per Subordinate Voting Share with respect to the Offering and the Over-Allotment Option, if exercised, paid by the Company to the Underwriters in consideration for their services in connection with the Offering.

"**Underwriting Agreement**" means the underwriting agreement dated May 21, 2013 between the Company and the Underwriters.

"Wells Fargo" means Wells Fargo Securities LLC.

"**Western Europe**" include Austria, Belgium, France, Germany, Ireland, the United Kingdom, Italy, Luxembourg, Netherlands, Spain and Switzerland.

"**Year-Round Products**" means *Can-Am* ATVs, recreational SSVs and *Spyder* roadsters.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE

1.0 Introduction

This charter (the "Charter") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of BRP Inc. (the "Company").

2.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- Financial reporting and disclosure requirements;
- Ensuring that an effective risk management and financial control framework has been implemented and tested by management of the Company;
- External audit processes;
- Helping directors meet their responsibilities;
- Providing better communication between directors and external auditors;
- Enhancing the independence of the external auditor;
- Increasing the credibility and objectivity of financial reports; and
- Strengthening the role of directors by facilitating in-depth discussions among directors, management and the external auditor regarding significant issues involving judgment and impacting quality controls and reporting.

3.0 Composition and Membership

(a) The Board will appoint the members ("Members") of the Committee. The Members will be appointed at the first meeting of the Board following the election of directors by the shareholders of the Company to hold office until the next annual meeting of shareholders of the Company or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.

(b) The Committee will consist of at least three directors. Each Member will meet the criteria for independence established by applicable laws, including sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees*. All members shall be financially literate or shall become financially literate within a reasonable period of time after their appointment to the Committee; a member of the Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

(c) The Board will appoint one of the Members to act as the chair of the Committee (the "Chair"). The secretary of the Company (the "Secretary") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

4.0 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. The Committee should meet within the 45 days following the end of the first three fiscal quarters of the Company and within 90 days following the end of the fiscal year of the Company. Members may attend all meetings either in person, by videoconference or by telephone. The Committee shall keep minutes of each meeting.

(b) At the request of the external auditor of the Company, the Chief Executive Officer, the Chief Financial Officer of the Company, the Chair of the Investment and Risk Committee or any Member, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(c) The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their members to act as chair of the meeting.

(d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.

(e) The Chief Financial Officer shall attend all meetings of the Committee, and the Chief Executive Officer and the Chair of the Board shall receive notice of and have the right to attend all meetings of the Committee, except in each case such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Committee. The external auditor shall receive notice of and have the right to attend any meetings of the Committee, at the Company's expense, except such part of the meeting, if any, which is a private session not involving the external auditor.

(f) The Committee may invite directors, officers, consultants and employees of the Company or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The Committee shall meet in camera without members of management in attendance on a regular basis and as appropriate or required.

(g) In advance of every meeting of the Committee, the Chair, with the assistance of the Secretary and the Chief Financial Officer, should prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials.

5.0 Duties and Responsibilities

The Committee will carry out, among other things, the following responsibilities:

5.1. Financial Statements and Reporting

- Assist the Board in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to the Company's financial statements and its financial reporting practices and system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of the Company's financial statements and the compliance by the Company with laws and regulations and its own Code of Ethics.
- Review significant accounting and reporting issues, including complex or unusual material transactions and highly judgmental areas, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or provisions included in any financial statements, and recent professional and regulatory pronouncements, and understand their impact on and presentation in the financial statements.
- Review and discuss with management and the external auditor the results of the audit, including any difficulties encountered and follow-up in that context and ensure that the external auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.
- Review the financial statements, and consider whether they are complete, adequate, consistent with information known to the Members, and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Company's Management Discussion and Analysis, and other financial information provided by the Company to any governmental body or the public and, if appropriate, recommend to the Board their approval and disclosure.

- Review the Company's annual information form and related regulatory filings before release to the extent that same include financial information, and consider the accuracy and completeness of the financial information contained therein and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Company's press releases containing financial information before the Company publicly discloses this information and, if appropriate, recommend to the Board their approval and disclosure.
- Review and discuss with management any litigation matters which could significantly affect the financial statements, and review the manner in which these matters are disclosed in the financial statements.
- Review and discuss any regulatory compliance issues which could significantly affect the financial statements.
- Review and discuss any corporate governance issues which could significantly affect the financial statements.
- Review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditor before disclosure and filing with regulators, and consider whether they are complete and consistent with the information known to the Members and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.
- To the extent not previously reviewed by the Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in any prospectus or other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board.
- Review the statement of management's responsibility for the financial statements as signed by the management of the Company and included in any published document.
- Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.
- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.
- Monitor the application and update, as necessary, of the Company's disclosure policy.

5.2. Internal Control

- With the assistance of the Chief Financial Officer, consider the effectiveness and the adequacy of the Company's internal control systems, including information technology security and control.
- Take all reasonable measures to ensure that the Board and management comply with all of the Company's policies or practices relating to business ethics and integrity (including the Authorities and Limits Policy and the Segregation of Duties Policy).
- Understand the scope of internal and external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Recommend and supervise the establishment and the operation of an internal audit process.

5.3. External Audit

- Maintain a free and open line of communication with management, the Chief Financial Officer and the external auditor.
- Manage the relationship between the Company and the external auditor.

- Recommend to the Board the appointment or discharge and compensation of the Company's external auditor.
- Fill the role as the direct contact for the external auditor.
- Oversee the work of the external auditor, including the resolution of disagreements between the external auditor and management.
- Review any suggestions made by the external auditor for improvement of the Company's operations or internal control.
- Pre-approve all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Company or its subsidiary entities by the Company's external auditor.
- At least annually, review and approve the terms of the external auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chair of the Committee.
- At least annually, review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit.
- To the extent practicable, at least annually, review the performance of the external auditor.
- At least annually, review and confirm the independence of the external auditor by obtaining statements from the auditor on relationships between the auditor and the Company, including non-audit services, discussing the relationships with the auditor and discussing any restrictions placed on them or other difficulties encountered in the course of the audit.
- At least annually, meet separately with the external auditor to discuss the access to requested information and level of cooperation from management during the performance of their work.
- On a regular basis, the Chief Executive Officer, the Chief Financial Officer, the Chair of the Investment and Risk Committee or any other representative of management whose presence is requested by the Chair of the Committee or any of the Members, and the external auditor shall meet separately with the Committee, in a private session held during the course of a meeting.
- On a regular basis, review and approve the Company's hiring policies regarding partners, employees and former employees of the present and former external auditor of the Company.
- Periodically rotate the lead partner for the external auditor.

5.4. Compliance

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters (the "Complaints of Illegal or Unethical Conduct Policy").
- Review the effectiveness of the Complaints of Illegal or Unethical Conduct Policy and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain regular updates from management and the Company's legal counsel regarding compliance matters in respect of the Complaints of Illegal or Unethical Conduct Policy.

5.5. Other Responsibilities

- Perform other activities related to this Charter as requested by the Board.
- Investigate and assess any issue that raises significant concern to the Committee, with the assistance, if so required by the Committee, of the Chief Financial Officer and/or the external auditor.
- Evaluate the Committee's and individual members' performance on a regular basis.

6.0 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditor.

7.0 Limitation on Committee's Duties

Notwithstanding the foregoing and subject to applicable law, nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.

In contributing to the Committee's discharge of its duties under this Charter, each Member shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which the member of the Board are subject.

The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively. The terms contained herein are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

8.0 Reporting

The Chair should report to the Board at each Board meeting on the Committee's activities since the last Board meeting. As required by applicable rules and regulations, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by law. The Committee should also review any other report the Company issues that relates to the Committee's responsibilities. The Secretary should circulate the minutes of each meeting of the Committee to the members of the Board.

9.0 Access to Information and Authority

The Committee will be granted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve and pay any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditor.

10.0 Review of Charter

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration. The Board may, amend this Charter (as required).

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Consolidated Financial Statements

BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.)

January 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Directors of
BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.)

We have audited the consolidated financial statements of BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.), which comprise the consolidated statements of financial position as at January 31, 2013, 2012 and 2011 and the consolidated statements of net income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.) as at January 31, 2013, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) Deloitte s.e.n.c.r.l.[(1)]

May 21, 2013
Montréal, Québec, Canada

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1 CPA auditor, CA, public accountancy permit No. A106363

BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.)

CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

[millions of Canadian dollars]

Consolidated Statements of Net Income

	Notes	Years ended January 31, 2013	January 31, 2012	January 31, 2011
Revenues	19	**$2,896.2**	$2,653.4	$2,133.2
Cost of sales	20	**2,158.5**	2,001.0	1,649.2
Gross profit		**737.7**	652.4	484.0
Operating expenses				
Selling and marketing		**228.3**	218.4	171.5
Research and development	21	**128.2**	129.4	103.1
General and administrative		**126.4**	124.3	108.5
Other operating expenses	22	**34.0**	5.7	30.0
Total operating expenses		**516.9**	477.8	413.1
Operating income		**220.8**	174.6	70.9
Financing costs	23	**71.2**	62.4	65.9
Financing income	23	**(11.8)**	(11.7)	(9.3)
Foreign exchange (gain) loss on long-term debt		**(3.6)**	1.8	(41.1)
Increase in fair value of common shares	16	**11.0**	9.0	8.8
Income before income taxes		**154.0**	113.1	46.6
Income taxes expense	24	**33.0**	29.6	11.6
Net income		**$ 121.0**	$ 83.5	$ 35.0
Attributable to Shareholders		**121.0**	83.8	35.4
Attributable to non-controlling interest		**—**	(0.3)	(0.4)
Basic earnings per share	18	**0.32**	0.22	0.09
Diluted earnings per share	18	**0.31**	0.22	0.09

Consolidated Statements of Comprehensive Income

	Notes	Years ended January 31, 2013	January 31, 2012	January 31, 2011
Net income		**$121.0**	$ 83.5	$ 35.0
Other comprehensive income (loss)				
Net changes in fair value of derivatives designated as cash flow hedges		**1.4**	(0.2)	2.6
Net change in unrealized gain (loss) on translation of foreign operations		**1.4**	(5.6)	(19.9)
Actuarial losses on defined benefits pension plan	15	**(44.5)**	(48.8)	(0.1)
Income taxes recovery (expense) on other comprehensive income		**11.2**	12.9	(0.7)
Total other comprehensive loss		**(30.5)**	(41.7)	(18.1)
Total comprehensive income		**$ 90.5**	$ 41.8	$ 16.9
Attributable to Shareholders		**90.4**	42.2	17.4
Attributable to non-controlling interest		**0.1**	(0.4)	(0.5)

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[millions of Canadian dollars]

	Notes	January 31, 2013	January 31, 2012	January 31, 2011
Cash		**$ 542.4**	$ 26.9	$ 22.9
Trade and other receivables	5	**213.5**	206.8	232.1
Income taxes and investment tax credits receivable		**15.2**	20.4	13.1
Other financial assets	6	**7.8**	5.5	0.8
Inventories	7	**465.0**	385.6	300.0
Other current assets		**10.9**	19.4	20.7
Total current assets		**1,254.8**	664.6	589.6
Investment tax credits receivable		**45.6**	34.8	31.2
Other financial assets	6	**19.2**	20.5	19.1
Property, plant and equipment	8	**448.4**	388.7	369.8
Intangible assets	9	**326.1**	321.4	319.8
Deferred income taxes	24	**118.4**	121.0	107.5
Other non-current assets		**2.9**	1.4	5.5
Total non-current assets		**960.6**	887.8	852.9
Total assets		**$2,215.4**	$1,552.4	$1,442.5
Revolving credit facilities	10	**$ —**	$ 62.7	$ 25.1
Trade payables and accruals	11	**523.3**	325.5	317.9
Provisions	12	**101.6**	112.3	100.4
Other financial liabilities	13	**74.7**	44.0	37.7
Income taxes payable		**32.3**	27.0	14.0
Current portion of long-term debt	14	**12.2**	7.8	2.9
Redeemable preferred and common shares	16	**36.2**	24.7	86.1
Other current liabilities		**7.2**	5.5	3.5
Total current liabilities		**787.5**	609.5	587.6
Long-term debt	14	**1,042.4**	666.0	656.4
Provisions	12	**69.9**	57.8	55.9
Other financial liabilities	13	**31.4**	70.7	66.1
Employee future benefit liabilities	15	**235.9**	191.2	167.7
Deferred income taxes	24	**3.8**	4.2	4.7
Other non-current liabilities		**23.9**	23.0	21.0
Total non-current liabilities		**1,407.3**	1,012.9	971.8
Total liabilities		**2,194.8**	1,622.4	1,559.4
Equity (deficit)		**20.6**	(70.0)	(116.9)
Total liabilities and equity		**$2,215.4**	$1,552.4	$1,442.5

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

[millions of Canadian dollars]

For the year ended January 31, 2013

	Attributed to Shareholders							
	Capital Stock	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total equity (deficit)
Balance at January 31, 2012	**$52.2**	**$18.3**	**$(115.5)**	**$(25.3)**	**$(1.9)**	**$ (72.2)**	**$2.2**	**$ (70.0)**
Net income	**—**	**—**	**121.0**	**—**	**—**	**121.0**	**—**	**121.0**
Other comprehensive income (loss)	**—**	**—**	**(32.9)**	**1.3**	**1.0**	**(30.6)**	**0.1**	**(30.5)**
Total comprehensive income	**—**	**—**	**88.1**	**1.3**	**1.0**	**90.4**	**0.1**	**90.5**
Issuance of common shares	**0.3**	**—**	**—**	**—**	**—**	**0.3**	**—**	**0.3**
Repurchase of common shares	**(0.3)**	**—**	**(0.6)**	**—**	**—**	**(0.9)**	**—**	**(0.9)**
Stock-based compensation	**—**	**0.7**	**—**	**—**	**—**	**0.7**	**—**	**0.7**
Balance at January 31, 2013	**$52.2**	**$19.0[a]**	**$ (28.0)**	**$(24.0)**	**$(0.9)**	**$ 18.3**	**$2.3**	**$ 20.6**

[a] Comprised of $14.4 million from cumulative stock-based compensation expenses and $4.6 million from business combination of entities under common control (Note 25).

For the year ended January 31, 2012

	Attributed to Shareholders							
	Capital Stock	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total deficit
Balance at January 31, 2011	$52.1	$13.1	$(163.2)	$(19.8)	$(1.7)	$(119.5)	$ 2.6	$(116.9)
Net income	—	—	83.8	—	—	83.8	(0.3)	83.5
Other comprehensive loss	—	—	(35.9)	(5.5)	(0.2)	(41.6)	(0.1)	(41.7)
Total comprehensive loss	—	—	47.9	(5.5)	(0.2)	42.2	(0.4)	41.8
Issuance of common shares	0.3	—	—	—	—	0.3	—	0.3
Repurchase of common shares	(0.2)	—	(0.2)	—	—	(0.4)	—	(0.4)
Stock-based compensation	—	0.6	—	—	—	0.6	—	0.6
Business combination of entities under common control (Note 25)	—	4.6	—	—	—	4.6	—	4.6
Balance at January 31, 2012	$52.2	$18.3[a]	$(115.5)	$(25.3)	$(1.9)	$ (72.2)	$ 2.2	$ (70.0)

[a] Comprised of $13.7 million from cumulative stock-based compensation expenses and $4.6 million from business combination of entities under common control (Note 25).

For the year ended January 31, 2011

	Attributed to Shareholders							
	Capital Stock	Contributed surplus	Retained losses	Translation of foreign operations	Cash-flow hedges	Total	Non-controlling interests	Total deficit
Balance at February 1st, 2010	$51.9	$12.1	$(198.5)	$ —	$(3.5)	$(138.0)	$ 3.0	$(135.0)
Net income (loss)	—	—	35.4	—	—	35.4	(0.4)	35.0
Other comprehensive income (loss)	—	—	—	(19.8)	1.8	(18.0)	(0.1)	(18.1)
Total comprehensive income (loss)	—	—	35.4	(19.8)	1.8	17.4	(0.5)	16.9
Issuance of common shares	0.2	—	—	—	—	0.2	—	0.2
Repurchase of common Shares	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Stock-based compensation	—	1.0	—	—	—	1.0	—	1.0
Shareholder contribution	—	—	—	—	—	—	0.1	0.1
Balance at January 31, 2011	$52.1	$13.1[a]	$(163.2)	$(19.8)	$(1.7)	$(119.5)	$ 2.6	$(116.9)

[a] Entirely comprised of cumulative stock-based compensation expenses.

The accompanying notes are an integral part of these consolidated financial statements.

BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

[millions of Canadian dollars]

CASH FLOWS FROM:	Notes	Years ended January 31, 2013	January 31, 2012	January 31, 2011
OPERATING ACTIVITIES				
Net income		**$ 121.0**	$ 83.5	$ 35.0
Non-cash and non-operating items:				
Depreciation expense		**85.1**	95.1	94.8
Income taxes expense	24	**33.0**	29.6	11.6
Foreign exchange (gain) loss on long-term debt		**(3.6)**	1.8	(41.1)
Cumulative dividend on series A preferred shares		**—**	4.4	8.2
Change in fair value of common shares		**11.0**	9.0	8.8
Other unrealized foreign exchange (gain) loss		**(2.3)**	0.4	(3.5)
Interest expense		**49.9**	33.5	35.1
Impairment charge	22	**7.1**	—	—
Other		**(1.1)**	1.6	6.3
Cash flows generated from operations before changes in working capital		**300.1**	258.9	155.2
Changes in working capital:				
(Increase) decrease in trade and other receivables		**(4.3)**	18.3	(49.7)
(Increase) decrease in inventories		**(77.0)**	(89.7)	6.5
(Increase) decrease in other assets		**4.1**	(19.3)	(26.1)
Increase in trade payables and accruals		**192.1**	12.3	89.6
Increase (decrease) in other financial liabilities		**42.9**	8.3	(46.1)
Increase (decrease) in provisions		**0.4**	15.5	(1.4)
Increase (decrease) in other liabilities		**(1.0)**	(8.9)	9.0
Cash flows generated from operations		**457.3**	195.4	137.0
Income taxes paid		**(12.5)**	(16.9)	(19.5)
Net cash flows generated from operating activities		**444.8**	178.5	117.5
INVESTING ACTIVITIES				
Additions to property, plant and equipment	8	**(143.1)**	(113.3)	(69.0)
Additions to intangible assets	9	**(11.7)**	(9.6)	(5.2)
Proceed on disposal of property, plant and equipment		**2.6**	0.8	0.4
Other		**2.0**	1.0	0.5
Net cash flows used in investing activities		**(150.2)**	(121.1)	(73.3)
FINANCING ACTIVITIES				
Increase (decrease) in revolving credit facilities		**(62.7)**	37.9	(173.2)
Interest paid		**(30.3)**	(21.2)	(29.1)
Repayment of government loan and purchase of shares related to business combination	25	**—**	(75.0)	—
Revolving credit facilities amendment fees	10	**(3.4)**	—	(4.0)
Long-term debt amendment fees	14	**(28.4)**	—	—
Issuance of common shares	16	**1.0**	0.6	0.5
Repurchase of common shares		**(1.1)**	(0.7)	(0.3)
Issuance of long-term debt	14	**1,216.5**	13.9	2.1
Repayment of long-term debt	14	**(808.9)**	(2.8)	—
Repayment of government assistance	13	**(60.1)**	(4.1)	(1.7)
Other		**(1.0)**	(1.1)	(2.2)
Net cash flows generated by (used in) financing activities		**221.6**	(52.5)	(207.9)
Effect of exchange rate changes on cash		**(0.7)**	(0.9)	(1.8)
Net increase (decrease) in cash		**515.5**	4.0	(165.5)
Cash at beginning of year		**26.9**	22.9	188.4
Cash at the end of year		**$ 542.4**	$ 26.9	$ 22.9

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

BRP Inc. (previously known as J.A. Bombardier (J.A.B.) Inc., see Note 30) ("BRP") is incorporated under the laws of Canada. BRP's voting common shares are owned by Bain Capital Luxembourg Investments S.à r.l. (50%), Beaudier Inc. and 4338618 Canada Inc. (collectively, "Beaudier group") (35%), La Caisse de dépôt et placement du Québec ("CDPQ") (15%), (collectively, the "Principal Shareholders") whereas BRP's non-voting common shares are owned by various other third parties (collectively, the "Shareholders"). BRP owns 100% of the shares of Bombardier Recreational Products Inc. and has no other significant activities (collectively the "Company").

Bombardier Recreational Products Inc. and its subsidiaries design, develop, manufacture and sell snowmobiles, personal watercraft, outboard engines, all-terrain vehicles, side-by-side vehicles, roadsters and propulsion systems for karts, motorcycles and recreational and small aircraft. The Company's products are sold mainly through an international network of independent dealers, independent distributors and to original equipment manufacturers. The Company distributes its products worldwide and manufactures them in Canada, the United States, Mexico, Austria and Finland.

The Company's headquarter is located at 726 Saint-Joseph street, Valcourt, Québec, J0E 2L0.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements as at January 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements have been prepared on a historical cost basis except for certain transactions that are measured using a different basis as explained below in this significant accounting policies section.

On May 21, 2013, the Board of Directors of the Company approved these consolidated financial statements for the years ended January 31, 2013, 2012 and 2011.

b) Basis of consolidation

These consolidated financial statements include the financial statements of BRP and Bombardier Recreational Products Inc. Bombardier Recreational Products Inc. controls all of its subsidiaries by wholly owned voting equity interests (except for the Regionales Innovations Centrum in Austria for which a non-controlling interest of 25% is recorded upon consolidation).

The most significant subsidiaries of Bombardier Recreational Products Inc. included in the consolidated financial statements are as follows:

- BRP US Inc., located in the United States;
- BRP-Powertrain GmbH & Co. KG, located in Austria;
- BRP European Distribution SA, located in Switzerland, and
- BRP Finland Oy, located in Finland.

All inter-company transactions and balances have been eliminated upon consolidation.

c) Foreign currencies

The consolidated financial statements of the Company are presented in Canadian dollars, the currency of the primary economic environment ("functional currency") in which Bombardier Recreational Products Inc. operates. The functional currency of most foreign operations is their local currency, corresponding to the currency in which the majority of their third party transactions are denominated.

Transactions in foreign currency

In order to report the foreign currency transactions in the individual financial statements of each entity, monetary items are translated using exchange rates in effect at the statement of financial position date and non-monetary items are translated using exchange rates prevailing at the transaction date. Revenues and expenses (other than depreciation, which is translated at the same exchange rates as the related assets) are translated using exchange rates in effect on the transaction dates or at the average exchange rates of the period. Translation gains or losses are recorded in the statement of net income.

Consolidation of foreign operations

All assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates in effect at the statement of financial position date. Revenues and expenses are translated at the average exchange rates for the period. The Company's gains and losses on translation of foreign operations are recognized in other comprehensive income and accumulated in equity until the Company no longer controls the foreign operation. At that time, gains or losses on translation accumulated in equity are entirely reclassified to net income.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

d) Inventory valuation

Materials and work in process, finished products and parts and accessories are valued at the lower of weighted average cost or net realizable value. The cost of work in process and finished products manufactured by the Company includes the cost of materials, direct labour and directly attributable manufacturing overhead. Net realizable value is the estimating selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

e) Income taxes

The Company's income taxes expense represents the sum of the taxes currently payable based on taxable income of the year and deferred taxes. Deferred tax assets and liabilities are determined based on the differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates and laws expected to be in effect when the differences reverse. Current and deferred income taxes are recognized in the statement of net income except to the extent it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or in equity.

f) Property, plant and equipment

Property, plant and equipment includes land, buildings, equipment and tooling held for use in the development, production and distribution activities or for administrative purposes. They are stated at cost less accumulated depreciation and accumulated impairment charges. They are depreciated, with the exception of land, using the straight-line method over their estimated useful lives. If an item of property, plant and equipment is composed of significant components having different estimated useful lives, depreciation is calculated on a component basis using the straight-line method over their respective useful lives. The Company's estimated useful lives per category are the following:

Equipment	3 to 10 years
Tooling	3 to 5 years
Buildings	10 to 60 years

Depreciation of assets under development begins when they are ready for their intended use.

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Fully depreciated buildings, equipment and tooling are retained in the cost and accumulated depreciation accounts until such assets are removed from service. In the case of disposals, cost and related accumulated depreciation amounts are removed from the statement of financial position, and the net amounts, less proceeds from disposal, is recorded in the statement of net income.

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment in order to determine if there is any indication that those assets may be impaired. If any such indication exists, an impairment test is performed as described below in paragraph h).

g) Intangible assets

Goodwill represents the excess of the purchase price of businesses acquired over the fair value of the net assets acquired. Goodwill is systematically tested for impairment as at January 31 or more frequently if events or circumstances indicate that it might be impaired. Goodwill is tested for impairment at the group of cash generating unit ("CGU") level representing the lowest level at which management monitors it.

Trademarks are carried at cost and are not depreciated due to their indefinite expected useful lives for the Company. The assessment of indefinite expected useful lives is reviewed at each year end. Trademarks are systematically tested for impairment as at January 31 or more frequently if events or circumstances indicate that they might be impaired. Trademarks are tested for impairment with the CGU to which they relate.

Software and licences, dealer networks and customer relationships are carried at cost and are depreciated on a straight-line basis over their estimated useful lives which are as follows:

Software and licences	3 to 5 years
Dealer networks	20 years
Customer relationships	10 to 15 years

At the end of each reporting period, the Company reviews the carrying amounts of its software and licences, dealer networks and customer relationships in order to determine if there is any indication that those assets may be impaired. If any such indication exists, an impairment test is performed as described below in paragraph h).

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

g) Intangible assets [Continued]

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. Expenditures related to development activities are recognized as expense in the period in which they are incurred except if specific criteria for capitalization as intangible assets are met.

h) Impairment of property, plant and equipment and intangible assets

An asset is impaired when its carrying amount is above its recoverable amount. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In that case, the asset is assessed for impairment within a CGU, which is the lowest level of assets for which there are separately identifiable cash inflows. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. Value in use is determined using a discounted future net cash flows approach. The impairment charge recorded in the statement of net income is the difference between the carrying amount and the recoverable amount.

At the end of each reporting period, the Company reviews the carrying amount of assets (excluding goodwill) or CGU impaired in previous periods in order to determine if there is any indication that its recoverable amount has increased. If any such indication exists, an impairment test is performed and the impairment recovery is recorded in the statement of net income up to the carrying amount that would have existed had the impairment charge never been recorded in prior years.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity of another party. Financial instruments are initially recorded at fair value when the Company becomes a party to the transaction and are subsequently revalued at fair value or amortized cost at the end of each reporting period depending on their classification.

When the Company acquires or issues a financial instrument, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance are incorporated in the carrying amount and amortized in the statement of net income using the effective interest rate method. When the Company acquires or issues a financial instrument measured at fair value through profit or loss, all transactions costs are expensed as incurred.

Financial assets and financial liabilities other than derivatives

At the end of each reporting period, financial assets and financial liabilities that are not derivatives are measured at fair value or amortized cost using the effective interest method depending on the following classification:

- Restricted investments are classified as financial assets at fair value through profit or loss and are measured at fair value at the end of each reporting period. Changes in fair value are recorded in the statement of net income.
- Cash, trade and other receivables are classified as loans and receivables and are measured at amortized cost at the end of each reporting period.
- Revolving credit facilities, trade payables and accruals, other financial liabilities and long-term debt are classified as other financial liabilities and are measured at amortized cost.
- Redeemable preferred and common shares are classified as financial liabilities when the Company determines that it has an obligation to deliver cash in the future. These shares are classified as financial liabilities at fair value through profit or loss and are measured at fair value at the end of each reporting period. Changes in fair value are recorded in the statement of net income.

Derivative financial instruments

Derivative financial instruments are financial assets or financial liabilities recorded at fair value through profit or loss. They are measured at fair value at the end of each reporting period including those derivatives that are embedded in financial and non-financial contracts that are not closely related to the host contract.

In the statement of net income, changes in fair value of derivatives used to manage foreign exchange exposure on working capital elements are recorded in other income whereas change in fair value of derivatives used to manage foreign exchange exposure on long-term debt are recorded in foreign exchange (gain) loss on long-term debt.

Derivative financial instruments under cash flow hedge accounting

When forecasted cash flows are highly probable to occur and all other cash flow hedge criteria are met, the effective portion of the change of fair value of derivative financial instruments designated as hedging items under the cash flow hedge model is recorded in other comprehensive income and accumulated in equity until the hedged transaction is recognized in the statement of net income. The ineffective portion is recognized in the statement of net income at each period end. The linear regression method is used for assessing hedge effectiveness at each period end.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

i) Financial instruments [Continued]

Derivative financial instruments under cash flow hedge accounting [Continued]

If a derivative financial instrument accounted for using the cash flow hedge model has been settled prior to maturity or the hedge relationship is no longer effective, accumulated gains or losses associated with the derivative financial instrument remain in equity as long as the underlying hedged transaction is expected to occur and are recognized in the statement of net income in the period in which the underlying hedged transaction is recognized in the statement of net income. In the event that the underlying hedged transaction is settled prior to maturity or is not expected to occur anymore, gains or losses accumulated in equity at this date are immediately reclassified in the statement of net income. Gains or losses related to derivative financial instruments accounted for using the cash flow hedge model are recorded in the same category as the hedged item in the statement of net income.

j) Derecognition of receivables

Receivables are derecognized from the statement of financial position only when Company's contractual rights to the cash flows expire or when the Company has transferred to a third party substantially all the risks and rewards on receivables sold.

k) Dealer holdback programs

The Company provides dealer incentive programs whereby at the time of shipment, the Company invoices an amount to the dealer that is reimbursable upon ultimate sale and warranty registration of the product. The Company presents the amounts due to dealers in other financial liabilities (current) in the statement of financial position.

l) Provisions

Provisions represent liabilities for which the amount or timing of payment is uncertain. Provisions are recorded in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Additionally, provisions are recorded for contracts under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received.

Provisions are measured at each period end at the best estimate of the expenditure required to settle the obligation. When the effect of the time value of money is material, provisions are measured at the present value of the outflows required to settle the obligation using a risk free rate adjusted to the specific risk of the obligation. They are re-measured at each statement of financial position date using interest rates prevailing at this date and an interest expense is recorded to reflect the passage of time.

The main provisions of the Company are described in more detail below.

Products related provisions

The Company records a provision related to limited product warranties periods provided on products sold, which are covering periods from 6 months to 5 years. In addition, the Company provides extended product warranties under certain sales promotions.

The Company records a provision for product liability claims or possible claims incurred but not reported at the end of each reported periods.

The Company provides for estimated sales promotion at the later of revenue recognition or the announcement of the sales program. Examples of these costs include product rebates given to clients, volume discounts, extended warranty coverage and retail financing programs. In the statement of net income, cash sales promotions are recorded as a reduction of revenues whereas non-cash sales promotions (such as delivery of free products or services to consumers) are included in cost of sales.

Restructuring provision

The Company provides for estimated direct restructuring costs to be incurred in a restructuring plan in the period the Company has a detailed formal plan describing the restructuring activity and has communicated the main features of the plan to those affected by it.

m) Leases

The Company leases assets for production, distribution and administrative purposes. Leases are classified as operating leases or finance leases depending if the terms of the lease transfer substantially all the risks and rewards of ownership to the Company.

Operating lease expense is recognized on a straight-line basis over the lease term.

Finance lease payments are recorded at the present value at the inception of the lease and apportioned at each disbursement date between financing costs and the lease liability using the implicit interest rate of the lease. They are presented in other assets and other financial liabilities (current/non-current) in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

n) Employee benefits

Current benefits

The Company records an expense in the statement of net income for wages, salaries, bonuses and social security contributions of employees in the period the services are rendered. Current benefits associated with manufacturing employees are included in the cost of inventory produced as described above in paragraph d).

Future benefits

Defined benefit plans

The Company sponsors several Canadian and foreign funded and unfunded defined benefit and defined contribution pension plans covering a majority of its employees. The Company also provides other post-retirement benefit plans.

Annual costs of defined benefit pension plans and other post-retirement benefit plans, which include current service cost and interest cost, is actuarially determined using the projected unit credit method based on management's best estimate of expected plan investment performance, discount rates, salary escalation, retirement ages of employees and health care costs. Current service costs are recorded in the statement of net income when employees are rendering the services to the Company. For manufacturing employees, current service costs are included in the cost of inventory produced as described above in paragraph d). Interest cost is recorded in the statement of net income at each period following the passage of time.

Past service costs arising from plan amendments are recorded in the statement of net income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested following the plan amendment, past service costs are immediately recorded in the statement of net income.

A curtailment arises from transaction that significantly reduces the number of employees covered by a plan. A curtailment gain or loss is recorded in the statement of net income when the Company and its impacted employees agree on the change.

In the statement of net income, costs related to defined benefit pension plans and other post-retirement benefit plans are classified separately depending on their nature. Current service costs, past service costs and curtailment gain or loss are presented within operating income whereas the interest cost on the plan obligations and the expected return on the plan assets are presented respectively in financing costs and financing income.

The liability recognized in the statement of financial position is the plan obligation less the value of plan assets at that date, together with adjustments for unrecognized past service costs. Plan obligations are determined based on expected future benefits payments discounted using market interest rates prevailing as at January 31 and plan assets are stated at fair value at that date. Actuarial gains and losses (comprised of experience adjustments and change in actuarial assumptions) which arise in calculating the present value of plan obligations and the fair value of plan assets are recorded in other comprehensive income and accumulated directly in retained earnings.

Defined contribution plans

Defined contribution plans expenses are recorded in the statement of net income when employees are rendering the services to the Company. Expenses associated with manufacturing employees are included in the cost of inventory produced as described above in paragraph d). Defined contribution plans expenses are entirely presented within operating income.

o) Revenue recognition

The Company's revenues are derived primarily from the sale of products and related parts and accessories. Revenues are recognized when all the following events have occurred: the significant risks and rewards are transferred from the Company to independent dealers, distributors or customers; the Company does not retain ownership or control over the products sold; the costs to be incurred can be measured reliably and the collection is reasonably assured. The Company's revenue recognition is achieved normally when products are shipped. Revenues are measured at the fair value of the consideration receivable which includes any rebates and returns expected to occur after the shipment date.

p) Government assistance

Government assistance, including research and development tax credits, is recorded when the Company is complying with the assistance program requirements and the recovery is reasonably assured. Government assistance received but contingently repayable based on the occurrence of future sales of certain products is recognized in other financial liabilities as long as it is probable that the conditions for repayment will be met. Government assistance granted to compensate expenses are presented in the statement of net income as a reduction of the expense they relate to, whereas assistance granted for the acquisition of property, plant and equipment is deducted from the cost of the related asset.

2. SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

q) Stock-based compensation

The Company grants stock options to directors, officers and employees of the Company that are settled by the issuance of common shares. All options have graded vesting features. In addition to graded vesting features, certain options would vest only upon the occurrence of a liquidity event (such as an initial public offering, a change of control or a dividend). The Company establishes compensation expense for those grants based on the fair value of each tranche of option at the grant date. The corresponding amount is recorded in contributed surplus within equity.

The compensation expense related to options having only graded vesting features is recognized in the statement of net income over the vesting period of each tranche based on the number of options that are ultimately expected to vest. The Company estimates stock option forfeitures at time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. For options that vest only upon the occurrence of a liquidity event, the expense will be recorded upon the occurrence of the liquidity event as it is unpredictable to determine at the end of the reporting period whether or not the event will occur before the expiration date of the options.

r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares from stock option plan. For the stock options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. For options that vest only upon the occurrence of a liquidity event, the options have not been included in the diluted earnings per share calculation as it is unpredictable to determine at the end of the reporting period whether or not the event will occur before the expiration date of the options.

s) Business combinations

Business combinations of entities under common control are recorded at the carrying value of the assets and liabilities acquired with the corresponding effects in contributed surplus within equity.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in accordance with the Company's accounting policies requires management to make estimates and judgments that can affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, other comprehensive income and disclosures made.

a) Significant estimates in applying the Company's accounting policies

The Company's best estimates are based on the information, facts and circumstances available at the time estimates are made. Management uses historical experience and information, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results could differ from the estimates used and such differences could be significant.

The Company's annual operating budget and operating budget revisions performed during the year (collectively "Budget") and the Company's strategic plan comprise fundamental information used as a basis for some significant estimates necessary to prepare these consolidated financial statements. Management prepares the annual operating budget and strategic plan each year using a process whereby a detailed one-year budget and three-year strategic plan are prepared by each entity and then consolidated.

Cash flows and profitability included in the Budget are based on the existing and future expected sales orders, general market conditions, current cost structures, anticipated cost variations and current agreements with third parties. Management uses the annual operating budget information as well as additional projections or assumptions to derive the expected results for the strategic plan and periods thereafter.

The Budget and strategic plan are approved by senior management and the Board of Directors. Management then tracks performance as compared to the Budget. Significant variances in actual performance are a key trigger to assess whether certain estimates used in the preparation of financial information must be revised.

Management needs to rely on estimates in order to apply Company's accounting policies and considers that the most critical ones are the following:

Estimating the net realizable value of inventory

The net realizable value of material and work in process is determined by comparing inventory components and value with production needs, current and future product features, expected production costs to be incurred and the expected profitability of finished products, all based on Budget information.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying the Company's accounting policies [Continued]

Estimating the net realizable value of inventory [Continued]

The net realizable value of finished products and parts and accessories is determined by comparing inventory components and value with Budget sales prices, sales programs and new product features.

Estimating the useful life of tooling

Tooling useful life is estimated by product line based on their expected physical life and on the expected life of the product platform they are related to.

Estimating impairment on property, plant and equipment and intangibles assets

Management assesses the value in use of property, plant and equipment and intangible assets mainly at groups of CGU level using a discounted cash flow approach by product line determined during the annual budget and strategic plan process. When the Company acquired the recreational product business from Bombardier Inc. in 2003, trademarks and goodwill were recorded as part of the business acquisition. As at January 31, 2013, the entire carrying amount of trademarks of $151.1 million and goodwill of $114.7 million were related to this transaction.

Trademarks impairment test

For the purpose of impairment testing, Ski Doo®, Sea Doo® and Evinrude® trademarks are allocated to their respective product lines. The carrying amount of trademarks amounting to $151.1 million is related to Ski-Doo®, Sea-Doo® and Evinrude® for $63.5 million, $59.1 million and $28.5 million respectively.

Recoverable amount

The Company determines the recoverable amount of these trademarks separately using value-in-use calculation. Value in use uses cash flow projections from the Company's one-year budget and three-year strategic plan approved by senior management and the Board of Directors, with a terminal value calculated by discounting the final year in perpetuity. These figures are used as the basis for the key assumptions in the value in use calculation that includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows were discounted to their present value using a discount rate of 20% to 22%. The discount rate was calculated based on the Company's weighted average cost of capital, adjusted to take into account its tax position and the risk factor associated with the product line tested. In assessing value in use, a growth rate of 2.5% was used to calculate the terminal value which is based on expected long term inflation trends. The Company performed sensitivity analysis on the cash flows and growth rate in order to confirm that the trademarks were not impaired.

Goodwill impairment test

For the purpose of impairment testing, goodwill of $114.7 million created in 2003 was allocated to the group of CGU representing all the product line CGUs.

Recoverable amount

The group of CGUs' recoverable amount is based on a value-in-use calculation using cash flow projections, which takes into account the Company's one-year budget and three-year strategic plan approved by senior management and the Board of Directors, with a terminal value calculated by discounting the final year in perpetuity. These figures are used as the basis for the key assumptions in the value in use calculation that includes sales volume, sales price, production costs, distribution costs and operating expenses as well as discount rates. This information represents the best available information as at the date of impairment testing. The estimated future cash flows were discounted to their present value using a discount rate of 20%. The discount rate was calculated based on the Company's weighted average cost of capital, adjusted to take into account its tax position. In assessing value in use, a growth rate of 2.5% was used to calculate the terminal value that is based on expected long term inflation trends. The Company performed sensitivity analysis on the cash flows and growth rate in order to confirm that goodwill was not impaired.

Estimating recoverability of deferred tax assets

Deferred tax assets are recognized only if management believes it is probable that they will be realized based on annual budget, strategic plan and additional projections to derive the expected results for the periods thereafter.

3. SIGNIFICANT ESTIMATES AND JUDGMENTS [CONTINUED]

a) Significant estimates in applying the Company's accounting policies [Continued]

Estimating provisions for product warranty, product liability, sales programs and restructuring

The warranty cost is established by product and recorded at the time of sale based on management's best estimate, using historical cost rates and trends. Adjustments to the warranty provision are made when the Company identifies a significant and recurring issue on products sold or when costs and trend differences are identified in the analysis of warranty claims.

The product liability provision at period end is based on management's best estimate of the amounts necessary to resolve existing claims or incurred, but not reported claims at this date based on average historical cost information.

Sales programs provision is estimated based on current program features, historical data and expected retail sales for each product line.

Restructuring provision is initially estimated based on restructuring plan estimated costs in relation with the plan features approved by management. Restructuring provision is reviewed at each period end in order to take into account updated information in relation with the realization of the plan. If necessary, the provision is adjusted accordingly.

Estimating government assistance repayable carrying value

In order to determine the best estimate of cash flows used to establish the effective interest rate and the amortized cost of repayable government assistance recorded in other financial liabilities, the Company uses available budget, strategic plan information and additional projections to derive the expected cash flows for the periods thereafter.

Estimating the fair value of redeemable preferred and common shares

The fair value of the redeemable preferred and common shares is based on an average of two valuation methods of the underlying shares, which are the income and the market approaches. The income approach indicates the fair value of a company based on the present value of the cash flows that the company can be expected to generate in the future. This approach is applied through a discounted cash flow analysis based on the Company's budget and strategic plan. The market approach indicates the fair value of a company based on a comparison of comparable companies in similar lines of business that are publicly traded. The valuations performed by the Company are validated by a third-party valuation firm contracted by the Company and are used as a basis for calculating the liability associated with the redeemable shares.

Estimating the discount rates used in assessing defined benefit plan expenses and liability

In order to select the discount rates used to determine defined benefit plan expenses and liabilities, management consults with external actuarial firms to provide commonly used and applicable discount rates that are based on the yield of high quality corporate fixed income investments with cash flows that match expected benefit payments for each defined benefit plan. Management uses its knowledge and comprehension of general economic factors in order to conclude on the accuracy of the discount rates used.

b) Significant judgments in applying the Company's accounting policies

Management needs to make certain judgments in order to apply the Company's accounting policies and the most significant ones are the following:

Impairment of property, plant and equipment and intangible assets

The Company operates using a high level of integration and interdependency between design, development, manufacturing and distribution operations. The cash inflows generated by each product line require the use of various assets of the Company, limiting the impairment testing to be done for a single asset or a single CGU. Therefore, management estimates impairment testing by grouping CGUs.

Functional currency

The Company operates worldwide but its design, development, manufacturing and distribution operations are highly integrated which require significant judgements from management in order to determine the functional currency of each entity using factors provided by *IAS 21 "The Effects of Changes in Foreign Exchange Rates"* standard. Management established an accounting method where the functional currency of each entity is deemed to be its local currency unless the assessment of the criteria established by IAS 21 to assess the functional currency leads to another currency. IAS 21 criteria are reviewed annually for each entity and are based on transactions with third-parties only.

4. FUTURE ACCOUNTING CHANGES

Certain new standards, interpretations and amendments to existing standards have been published by the International Accounting Standards Board ("IASB") and are mandatory for the Company's accounting periods beginning on or after February 1, 2013. These include:

In May 2011, the IASB issued *IFRS 10 "Consolidated Financial Statements"*. This IFRS replaces *SIC-12 "Consolidation – Special Purpose Entities"* and the consolidation requirements of *IAS 27 "Consolidated and Separate Financial Statements"*. The objective of IFRS 10 is to define the concept of control and to establish control as the basis for determining when and how an entity should be included within a set of consolidated financial statements. The adoption of this new pronouncement is expected to have no impact on the Company's financial results.

In May 2011, the IASB issued *IFRS 11, "Joint Arrangements"*, which replaces *IAS 31 "Interests in Joint Ventures"*, and *SIC-13, "Jointly Controlled Entities – Non-monetary Contributions by Venturers"*. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as it is under IAS 31. The adoption of this new pronouncement is expected to have no impact on the Company's financial results.

In May 2011, the IASB issued *IFRS 12, "Disclosure of Interests in Other Entities"*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The adoption of this new pronouncement will impact the Company's disclosures for the year ending January 31, 2014.

In May 2011, the IASB issued *IFRS 13 "Fair Value Measurement"*, which defines fair value, establishes a framework for measuring fair value and provides the required disclosures about fair value measurements. The adoption of this new pronouncement is expected to have no impact on the Company's financial results.

In June 2011, the IASB issued an amended version of *IAS 19 "Employee Benefits"*. The amendments are eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and enhancing the disclosure requirements for defined benefit plans. Furthermore, the net interest cost and expected return on pension plan assets are replaced with the net interest amount that is calculated by applying the discount rate to the net benefit liability. The application of the new pronouncement by the Company is expected to result in a decrease of net income of approximately $3.5 million for the year ending January 31, 2014.

In June 2011, the IASB amended *IAS 1, "Presentation of Financial Statements"*. The principal change resulting from the amendments to IAS 1 is a requirement to group together items within other comprehensive income that may be reclassified to the statement of net income. The adoption of this new pronouncement will impact the Company's disclosures for the year ending January 31, 2014.

The IASB issued other amendments to IFRS that are not expected to have a significant impact for the Company.

Other new standards published by the IASB

In November 2009 and October 2010, the IASB issued *IFRS 9 "Financial Instruments"* representing the first phase of the IASB's three phase project to replace *IAS 39 "Financial Instruments: Recognition and Measurement"*. The first phase defines the accounting of financial instruments that mainly requires the measurement at either the amortized cost or the fair value. The effective date of IFRS 9 for the Company is February 1, 2015. The Company is currently assessing the impact on its consolidated financial statements of this new pronouncement.

5. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Trade receivables	**$185.1**	$177.7	$215.5
Allowance for doubtful accounts	**(2.9)**	(3.3)	(4.1)
	182.2	174.4	211.4
Sales tax and other government receivables	**23.8**	26.4	15.9
Receivables from related parties	**0.8**	1.3	0.1
Other	**6.7**	4.7	4.7
Total trade and other receivables	**$213.5**	$206.8	$232.1

6. OTHER FINANCIAL ASSETS

The Company's other financial assets were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Restricted investments[a]	**$17.2**	$15.7	$14.2
Derivative financial instruments	**1.8**	0.8	0.8
Other	**8.0**	9.5	4.9
Total other financial assets	**$27.0**	$26.0	$19.9
Current	**7.8**	5.5	0.8
Non-current	**19.2**	20.5	19.1
Total other financial assets	**$27.0**	$26.0	$19.9

[a] The restricted investments can only be used for severance payments and pension costs associated with pension plans of BRP-Powertrain GmbH & Co. KG, and are not available for general corporate use.

The non-current portion is mainly attributable to the restricted investments.

7. INVENTORIES

The Company's inventories were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Materials and work in process	**$222.8**	$171.0	$125.7
Finished products	**132.5**	109.3	87.2
Parts and accessories	**109.7**	105.3	87.1
Total inventories	**$465.0**	$385.6	$300.0

Excluding write-downs of inventory recorded in connection with restructuring activities, the Company recognized in the statement of net income during the year ended January 31, 2013, a write-down on inventories of $6.0 million ($9.8 million for the year ended January 31, 2012 and $11.2 million for the period ended January 31, 2011) and reversed previously recorded write-downs of $1.0 million ($2.3 million for the year ended January 31, 2012 and $0.7 million for the year ended January 31, 2011).

Additionally, during the year ended January 31, 2013, the Company recorded $1,949.2 million of inventories in cost of sales ($1,781.6 million for the year ended January 31, 2012 and $1,435.0 million for the year ended January 31, 2011).

8. PROPERTY, PLANT AND EQUIPMENT

The Company's cost and accumulated depreciation related to property, plant and equipment were as follows:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Tooling	**$ 409.6**	**$272.9**	$367.1	$256.9	$334.1	$228.7
Equipment	**354.6**	**239.8**	316.3	229.7	285.9	212.2
Buildings	**215.8**	**66.4**	212.1	64.8	201.9	56.9
Land	**47.5**	**—**	44.6	—	45.7	—
Total	**$1,027.5**	**$579.1**	$940.1	$551.4	$867.6	$497.8

As at January 31, 2013, 2012 and 2011, assets under development amounted $51.5 million, $45.5 million and $23.6 million were respectively included in the cost.

8. PROPERTY, PLANT AND EQUIPMENT [CONTINUED]

The following table explains the changes in property, plant and equipment during the year ended January 31, 2013:

	Carrying amount as at January 31, 2012	Additions[a]	Disposals	Depreciation[b]	Impairment[b]	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2013
Tooling	**$110.2**	**$ 68.8**	**$ —**	**$(42.2)**	**$(1.8)**	**$1.7**	**$136.7**
Equipment	**86.6**	**50.9**	**(0.2)**	**(22.8)**	**(0.9)**	**1.2**	**114.8**
Buildings	**147.3**	**18.0**	**(1.7)**	**(11.2)**	**(3.8)**	**0.8**	**149.4**
Land	**44.6**	**3.4**	**(0.8)**	**—**	**—**	**0.3**	**47.5**
Total	**$388.7**	**$141.1**	**$(2.7)**	**$(76.2)**	**$(6.5)**	**$4.0**	**$448.4**

[a] Government assistance of $2.0 million has been recorded against the additions.
[b] See Note 22.

During the year ended January 31, 2013, the Company modified the estimated useful life of some of its tooling as a result of certain product platforms having a useful life of more than three years. The change was applied on a prospective basis decreasing total depreciation by $2.6 million compared to the total depreciation that would have been recorded for the year ended January 31, 2013. The Company estimates that depreciation expense will decrease by approximately $7 million in the year ending January 31, 2014, compared to the total depreciation that would have been recorded normally for that year.

The following table explains the changes in property, plant and equipment during the year ended January 31, 2012:

	Carrying amount as at January 31, 2011	Additions[a]	Disposals	Depreciation	Impairment	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2012
Tooling	$105.4	$ 59.5	$(0.4)	$(53.0)	$—	$(1.3)	$110.2
Equipment	73.7	39.4	(0.1)	(25.0)	—	(1.4)	86.6
Buildings	145.0	12.4	—	(9.0)	—	(1.1)	147.3
Land	45.7	0.2	(0.8)	—	—	(0.5)	44.6
Total	$369.8	$111.5	$(1.3)	$(87.0)	$—	$(4.3)	$388.7

[a] Government assistance of $1.8 million has been recorded against the additions.

The following table explains the changes in property, plant and equipment during the year ended January 31, 2011:

	Carrying amount as at February 1, 2010	Additions[a]	Disposals	Depreciation	Impairment	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2011
Tooling	$115.7	$45.6	$(0.7)	$(52.3)	$—	$ (2.9)	$105.4
Equipment	82.5	21.4	—	(26.7)	—	(3.5)	73.7
Buildings	155.8	1.9	(0.1)	(8.7)	—	(3.9)	145.0
Land	47.5	—	(0.1)	—	—	(1.7)	45.7
Total	$401.5	$68.9	$(0.9)	$(87.7)	$—	$(12.0)	$369.8

[a] Government assistance of $0.1 million has been recorded against the additions.

9. INTANGIBLE ASSETS

The Company's cost and accumulated depreciation related to intangible assets were as follows:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Goodwill	**$115.9**	**$ —**	$115.8	$ —	$115.9	$ —
Trademarks	**151.1**	**—**	151.1	—	151.1	—
Software and licenses	**54.1**	**36.2**	44.7	32.3	37.2	29.4
Dealer networks	**46.3**	**19.3**	46.3	16.9	46.3	14.4
Customer relationships	**21.8**	**7.6**	19.0	6.3	18.4	5.3
Total	**$389.2**	**$63.1**	$376.9	$55.5	$368.9	$49.1

The Company completed the required annual impairment test of goodwill and indefinite useful life trademarks as at the statement of financial position dates and concluded that no impairment had occurred.

The following table explains the changes in Company's intangible assets during the year ended January 31, 2013:

	Carrying amount as at January 31, 2012	Additions	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2013
Goodwill	**$115.8**	**$ —**	**$—**	**$ —**	**$0.1**	**$115.9**
Trademarks	**151.1**	**—**	**—**	**—**	**—**	**151.1**
Software and licences	**12.4**	**9.5**	**—**	**(4.2)**	**0.2**	**17.9**
Dealer networks	**29.4**	**—**	**—**	**(2.4)**	**—**	**27.0**
Customer relationships	**12.7**	**2.2**	**—**	**(1.2)**	**0.5**	**14.2**
Total	**$321.4**	**$11.7**	**$—**	**$(7.8)**	**$0.8**	**$326.1**

The following table explains the changes in the Company's intangible assets during the year ended January 31, 2012:

	Carrying amount as at January 31, 2011	Additions	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2012
Goodwill	$115.9	$ —	$—	$ —	$(0.1)	$115.8
Trademarks	151.1	—	—	—	—	151.1
Software and licences	7.8	8.2	—	(3.4)	(0.2)	12.4
Dealer networks	31.9	—	—	(2.5)	—	29.4
Customer relationships	13.1	1.4	—	(1.2)	(0.6)	12.7
Total	$319.8	$9.6	$—	$(7.1)	$(0.9)	$321.4

The following table explains the changes in the Company's intangible assets during the year ended January 31, 2011:

	Carrying amount as at February 1, 2010	Additions	Disposals	Depreciation	Effect of foreign currency exchange rate changes	Carrying amount as at January 31, 2011
Goodwill	$116.0	$ —	$—	$ —	$(0.1)	$115.9
Trademarks	151.1	—	—	—	—	151.1
Software and licences	5.3	5.2	—	(2.6)	(0.1)	7.8
Dealer networks	34.3	—	—	(2.4)	—	31.9
Customer relationships	15.4	—	—	(1.2)	(1.1)	13.1
Total	$322.1	$5.2	$—	$(6.2)	$(1.3)	$319.8

10. REVOLVING CREDIT FACILITIES

On March 19, 2012, the Company successfully amended its $240 million revolving credit facilities. The amendment provides the Company with a total availability of $350 million under its revolving credit facilities, maturing March 2016 (the "Revolving Credit Facilities"). The facility was further amended and restated on January 30, 2013 to amend certain terms and conditions related to the facility. The cost of borrowing under the Revolving Credit Facilities is the following based on:

(i) U.S. dollars at
  (a) LIBOR plus 2.50% per annum;
  (b) U.S. Base Rate plus 1.50% per annum; and
  (c) U.S. Prime Rate plus 1.50% per annum;

(ii) Canadian dollars at
  (a) Bankers' Acceptances plus 2.50% per annum; and
  (b) Canadian Prime Rate plus 1.50% per annum

(iii) Euros at Euro LIBOR plus 2.50% per annum.

For future periods, the cost of borrowing could increase by up to 1.50% or decrease by 0.25% depending on the leverage ratio represented as the ratio of Net Debt to Consolidated Cash Flows of Bombardier Recreational Products Inc., consolidated as defined below.

Net debt consists of the carrying value of the Revolving Credit Facilities, the finance lease obligations and the long-term debt, less cash. Consolidated Cash Flows represents earnings before financing costs, financing income, income taxes, depreciation, unusual and non-recurring items, foreign exchange gain or loss on long-term debt, and adjusted for other specific cash and non-cash costs, charges and expenses, all as set forth more particularly in the Revolving Credit Facilities agreement.

Under certain conditions, the Company is required to maintain a minimum fixed charge coverage ratio in order to have full access to its Revolving Credit Facilities.

The transaction costs incurred for the amendment of the Revolving Credit Facilities were $3.4 million. This amount is amortized linearly over the expected lives of the Revolving Credit Facilities. The Company incurs commitment fees of 0.45% to 0.50% per annum on the undrawn amount of the Revolving Credit Facilities.

As at January 31, 2013, the total amount borrowed under the Revolving Credit Facilities was nil ($62.7 million as at January 31, 2012 and $25.1 million as at January 31, 2011). The Company had issued letters of credit for an amount of $8.1 million under the Revolving Credit Facilities as at January 31, 2013 ($10.3 million as at January 31, 2012 and $10.9 million as at January 31, 2011). In addition, $0.6 million of letters of credit were outstanding under other agreements as at January 31, 2013 ($0.6 million as at January 31, 2012 and January 31, 2011).

11. TRADE PAYABLES AND ACCRUALS

The Company's trade payables and accruals were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Trade payables	**$357.9**	$176.2	$186.7
Wages and related employee accruals	**96.0**	93.6	77.5
Other accruals	**69.4**	55.7	53.7
Total trade payables and accruals	**$523.3**	$325.5	$317.9

12. PROVISIONS

The Company's provisions were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Product related	**$141.7**	$153.9	$137.1
Restructuring	**13.9**	0.3	—
Other	**15.9**	15.9	19.2
Total provisions	**$171.5**	$170.1	$156.3
Current	**101.6**	112.3	100.4
Non-current	**69.9**	57.8	55.9
Total provisions	**$171.5**	$170.1	$156.3

12. PROVISIONS [CONTINUED]

Product related provisions include provisions for regular and extended warranty coverages on products sold, product liability provisions and provisions related to sales promotion programs offered by the Company to its independent dealers, distributors or consumers in order to support the retail activity.

On September 14, 2012, the Company announced its decision to exit the sport boats business. This decision affected approximately 325 employees. During the year ended January 31, 2013, $16.3 million of restructuring costs were recorded, mainly comprised of material purchase commitments of $6.8 million, employee termination benefits costs of $6.2 million and additional sales programs of $1.7 million.

On May 31, 2012, the Company announced the continued implementation of its growth plan by reorganizing part of its operations. Starting in fiscal year 2013 and until the year ending January 31, 2016, the Company is expanding its existing production capacity in Mexico by transferring engines that were manufactured in Juárez, Mexico to a new plant in Querétaro, Mexico. The assembly of personal watercraft will also be transferred from Valcourt, Canada to the new plant in Querétaro. In addition, the Company will assign the North American, Australian and Finnish distribution of its parts, accessories and clothing to logistic providers.

The Company estimates that about 585 employees will be affected by these decisions. During the year ended January 31, 2013, $9.7 million of early retirement offers were recorded as restructuring costs. Also, during the year ended January 31, 2013, $1.7 million of non-recurring retention salaries were recorded in cost of sales. The Company estimates that an additional $5.1 million of non-recurring retention salaries will be recorded until the year ending January 31, 2016, for these activities.

The non-current portion of provisions is mainly attributable to product related and restructuring provisions. As at January 31, 2013, the Company estimates that cash outflows related to these non-current provisions could occur from February 1, 2014 to April 30, 2018.

The changes in provisions were as follows:

	Product Related	Restructuring	Other	Total
Balance as at January 31, 2012	**$ 153.9**	**$ 0.3**	**$15.9**	**$ 170.1**
Expensed during the period	**226.7**	**26.0**	**11.4**	**264.1**
Paid during the period	**(220.4)**	**(12.7)**	**(8.2)**	**(241.3)**
Reversed during the period	**(18.3)**	**—**	**(3.2)**	**(21.5)**
Effect of foreign currency exchange rate changes	**0.9**	**0.4**	**—**	**1.3**
Unwinding of discount and effect of changes in discounting estimates	**(1.1)**	**(0.1)**	**—**	**(1.2)**
Balance as at January 31, 2013	**$ 141.7**	**$ 13.9**	**$15.9**	**$ 171.5**

13. OTHER FINANCIAL LIABILITIES

The Company's other financial liabilities were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Government assistance repayable	**$ —**	$ 49.5	$ 46.1
Dealer holdback programs and customers deposits	**65.0**	33.1	28.5
Due to Bombardier Inc. (Note 25)	**21.3**	18.1	18.1
Derivative financial instruments	**4.1**	4.5	3.9
Due to a pension management company (Note 15)	**8.8**	—	—
Other	**6.9**	9.5	7.2
Total other financial liabilities	**$106.1**	$114.7	$103.8
Current	**74.7**	44.0	37.7
Non-current	**31.4**	70.7	66.1
Total other financial liabilities	**$106.1**	$114.7	$103.8

The non-current portion is mainly comprised of derivative financial instruments, due to a pension management company and due to Bombardier Inc. in connection with indemnification related to income taxes.

On April 16, 2012, the Company repaid entirely to Investissement Québec the two outstanding government assistance repayable amounts for a total cash consideration of $60.1 million representing the amount contractually due at that date. The Company recorded a financing charge of $9.0 million associated with this transaction corresponding to the excess of the contractual payments owed relative to the liability recorded as at January 31, 2012 (Note 23).

14. LONG-TERM DEBT

As at January 31, 2013, 2012 and 2011, the maturity dates, interest rates, outstanding nominal amounts and carrying amounts of long-term debt were as follows:

	January 31, 2013				
	Maturity date	**Contractual interest rate**	**Effective interest rate**	**Outstanding nominal amount**	**Carrying amount**
Term Facility	**January 2019**	**5.00%**	**5.42%**	**U.S. $1,050.0**	**$1,029.2**[a]
Term Loan	**December 2014**	**1.23%**	**1.23%**	**Euro 1.1**	**1.5**
Term Loan	**December 2015**	**1.23%**	**1.23%**	**Euro 2.3**	**3.1**
Term Loan	**September 2016**	**1.48%**	**1.48%**	**Euro 1.4**	**1.9**
Term Loan	**December 2016**	**1.13%**	**6.85%**	**Euro 7.5**	**8.9**
Term Loan	**December 2017**	**1.17%**	**8.60%**	**Euro 7.5**	**7.9**
Term Loan	**December 2017**	**1.98%**	**6.68%**	**Euro 1.8**	**2.1**
Total long-term debt					**$1,054.6**
Current					**12.2**
Non-current					**1,042.4**
Total long-term debt					**$1,054.6**

[a] Net of unamortized transaction costs of $20.0 million.

	January 31, 2012				
	Maturity date	**Contractual interest rate**	**Effective interest rate**	**Outstanding nominal amount**	**Carrying amount**
Term Facility	June 2013	2.80%	3.10%	U.S. $657.1	$660.5
Term Loan	December 2014	2.13%	2.13%	Euro 1.6	2.1
Term Loan	December 2015	2.13%	2.13%	Euro 2.3	3.0
Term Loan	December 2016	1.13%	6.85%	Euro 7.5	8.2
Total long-term debt					$673.8
Current					7.8
Non-current					666.0
Total long-term debt					$673.8

	January 31, 2011				
	Maturity date	**Contractual interest rate**	**Effective interest rate**	**Outstanding nominal amount**	**Carrying amount**
Term Facility	June 2013	2.81%	3.11%	U.S. $660.0	$657.1[b]
Term Loan	December 2014	2.07%	2.07%	Euro 1.6	2.2
Total long-term debt					$659.3
Current					2.9
Non-current					656.4
Total long-term debt					$659.3

[b] Net of unamortized transaction costs of $4.4 million.

Under security arrangements, amounts borrowed under the Revolving Credit Facilities and the Term Facility (the "Credit Facilities") are secured by substantially all the assets of the Company.

a) Term Facility

On March 19, 2012, the Company amended its term facility ("Term Facility") of U.S. $657.1 million maturing in June 2013. The amendment provided an extended Term Facility of U.S. $510.1 million maturing in June 2016 with the option for the Company to increase the available borrowing amount by U.S. $150.0 million under certain conditions. During the year ended January 31, 2013, the Company exercised its right and borrowed this additional U.S. $150.0 million amount on the extended Term Facility to reimburse the short-term portion of U.S. $145.5 million of its Term Facility maturing in June 2013.

14. LONG-TERM DEBT [CONTINUED]

a) Term Facility [Continued]

The transaction costs incurred for the amendment of the Term Facility totalled $6.4 million, of which $3.9 million has been recorded in financing costs during the fourth quarter due to the amendment and restatement signed on January 30, 2013 as described below.

On January 30, 2013, the Company amended and restated its Term Facility. This amendment and restatement provides an extended Term Facility of U.S. $1,050.0 million maturing in January 2019, with the option for the Company to increase the amount of borrowing by U.S. $150.0 million under certain conditions. The Term Facility agreement contains customary representations and warranties but includes no financial covenants. The transaction costs incurred for this amendment and restatement of the Term Facility were $20.0 million. This amount has been incorporated in the carrying amount of the extended Term Facility and is being amortized over its expected life using the effective interest rate method.

The cost of borrowing under the extended Term Facility is the following:
(i) LIBOR plus 3.75% per annum, with a LIBOR floor of 1.25%;
(ii) U.S. Base Rate plus 2.75%; or
(iii) U.S. Prime Rate plus 2.75%

As per the Term Facility agreement, the cost of borrowing in U.S. Base Rate or U.S. Prime Rate cannot be lower than borrowing in LIBOR.

The Company is required to repay a minimum of 1% of the original nominal amount each year in two equal payments in the months of July and January. In the event that Bombardier Recreational Products Inc. has an excess cash position at the end of the fiscal year and its leverage ratio reaches certain threshold level, the Company may be required to repay a portion of the Term Facility. As at January 31, 2013, the Company was not subject to the excess cash computation requirement due to the closing of the amendment which occurred January 30, 2013. As at January 31, 2012, an amount of $7.1 million was required to be repaid the following year due to the excess cash position of the Company ($2.9 million as at January 31, 2011).

b) Term Loans

During the year ended January 31, 2013, the Company entered into term loan agreements at favourable interest rates under Austrian government programs (the "Austrian Programs"). These programs support research and development projects based on the Company's incurred expenses in Austria. The term loans had a total nominal amount of Euro 10.7 million ($14.5 million) at inception with interest rates during the term in a range of 1.17% to 2.17% or at the three-month Euribor plus 1.25% to 1.75% with maturities between September 2016 and December 2017. The Company recognized a grant of Euro 2.2 million ($2.8 million) as a reduction of research and development expenses representing the difference between the fair value of the term loans at inception and the cash received.

During the year ended January 31, 2012, the Company entered into term loan agreements at favourable interest rates under the same Austrian Programs. At inception, the term loans had a total nominal amount of Euro 9.8 million ($12.8 million) with interest rates in a range of 1.13% to 2.13% or at the three-month Euribor plus 1%, with maturities between December 2015 to December 2016. The Company recognized a grant of Euro 1.4 million ($1.9 million) as a reduction of research and development expenses representing the difference between the fair value of the term loans at inception and the cash received.

During the year ended January 31, 2011, the Company entered into a term loan agreement under the same Austrian Programs. The term loan had a nominal amount of Euro 1.6 million ($2.2 million) with an interest rate of three-months Euribor plus 1% and a December 2014 maturity.

15. EMPLOYEE BENEFITS

Employee benefits expenses, which represent the expenses related to all forms of consideration provided by the Company in exchange for services rendered by its employees were as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Current remuneration	**$521.2**	$493.1	$417.9
Post employment defined benefits	**10.2**	13.2	42.0
Post employment defined contributions	**31.1**	29.3	26.1
Termination benefits and early retirement offers (Note 12)	**15.9**	—	2.3
Stock-based compensation (Note 17)	**0.7**	0.6	1.0
Other long-term benefits	**1.9**	1.8	1.0
Total	**$581.0**	$538.0	$490.3

15. EMPLOYEE BENEFITS [CONTINUED]

a) Post employment benefits

The Company sponsors defined contribution retirement plans and non-contributory defined benefit plans that provide for pensions and other post-retirement benefits to a majority of its employees.

Canadian employees

The Company sponsors defined benefit pension plans and other post-retirement benefit plans for its Canadian employees. Effective June 1, 2005, the Company introduced a defined contribution plan for non-executive employees to replace the future service accrual under the defined benefit formula.

The Company provides during retirement non-contributory life insurance benefits and healthcare benefits to eligible employees that are funded on a pay-as-you-go basis. The healthcare benefits are payable from retirement to age 65. For Company's executives and non-executives who retired before May 31, 2007, the medical plan pays generally a percentage of most medical expenses which are in excess of the costs covered by provincial government plans. For non-executive employees hired before May 31, 2007, the post-retirement healthcare benefits consists as at January 31, 2013 of an annual benefit of $860 indexed at 3% per year. Non-executive employees hired after May 31, 2007 are not eligible for these health benefits.

In addition, the Company sponsors a defined benefit retirement plan to provide supplemental pension benefits to its executives ("SERP").

As at January 31, 2011, the Company committed to update pension benefits of its Canadian plant and office employees, upon retirement and under certain conditions, their career pay accrued as at June 1, 2005 with their average salaries at retirement. The past service costs resulting from this commitment amounted to $28.8 million and were recorded in other operating expenses in the statement of net income.

United States employees

In the United States, the Company offers a defined contribution plan to its employees as well as a defined benefits final average earnings non-registered supplementary executive retirement plan for its executive employees ("SERP").

European employees

The Company's sponsors defined contribution plans to its employees in most of its European entities except in Austria where the Company maintains an unfunded defined benefit plan and sponsors a lump sum retirement indemnity plan. Under the defined benefit plan, the benefits are based on such employees' length of service, applicable pension accrual rates and compensation at retirement. Under the lump sum retirement indemnity plan, the benefits are based on the length of service and compensation at retirement.

In December 2012, the Company entered into an agreement with approximately two-thirds of its Austrian employees which provides for the termination of the defined benefit plan coverage and replaced it by a defined contribution plan. On February 1st, 2013, the Company transferred to a third party pension fund company part of its defined benefits obligation under the Austrian defined benefit plan and replaced it by a defined contribution plan. As at January 31, 2013, the Company recorded a curtailment gain of $3.8 million in operating income and presented the remaining liabilities of $8.8 million related to this transaction in other financial liabilities in the consolidated statements of financial position. The liabilities will be settled over the next four years.

b) Defined benefit plans

Actuarial assumptions

The significant weighted average actuarial assumptions adopted to determine the defined benefits cost and the accrued benefits obligations were as follows:

	Years ended					
	January 31, 2013		January 31, 2012		January 31, 2011	
	Canada	Foreign	Canada	Foreign	Canada	Foreign
Benefits cost actuarial assumptions[a]						
Discount rate	**5.00%**	**4.52%**	5.76%	5.04%	6.00%	5.28%
Expected rate of compensation increase	**3.50%**	**3.50%**	3.50%	3.50%	3.50%	3.50%
Expected long-term rate of return on plan assets	**5.96%**	**3.75%**	6.18%	4.00%	6.38%	4.25%
Defined benefits obligations actuarial assumptions[b]						
Discount rate	**4.40%**	**3.40%**	5.00%	4.52%	5.76%	5.04%
Rate of compensation increase	**3.50%**	**3.50%**	3.50%	3.50%	3.50%	3.50%

[a] Determined as at beginning of year
[b] Determined as at end of year

15. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [Continued]

Actuarial assumptions [Continued]

The discount rate represents the market rate for high quality corporate fixed income investments consistent with the currency and the estimated term of the defined benefit plan obligation. The expected rate of compensation increase is determined considering the current salary structure, historical and anticipated wage increases. The expected long-term rate of return on plan assets is determined by considering the long-term historical returns, future estimates of long-term investment returns and asset allocation.

Employee future benefit liabilities

The amounts arising from the Company's obligations under defined benefits obligations over the last three years were as follows:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Canada	**Foreign**	**Canada**	**Foreign**	**Canada**	**Foreign**
Defined benefits obligation of funded plans	**$(293.3)**	**$ (1.4)**	$(260.9)	$ (0.8)	$(223.9)	$ (0.8)
Fair value of plans assets	**175.1**	**0.7**	171.3	0.5	149.5	0.5
	(118.2)	**(0.7)**	(89.6)	(0.3)	(74.4)	(0.3)
Defined benefits obligation of unfunded plans	**(20.2)**	**(96.8)**	(17.5)	(83.8)	(16.6)	(76.4)
Employee future benefit liabilities	**$(138.4)**	**$(97.5)**	$(107.1)	$(84.1)	$ (91.0)	$(76.7)

The following table provides a reconciliation of the changes in the pension plans' defined benefits obligations (funded and unfunded) as at the statement of financial position dates:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Canada	**Foreign**	**Canada**	**Foreign**	**Canada**	**Foreign**
Defined benefits obligations at beginning	**$(278.4)**	**$(84.6)**	$(240.5)	$(77.2)	$(200.2)	$(81.3)
Current service cost	**(3.6)**	**(2.8)**	(2.6)	(2.6)	(2.1)	(2.8)
Interest cost (Note 23)	**(13.7)**	**(3.8)**	(13.6)	(3.8)	(11.8)	(3.9)
Curtailment gain	**—**	**3.8**	—	—	—	—
Actuarial gain (losses)	**(30.6)**	**(18.3)**	(32.4)	(7.8)	(7.4)	2.6
Benefits paid	**12.8**	**2.6**	10.7	2.9	9.8	2.6
Past service cost	**—**	**—**	—	—	(28.8)	—
Pension payments transferred to other financial liabilities (Note 13)	**—**	**8.8**	—	—	—	—
Effect of foreign currency exchange rate changes	**—**	**(3.9)**	—	3.9	—	5.6
Defined benefits obligations at end	**$(313.5)**	**$(98.2)**	$(278.4)	$(84.6)	$(240.5)	$(77.2)

In accordance with the minimum funding obligations required under the current regulations, the Company expects to contribute $21.8 million to all defined benefit pension plans for the year ending January 31, 2014.

The following table provides a reconciliation of the changes in the pension plans' fair value of assets as at statement of financial position dates:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Canada	**Foreign**	**Canada**	**Foreign**	**Canada**	**Foreign**
Assets fair value at beginning	**$171.3**	**$ 0.5**	$149.5	$ 0.5	$118.8	$ 0.5
Expected return on plan assets (Note 23)	**9.9**	**—**	9.4	—	7.4	—
Actuarial gains (losses)	**4.4**	**—**	(8.6)	—	4.8	(0.1)
Employer contributions	**2.3**	**2.8**	31.7	2.9	28.3	2.7
Benefits paid	**(12.8)**	**(2.6)**	(10.7)	(2.9)	(9.8)	(2.6)
Assets fair value at end	**$175.1**	**$ 0.7**	$171.3	$ 0.5	$149.5	$ 0.5

15. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [Continued]

Employee future benefit liabilities [Continued]

The actual return (loss) on plan assets was as follows:

	Years ended					
	January 31, 2013		January 31, 2012		January 31, 2011	
	Canada	Foreign	Canada	Foreign	Canada	Foreign
Actual return (loss) on plan assets	**$14.3**	**$—**	$0.8	$—	$12.2	$(0.1)

Plan assets are held in trust and their weighted-average allocations were as follows:

Asset category (in percentage)	As at January 31, 2013	As at January 31, 2012	As at January 31, 2011
Publicly-traded Canadian equity securities	**29%**	26%	30%
Publicly-traded foreign equity securities	**30%**	30%	30%
Publicly-traded fixed income securities	**36%**	37%	35%
Other	**5%**	7%	5%

Actuarial gains (losses)

The experience adjustments for the defined benefits obligations and fair value of plan assets, meaning the portion of the actuarial gains (losses) arising from differences between the previous actuarial assumptions and what has actually occurred were as follows over the last three years:

	January 31, 2013	January 31, 2012	January 31, 2011
Experience adjustments on plan obligations	**$(2.4)**	$(3.6)	$0.3
Experience adjustments on plan assets	**$ 4.4**	$(8.6)	$4.7

The cumulative actuarial losses recognized in other comprehensive income and accumulated within retained losses in equity were respectively $93.4 million, $48.9 million and $0.1 million as at January 31, 2013, 2012 and 2011.

Defined benefits costs

Components of the total defined benefits costs recognized in the statement of net income were as follows:

	Years ended					
	January 31, 2013		January 31, 2012		January 31, 2011	
	Canada	Foreign	Canada	Foreign	Canada	Foreign
Current service cost	**$ 3.6**	**$ 2.8**	$ 2.6	$2.6	$ 2.1	$2.8
Interest cost on plan obligations (Note 23)	**13.7**	**3.8**	13.6	3.8	11.8	3.9
Expected return on plan assets (Note 23)	**(9.9)**	**—**	—	—	(7.4)	—
Past service costs	**—**	**—**	—	—	28.8	—
Curtailment gain	**—**	**(3.8)**	(9.4)	—	—	—
Defined benefits cost	**$ 7.4**	**$ 2.8**	$ 6.8	$6.4	$35.3	$6.7

Health care cost trend

The health care cost is assumed to increase at a rate of 5.8% in fiscal year 2014 and at a rate that will gradually decline over the next twenty years to reach 2.9% in fiscal year 2034. After this date, the rate is assumed to remain at 2.9%. Other benefits costs are assumed to increase at the same rate as price inflation.

15. EMPLOYEE BENEFITS [CONTINUED]

b) Defined benefit plans [Continued]

Defined benefits costs [Continued]

Health care cost trend [Continued]

A one-percentage-point change in assumed health care cost trend rates would have the following effect as at January 31, 2013:

	One percentage point	
	Increase	**Decrease**
Effect on defined benefits cost	**$ —**	**$ —**
Effect on defined benefits obligations	**$0.1**	**$(0.1)**

16. CAPITAL STOCK

The authorized capital stock of the Company is as follows:

Unlimited number of Class A voting Common Shares with no par value.

Unlimited number of Class A.1 voting Common Shares with no par value, convertible on a share-for-share basis into Class A Common Shares.

Unlimited number of Class B non-voting Common Shares issuable in series under the management share subscription agreement and the stock option plan (Note 17) with no par value. They are convertible on a share-for-share basis into Class A voting Common Shares upon certain events, including certain change in control transactions, on the third anniversary of an initial public offering or at any time thereafter in connection with a transfer to a non-affiliate, and immediately prior to any liquidation, dissolution or winding-up of the Company. The shares issued under the management share subscription agreement have put and call features and are presented within liabilities whereas shares issued under the stock option plan have call features only and are presented within equity (Note 17).

Unlimited number of Super B non-voting Common Shares with no par value. They are convertible on a share-for-share basis into Class A voting Common Shares upon certain events, including certain change in control transactions, on the third anniversary of an initial public offering or at any time thereafter in connection with a transfer to a non-affiliate, and immediately prior to any liquidation, dissolution or winding-up of the Company. The Company shall be entitled, from time to time, to convert on a share-for-share basis the whole or any part of the Super B non-voting Shares into Class B non-voting Common Shares, series 2004. The shares issued have put and call features and are presented within liabilities.

Unlimited number of non-voting preferred shares with no par value issuable in series of which Series A and Series B have been authorized for issue.

50,000,000 Series A non-voting preferred shares with no par value, annual cumulative preferential dividend of 15.2% based on $49,325,000, compounded annually from June 9, 2009 until August 2012 and then annual non-cumulative dividend of 12% based on $50,000,000, redeemable at the option of the Company and of the holder at any time at a price of $1.00 per share.

Unlimited number of Series B non-voting preferred shares with no par value, annual non-cumulative dividend of 11%, redeemable at the option of the Company and of the holder at any time at a price of $1.00 per share.

The capital stock issued and outstanding and classified in equity was as follows:

	January 31, 2013		**January 31, 2012**		**January 31, 2011**	
	Number of shares	**Carrying amount**	**Number of shares**	**Carrying amount**	**Number of shares**	**Carrying amount**
Balance at beginning						
Class A Common Shares	**229,387,717**	$32.7	229,387,717	$32.7	229,387,717	$32.7
Class A.1 Common Shares	**123,516,460**	17.3	123,516,460	17.3	123,516,460	17.3
Class B Common Shares	**20,310,623**	2.2	19,379,023	2.1	18,486,803	1.9
	373,214,800	52.2	372,283,200	52.1	371,390,980	51.9
Issued upon exercise of stock options						
Class B Common Shares	**792,800**	**0.3**	1,126,000	0.3	1,042,620	0.2
Repurchased						
Class B Common Shares	**(289,800)**	**(0.3)**	(194,400)	(0.2)	(150,400)	—
Balance at end						
Class A Common Shares	**229,387,717**	**32.7**	229,387,717	32.7	229,387,717	32.7
Class A.1 Common Shares	**123,516,460**	**17.3**	123,516,460	17.3	123,516,460	17.3
Class B Common Shares	**20,813,623**	**2.2**	20,310,623	2.2	19,379,023	2.1
	373,717,800	**$52.2**	373,214,800	$52.2	372,283,200	$52.1

16. CAPITAL STOCK [CONTINUED]

Under the management share subscription agreement, the subscribers purchased Class B Non-Voting Common Shares (the "subscription shares") of the Company for an amount equal to their fair value. The terms of the management share subscription agreement provide the Company with the right to repurchase all or a portion of the subscription shares (a "call option"), and provide the subscribers with a right to sell to the Company all or a portion of their subscription shares (a "put option"), under certain circumstances. The call and put options expire upon the occurrence of a liquidity event as defined in the agreement. Those shares are recorded as liabilities in the statement of financial position.

The capital stock issued and outstanding and classified in liabilities was as follows:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Number of shares	Carrying amount	Number of shares	Carrying amount	Number of shares	Carrying amount
Balance at beginning						
Series A Preferred Shares	**—**	**$ —**	50,000,000	$ 63.1	49,325,000	$54.2
Class B Common Shares	**5,491,752**	**14.3**	11,371,071	17.0	11,126,051	11.1
Class Super B Common Shares	**4,016,550**	**10.4**	4,016,550	6.0	4,066,550	4.0
	9,508,302	**24.7**	65,387,621	86.1	64,517,601	69.3
Issued						
Series A Preferred Shares	**—**	**—**	—	—	675,000	0.7
Class B Common Shares	**197,846**	**0.7**	175,000	0.3	317,500	0.3
	197,846	**0.7**	175,000	0.3	992,500	1.0
Repurchased/Cancelled						
Series A Preferred Shares (Note 25)	**—**	**—**	(50,000,000)	(67.5)	—	—
Class B Common Shares	**(53,688)**	**(0.2)**	(6,054,319)	(7.6)	(72,480)	(0.1)
Class Super B Common Shares	**—**	**—**	—	—	(50,000)	—
	(53,688)	**(0.2)**	(56,054,319)	(75.1)	(122,480)	(0.1)
Capital reduction						
Class B Common Shares	**—**	**—**	—	—	—	(1.1)
Cumulative dividends						
Series A Preferred Shares	**—**	**—**	—	4.4	—	8.2
Increase (decrease) in fair value						
Class B Common Shares	**—**	**6.4**	—	4.6	—	6.8
Class Super B Common Shares	**—**	**4.6**	—	4.4	—	2.0
	—	**11.0**	—	9.0	—	8.8
Balance at end						
Series A Preferred Shares	**—**	**—**	—	—	50,000,000	63.1
Class B Common Shares	**5,635,910**	**21.2**	5,491,752	14.3	11,371,071	17.0
Class Super B Common Shares	**4,016,550**	**15.0**	4,016,550	10.4	4,016,550	6.0
	9,652,460	**$36.2**	9,508,302	$ 24.7	65,387,621	$86.1

During the year ended January 31, 2012, the Series A Preferred Shares were cancelled and 5,814,415 class B common shares were repurchased as part of a business combination with related parties (Note 25).

17. STOCK OPTION PLAN

Under the stock option plan, the Board of Directors of the Company approved grants of options to directors, officers and certain employees of the Company. Those options are exercisable into Class B common shares of the Company at an exercise price equal to the fair value of the Class B common shares on the date of grant. The options vest or are eligible to vest in equal annual instalments on each of the five anniversary dates of the date of grant and are exercisable for a period of up to 10 years from the grant date. Certain of these options would vest only upon the occurrence of a liquidity event (such as an initial public offering, a change of control or a dividend).

17. STOCK OPTION PLAN [CONTINUED]

The following table summarizes the weighted-average fair value of options granted and the main assumptions that were used to calculate the fair value during the years ended January 31, 2013, 2012 and 2011:

	January 31, 2013	January 31, 2012	January 31, 2011
Weighted-average fair value at grant date	**$ 1.71**	$ 0.98	$ 0.74
Assumptions used in fair value models			
Weighted average share price	**$ 2.80**	$ 1.65	$ 1.00
Risk-free interest rate	**1.90%**	2.30%	3.09%
Expected life	**10 years**	10 years	10 years
Expected volatility	**50%**	47%	65%
Expected annual dividend per share	**0%**	0%	0%

The Company uses the Black-Scholes option-pricing model to estimate the fair value of options granted except for options having market performance conditions for which the binomial option-pricing model is used. As the Company's shares are not listed, expected volatility used in option pricing models is calculated based on historical volatility of similar listed entities.

The number of stock options varied as follows:

	Years ended					
	January 31, 2013		January 31, 2012		January 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning	**12,818,500**	**0.68**	13,365,100	0.60	13,269,020	0.68
Granted	**412,000**	**2.80**	745,000	1.65	1,365,500	1.00
Forfeited/Cancelled	**(305,200)**	**0.94**	(165,600)	0.99	(226,800)	1.12
Exercised [a]	**(792,800)**	**0.43**	(1,126,000)	0.29	(1,042,620)	0.19
Balance at end	**12,132,500**	**0.76**	12,818,500	$0.68	13,365,100	0.60

[a] For the year ended January 31, 2013, the weighted average stock price on exercised options was $3.12 ($1.11 for the year ended January 31, 2012 and $1.00 for the year ended January 31, 2011).

During the year ended January 31, 2011, the Board of Directors of the Company reduced to 1.00 dollar the exercise price of stock options having an exercise price greater than 1.00 dollar.

17. STOCK OPTION PLAN [CONTINUED]

The following table summarizes information about stock options outstanding:

	January 31, 2013			January 31, 2012			January 31, 2011		
	Number of options	Exercise price	Life (years)	Number of options	Exercise price	Life (years)	Number of options	Exercise price	Life (years)
Class B:									
Series 2004	**4,056,550**	**$0.01**	**0.9**	4,496,550	$0.01	1.9	5,296,550	$0.01	2.9
Series 2006	**1,843,000**	**0.94**	**3.0**	2,397,000	0.94	4.0	2,650,800	0.94	5.0
Series 2006-2	**547,000**	**1.00**	**3.4**	547,000	1.00	4.4	557,000	1.00	5.4
Series 2007-2	**72,000**	**1.00**	**4.5**	72,000	1.00	5.5	72,000	1.00	6.5
Series 2008-2	**9,000**	**1.00**	**5.5**	9,000	1.00	6.5	9,000	1.00	7.5
Series 2009-4	**1,906,400**	**1.00**	**6.0**	1,949,600	1.00	7.0	2,060,000	1.00	8.0
Series 2009-5	**426,850**	**1.00**	**6.1**	437,850	1.00	7.1	499,250	1.00	8.1
Series 2009-6	**855,000**	**1.00**	**6.8**	855,000	1.00	7.8	855,000	1.00	8.8
Series 2010-1	**126,000**	**1.00**	**7.0**	126,000	1.00	8.0	126,000	1.00	9.0
Series 2010-2	**363,200**	**1.00**	**7.5**	391,800	1.00	8.5	399,000	1.00	9.5
Series 2010-3	**770,500**	**1.00**	**7.9**	791,700	1.00	8.9	840,500	1.00	9.9
Series 2011-1	**745,000**	**1.65**	**8.5**	745,000	1.65	9.5	—	—	—
Series 2012-1	**283,000**	**2.60**	**9.0**	—	—	—	—	—	—
Series 2012-2	**129,000**	**3.25**	**9.5**	—	—	—	—	—	—
Balance as at January 31	**12,132,500**	**$0.76**	**4.2**	12,818,500	$0.68	4.9	13,365,100	$0.60	5.5

The number of stock options exercisable is as follows:

	January 31, 2013		January 31, 2012		January 31, 2011	
	Number of options	Exercise price	Number of options	Exercise price	Number of options	Exercise price
Class B:						
Series 2004	**540,000**	**$0.01**	630,000	$0.01	1,280,000	$0.01
Series 2006	**1,843,000**	**0.94**	2,397,000	0.94	2,145,000	0.94
Series 2006-2	**197,000**	**1.00**	197,000	1.00	157,600	1.00
Series 2007-2	**72,000**	**1.00**	57,600	1.00	43,200	1.00
Series 2008-2	**7,200**	**1.00**	5,400	1.00	3,600	1.00
Series 2009-4	**737,600**	**1.00**	494,800	1.00	276,000	1.00
Series 2009-5	**199,950**	**1.00**	132,100	1.00	82,250	1.00
Series 2009-6	**171,000**	**1.00**	114,000	1.00	57,000	1.00
Series 2010-1	**50,400**	**1.00**	25,200	1.00	—	—
Series 2010-2	**55,800**	**1.00**	38,600	1.00	—	—
Series 2010-3	**166,600**	**1.00**	89,300	1.00	—	—
Series 2011-1	**73,667**	**1.65**	—	—	—	—
Options exercisable as at January 31	**4,114,217**	**$0.85**	4,181,000	$0.82	4,044,650	$0.65

Share based compensation expense has been recorded in general and administrative expenses and was as follows:

	Years ended		
	January 31, 2013	January 31, 2012	January 31, 2011
Stock-based compensation expense	**$0.7**	$0.6	$1.0

As at January 31, 2013, the total unrecognized compensation cost related to unvested share-based payments, which includes cost of options that may vest upon the occurrence of a liquidity event, totalled $4.0 million ($4.1 million as at January 31, 2012 and $4.3 million as at January 31, 2011).

18. EARNINGS PER SHARE

a) Basic earnings per share

The basic earnings per share and the weighted average number of common shares outstanding have been calculated as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Net income attributable to shareholders	**$ 121.0**	$ 83.8	$ 35.4
Issued common shares, beginning of year	**382,723,102**	387,670,821	386,583,581
Effect of issuance of shares and exercise of stock options	**430,392**	915,925	232,766
Effect of repurchase and cancellation of shares	**(200,856)**	(2,504,468)	(179,988)
Weighted average number of common shares	**382,952,638**	386,082,278	386,636,359
Earnings per share – basic	**$ 0.32**	$ 0.22	$ 0.09

b) Diluted earnings per share

The diluted earnings per share and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares have been calculated as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Net income attributable to shareholders	**$ 121.0**	$ 83.8	$ 35.4
Dilutive net income effect of diluted shares	**—**	—	—
Net income attributable to shareholders, adjusted for dilution effect	**121.0**	83.8	35.4
Weighted average number of common shares	**382,952,638**	386,082,278	386,636,359
Dilutive effect of stock options	**4,292,590**	3,215,615	2,331,960
Weighted average number of diluted common shares	**387,245,228**	389,297,893	388,968,319
Earnings per share – diluted	**$ 0.31**	$ 0.22	$ 0.09

For the years ended January 31, 2013, 2012 and 2011, respectively 6.0 million, 6.4 million and 6.2 million stock options were excluded from the calculation of diluted earnings per share as these options are conditional upon the occurrence of a liquidity event.

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options was based on internally calculated share prices for the period during which the options were outstanding.

19. REVENUES

Details of revenues were as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Sale of products	**$2,850.1**	$2,606.6	$2,097.0
Other	**46.1**	46.8	36.2
Total	**$2,896.2**	$2,653.4	$2,133.2

Revenues are net of cash sales promotions.

20. COST OF SALES

Cost of sales comprise costs of inventories sold, production overheads unallocated to inventories, warranty and distribution costs, costs related to sales programs that involve a free product or service delivered to clients, write-down of inventories, reversal of write-down of inventories, depreciation of property, plant and equipment and intangible assets used to distribute products.

21. GOVERNMENT ASSISTANCE

The Company's government assistance, including tax credits, was as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Recorded against research and development expense	**$21.0**	$15.6	$15.8
Recorded against other elements of operating income	**0.7**	0.2	0.9
	$21.7	$15.8	$16.7
Recorded against the cost of property, plant and equipment	**$ 2.0**	$ 1.8	$ 0.1

22. OTHER OPERATING EXPENSES

Details of other operating expenses were as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Restructuring costs (Note 12)	**$26.0**	$ —	$ 3.9
Impairment charge	**7.1**	—	—
Pension plan past service costs (Note 15)	**—**	—	28.8
Net charge related to damaged property, plant and equipment	**1.9**	—	—
Foreign exchange (gain) loss on working capital elements	**(3.5)**	7.4	(20.3)
(Gain) loss on forward exchange contracts	**2.3**	(2.2)	15.9
Other	**0.2**	0.5	1.7
Total	**$34.0**	$ 5.7	$ 30.0

The impairment charge of $7.1 million is related to Company's decision to exit the sport boats business during the year. Of this amount, $6.5 million was taken to reduce the carrying amount of sport boats property, plant and equipment to their fair value less disposition costs (Note 8).

During the year ended January 31, 2013, an explosion occurred at the Company's research & development centre in Valcourt, Canada causing significant damage to property, plant and equipment. The Company recorded a non-recurring depreciation charge of $1.9 million relating to the write-off of the damaged property, plant and equipment. In addition, non-recurring costs of $2.2 million and a recovery from an insurance company of $2.2 million were recorded for this event.

23. FINANCING COSTS AND INCOME

Details of financing costs and financing income were as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Interest and amortized transaction costs on long-term debt	**$ 37.1**	$ 23.6	$23.6
Interest on government assistance repayable	**10.6**[a]	7.5	6.9
Interest and commitment fees on revolving credit facilities	**2.2**	2.4	4.6
Employee future benefits interest cost (Note 15)	**17.5**	17.4	15.7
Cumulative dividends on Series A preferred shares	**—**	4.4	8.2
Financial guarantee losses	**(0.4)**	2.0	2.1
Unwinding of discount of provisions	**1.1**	1.3	1.2
Other	**3.1**	3.8	3.6
Financing costs	**71.2**	62.4	65.9
Expected return on pension plan assets (Note 15)	**(9.9)**	(9.4)	(7.4)
Other	**(1.9)**	(2.3)	(1.9)
Financing income	**(11.8)**	(11.7)	(9.3)
Total	**$ 59.4**	$ 50.7	$56.6

[a] Includes $9.0 million related to accelerated government assistance repayment of $60.1 million (Note 13).

24. INCOME TAXES

a) Income taxes expense

Details of income taxes expense were as follows:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Current income taxes expense			
Related to current year	**$17.3**	$24.8	$ 23.5
Related to prior years	**(0.9)**	1.3	(0.5)
	16.4	26.1	23.0
Deferred income taxes expense			
Temporary differences	**17.7**	3.9	(13.7)
Effect of income tax rate changes on deferred income taxes	**0.6**	0.2	2.3
Recognition of previously unrecorded tax benefits	**(1.7)**	(0.6)	—
	16.6	3.5	(11.4)
Income taxes expense	**$33.0**	$29.6	$ 11.6

The reconciliation of income taxes computed at the Canadian statutory rates to income taxes expense recorded was as follows:

	Years ended					
	January 31, 2013		**January 31, 2012**		**January 31, 2011**	
Income taxes calculated at statutory rates	**$41.4**	**26.9%**	$31.9	28.2%	$ 13.9	29.8%
Increase (decrease) resulting from:						
Income tax rate differential of foreign subsidiaries	**(8.7)**		(7.6)		(11.1)	
Effect of income tax rate changes on deferred income taxes	**0.6**		0.2		2.3	
Tax benefits of losses and temporary differences not recognized	**—**		—		1.6	
Recognition of previously unrecorded tax benefits	**(1.7)**		(0.6)		—	
Recognition of income taxes on foreign currency translation	**0.2**		(0.3)		1.5	
Permanent differences	**4.3**		5.5		(5.0)	
Adjustment in respect of prior years	**(3.2)**		(0.2)		8.5	
Other	**0.1**		0.7		(0.1)	
Income taxes expense	**$33.0**		$29.6		$ 11.6	

The income tax statutory rate is 26.9% for the year ended January 31, 2013 compared to 28.2% for the year ended January 31, 2012 and 29.8% for the year ended January 31, 2011. The income tax statutory rate is Bombardier Recreational Products Inc. combined rate applicable in jurisdictions in which it operates. The decrease is mainly due to the reduction of the Federal income tax rate from 17.9% in fiscal year 2011 to 15.0% in fiscal year 2013.

24. INCOME TAXES [CONTINUED]

b) Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income taxes asset (liability) were as follows:

	January 31, 2013	January 31, 2012	January 31, 2011
Related to current assets and liabilities			
Inventories	**$ 9.7**	$ 9.9	$ 8.0
Investment tax credits receivable	**(0.9)**	(0.6)	—
Trade payables and accruals	**4.9**	4.4	3.6
Provisions	**26.6**	27.5	27.0
Other financial liabilities	**12.7**	11.7	9.5
Other	**1.5**	3.5	4.4
	54.5	56.4	52.5
Related to non-current assets and liabilities			
Property, plant and equipment	**(12.9)**	0.2	(8.4)
Intangible assets	**(42.5)**	(43.3)	(44.3)
Investment tax credits receivable	**(11.8)**	(9.0)	(7.2)
Provisions	**16.0**	15.5	14.9
Long-term debt	**(1.6)**	3.5	1.4
Employee future benefit liabilities	**47.2**	37.0	31.1
Other non-current liabilities	**5.0**	5.2	1.8
Other	**3.1**	1.2	1.9
	2.5	10.3	(8.8)
Related to losses carry-forwards	**35.3**	36.6	50.6
Related to research and development expenses carry-forward	**22.3**	15.2	11.2
	114.6	118.5	105.5
Limitation on deferred income taxes asset	**—**	(1.7)	(2.7)
Total	**$114.6**	$116.8	$102.8

As at January 31, 2013, the Company had tax attributes carry-forward to reduce future taxable income, composed of non-capital losses and unused research and development expenses.

As at January 31, 2013, non-capital losses amounting to $96.7 million ($125.1 million as at January 31, 2012 and $192.3 million as at January 31, 2011), of which $75.6 million ($75.2 million as at January 31, 2012 and $90.1 million as at January 31, 2011) is available to reduce future federal taxable income in United States and $21.1 million ($49.9 million as at January 31, 2012 and $102.2 million as at January 31, 2011) is available to reduce future taxable income in other tax jurisdictions. An amount of $2.3 million of non-capital losses will expire in fiscal year 2014 and $94.4 million will expire from fiscal year 2025 until fiscal year 2033.

Unused research and development expenses amounting respectively to $95.3 million and $66.3 million are available to reduce, at any time in the future, the Canadian federal and Quebec taxable income (respectively $55.9 million and $29.2 million as at January 31, 2012 and respectively $29.4 million and $29.4 million as at January 31, 2011).

Deferred income taxes assets have been entirely recognized for all of these elements.

As at January 31, 2013, the Company had $59.7 million in investment tax credits receivable, of which $14.1 million is refundable and $45.6 million is available to reduce income taxes in future periods (respectively $54.1 million, $19.3 million and $34.8 million as at January 31, 2012 and respectively $38.8 million, $7.7 million and $31.1 million as at January 31, 2011). Of the $45.6 million, $44.1 million ($33.7 million as at January 31, 2012 and $30.0 million as at January 31, 2011) is available to reduce future federal Canadian income taxes and $1.5 million ($1.1 million as at January 31, 2012 and $1.1 million as at January 31, 2011) is available to reduce future income taxes of other tax jurisdictions. The Canadian investment tax credits will expire from fiscal year 2027 to fiscal year 2033.

The goodwill is not deductible for tax purposes. As at January 31, 2013, out of the trademarks and other intangible assets of $210.2 million recorded in the statement of financial position ($205.6 million at January 31, 2012 and $203.9 million as at January 31, 2011), $27.5 million is deductible for tax purposes ($30.2 million at January 31, 2012 and $22.4 million as at January 31, 2011).

Deferred income taxes have not been provided for the undistributed earnings of foreign subsidiaries based upon management's determination that such earnings will be indefinitely reinvested. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to withholdings taxes.

25. RELATED PARTY TRANSACTIONS

The Company had related party transactions during the years ended January 31, 2013, 2012 and 2011. The most significant ones are described below and were made on an arm's length basis, unless otherwise indicated.

a) Transactions with the Principal Shareholders

Pursuant to the management services agreement with the Principal Shareholders, an aggregate annual management fee of U.S.$2.25 million and reimbursement of certain out-of-pocket expenses is incurred by the Company. The management services agreement expires January 31, 2014.

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Management fee expense	**$2.4**	$2.3	$2.5

Under the Revolving Credit Facilities (Note 10), CDPQ has committed an amount of up to $25.0 million. The amount lent by CDPQ was respectively nil, $22.7 million and $9.7 million as at January 31, 2013, 2012 and 2011. CDPQ also participates in the Term Facility (Note 14) for an amount of $74.9 million (U.S. $75.0 million), $24.8 million (U.S. $24.7 million) and $24.9 million (U.S. $24.8 million) as at January 31, 2013, 2012 and 2011, respectively. Those transactions with CDPQ were made on similar terms to those that have prevailed with other lenders.

During the year ended January 31, 2012, the Company acquired from the Principal Shareholders and without consideration, all the outstanding voting shares of J.A. Bombardier Financing Inc. ("JAB Financing"), a company under common control. JAB Financing was an investment company having primarily an investment of $50.0 million in Series A preferred shares of the Company (the "Preferred Shares") and a loan from an affiliate of Investissement Québec ("IQ") of $50.0 million bearing an interest of 15% per annum and repayable at any time but prior to June 2014.

During the year ended January 31, 2012, the Company recorded in contributed surplus, the net assets of JAB Financing of $4.6 million upon its wind-up in the Company, primarily representing the carrying value of the deferred income taxes asset attributable to the cumulative income taxes losses of JAB Financing at this date. The carrying value of the Preferred Shares owned by JAB Financing of $67.5 million has been cancelled following the transaction.

During the year ended January 31, 2012, the Company repaid to IQ the $50.0 million loan with accrued interests of $17.7 million thereon, as well as repurchased for $7.3 million its class B common shares Series 2009-1, for a total consideration of $75.0 million.

b) Transactions with key management personnel

Key management personnel of the Company, defined as employees with authority and responsibility for planning, directing and controlling the activities of the Company, are considered related parties to the Company. The Company incurred the following benefits expenses in relation with key management personnel:

	Years ended		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**
Current remuneration	**$8.0**	$8.0	$6.4
Post-employment benefits	**0.7**	0.6	0.5
Stock-based compensation expense	**—**	0.1	0.1
Total	**$8.7**	$8.7	$7.0

c) Due to Bombardier Inc., a company related to Beaudier group

Pursuant to the purchase agreement entered into in 2003 in connection with the acquisition of the recreational product business of Bombardier Inc., the Company shall reimburse to Bombardier Inc. income taxes amounting to $21.3 million, $18.1 million and $18.1 million as at January 31, 2013, 2012, and 2011. The payments will begin when Bombardier Inc. starts making income tax payments in Canada and/or in the United States.

26. FINANCIAL INSTRUMENTS

a) Fair value

The fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. The Company's financial instruments respective fair values take into account the credit risk embedded in the instrument which for financial assets, the credit risk of the counterparty and for financial liabilities, the credit risk of the Company.

In order to determine the fair value of its financial instruments, the Company uses, when active markets exist, quoted prices from these markets ("Level 1" fair value). When public quotations are not available in the market, fair values are determined using valuation methodologies. When inputs used in the valuation methodologies are only inputs directly and indirectly observable in the marketplace, fair value is presented as "Level 2" fair value. If fair value is assessed using inputs that require considerable judgment from the Company in interpreting market data and developing estimates, fair value is presented as "Level 3" fair value. For Level 3 fair value, the use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

The fair value, fair value level and carrying amount of restricted investments, derivative financial instruments, government assistance repayable, redeemable preferred and common shares and long-term debt were as follows:

		As at January 31, 2013		As at January 31, 2012		As at January 31, 2011	
	Fair value level	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Restricted investments (Note 6)	Level 2	**$ 17.2**	**$ 17.2**	$ 15.7	$ 15.7	$ 14.2	$ 14.2
Derivative financial instruments							
Forward exchange contracts							
Favourable (Note 6)		**$ 1.8**	**$ 1.8**	$ 0.8	$ 0.8	$ 0.8	$ 0.8
(Unfavourable) (Note 13)		**(2.9)**	**(2.9)**	(3.6)	(3.6)	(2.7)	(2.7)
Inflation rate swap (Note 13)		**(1.2)**	**(1.2)**	(0.9)	(0.9)	(1.2)	(1.2)
	Level 2	**$ (2.3)**	**$ (2.3)**	$ (3.7)	$ (3.7)	$ (3.1)	$ (3.1)
Government assistance repayable (Note 13)	Level 3	**$ —**	**$ —**	$ 49.5	$ 69.9	$ 46.1	$ 64.5
Redeemable preferred and common shares (Note 16)	Level 3	**$ 36.2**	**$ 36.2**	$ 24.7	$ 24.7	$ 86.1	$ 86.1
Long-term debt (including current portion) (Note 14)							
Term Facility	Level 1	**$1,029.2**	**$1,059.7**	$660.5	$660.5	$657.1	$660.7
Term Loans	Level 2	**25.4**	**27.5**	13.3	13.0	2.2	2.1
		$1,054.6	**$1,087.2**	$673.8	$673.5	$659.3	$662.8

For cash, trade and other receivables, revolving credit facilities, trade payables and accruals, dealer holdback programs and customer deposits, the carrying amounts reported on the consolidated statements of financial position or in the notes approximate the fair values of these items due to their short-term nature.

b) Foreign exchange risks

The foreign exchange risk associated with financial instruments is defined by the risk that the future cash flows of a recorded financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk associated with financial instruments arises from financial instruments denominated in a currency other than the functional currency of the Company.

The Company's significant foreign exchange risk exposure associated with financial instruments are with Credit Facilities, trade and other receivables, trade payables and accruals, derivative financial instruments and dealer holdbacks denominated in U.S. dollars and recorded in entities having the Canadian dollar as functional currency.

26. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risks [Continued]

The tables below present the impact on net income and other comprehensive income of a variation of foreign exchange rates on financial instruments subject to foreign exchange risks as at January 31, 2013, 2012 and 2011:

	As at January 31, 2013		
Increase (Decrease)	**Percentage of Variation[a]**	**Impact on Net income**	**Impact on Other comprehensive income**
USD / CAD	**5%**	**$(54.9)[b]**	**$ —**
Euro / CAD	**5%**	**$ 3.2**	**$ —**
Other	**5%**	**$ (0.6)**	**$0.3**

[a] Based on changes that might exist at the closing dates.
[b] Mainly from the long-term debt denominated in U.S. dollars

	As at January 31, 2012		
Increase (Decrease)	**Percentage of Variation[a]**	**Impact on Net income**	**Impact on Other comprehensive income**
USD / CAD	5%	$(37.1)[b]	$ —
Euro / CAD	10%	$ 1.5	$ —
Other	5%	$ (1.1)	$1.8

[a] Based on changes that might exist at the closing dates.
[b] Mainly from the long-term debt denominated in U.S. dollars

	As at January 31, 2011		
Increase (Decrease)	**Percentage of Variation[a]**	**Impact on Net income**	**Impact on Other comprehensive income**
USD / CAD	4%	$(28.5)[b]	$ —
Euro / CAD	7%	$ 0.6	$ —
Other	4%	$ (1.1)	$(0.6)

[a] Based on changes that might exist at the closing dates.
[b] Mainly from the long-term debt denominated in U.S. dollars

The Company uses foreign exchange contracts to manage its foreign currency risks mainly on trade payables and certain other financial liabilities denominated in U.S. dollars and to hedge the foreign exchange risk exposure on future revenue transactions denominated mainly in Australian dollars, Swedish Krona and Norwegian Krone. As at January 31, 2013, the maximum length of time over which the Company is hedging its exposure to variability in future cash flow from anticipated sales is 12 months. All foreign exchange contracts used to hedge highly probable anticipated sales are recorded under the cash flow hedge model. The Company does not trade in derivative financial instruments for speculative purposes.

26. FINANCIAL INSTRUMENTS [CONTINUED]

b) Foreign exchange risks [Continued]

The following tables set out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement periods of these contracts:

	As at January 31, 2013					
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount[a]
Foreign exchange contracts						
Less than 1 year	**AUD**	**CAD**	**1.0263**	**AUD**	**33.5**	**$ 34.9**
	AUD	**USD**	**1.0258**	**AUD**	**14.0**	**14.6**
	CAD	**Euro**	**1.3506**	**Euro**	**36.3**	**49.3**
	CAD	**MXN**	**0.0787**	**MXN**	**7.8**	**0.6**
	CAD	**USD**	**1.0034**	**USD**	**249.3**	**249.1**
	Euro	**NOK**	**0.1345**	**NOK**	**72.1**	**13.2**
	Euro	**SEK**	**0.1157**	**SEK**	**151.9**	**23.9**
	NOK	**Euro**	**0.1342**	**NOK**	**278.8**	**50.9**
	SEK	**Euro**	**0.1153**	**SEK**	**566.0**	**89.0**
	USD	**CAD**	**0.9983**	**USD**	**149.0**	**$148.9**

[a] Exchange rates as at January 31, 2013 were used to translate notional amounts in foreign currencies.

	As at January 31, 2012					
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount[a]
Foreign exchange contracts						
Less than 1 year	AUD	CAD	1.0268	AUD	23.5	$ 25.0
	CAD	Euro	1.3181	Euro	13.7	18.0
	CAD	USD	1.0163	USD	143.0	143.8
	Euro	CAD	1.3120	Euro	2.0	2.6
	Euro	NOK	0.1304	NOK	87.2	14.9
	Euro	SEK	0.1124	SEK	193.4	28.5
	NOK	Euro	0.1289	NOK	276.3	47.3
	SEK	Euro	0.1112	SEK	593.2	87.4
	USD	CAD	1.0061	USD	130.7	$131.4

[a] Exchange rates as at January 31, 2012 were used to translate nominal amounts in foreign currencies.

	As at January 31, 2011					
	Sell currency	Buy currency	Average rate	Notional amount		Canadian equivalent notional amount[a]
Foreign exchange contracts						
Less than 1 year	AUD	CAD	0.9663	AUD	20.5	$20.5
	AUD	USD	0.9421	AUD	5.0	5.0
	CAD	Euro	1.3640	Euro	7.0	9.6
	CAD	USD	1.0081	USD	85.6	85.8
	Euro	JPY	0.0089	JPY	100.0	1.2
	Euro	NOK	0.1262	NOK	78.4	13.6
	Euro	SEK	0.1133	SEK	209.4	32.6
	NOK	Euro	0.1269	NOK	241.3	41.9
	SEK	Euro	0.1113	SEK	631.8	98.4
	USD	CAD	1.0001	USD	39.9	$40.0

[a] Exchange rates as at January 31, 2011 were used to translate nominal amounts in foreign currencies.

26. FINANCIAL INSTRUMENTS [CONTINUED]

c) Liquidity risk

Liquidity risk is defined as the Company's exposure to the risk of not being able to meet its financial obligations. The Company manages its liquidity risk by continuously monitoring its operating cash requirements and by the use of its funding sources to ensure its financial flexibility and mitigate its liquidity risk (see Note 27).

The following table summarizes the financial liabilities instalments payable when contractually due as at January 31, 2013:

	Less than 1 year	1-2 years	More than 2 years	Total amount
Trade payables and accruals	**$523.3**	**$ —**	**$ —**	**$ 523.3**
Long-term debt (including interest)	**65.6**	**69.2**	**1,255.2**	**1,390.0**
Derivative financial instruments	**2.9**	**—**	**1.2**	**4.1**
Other financial liabilities (including interest)	**71.8**	**3.2**	**27.5**	**102.5**
Total	**$663.6**	**$72.4**	**$1,283.9**	**$2,019.9**

Additionally, under certain circumstances, the Company may be required to repurchase a portion of its outstanding common shares. The obligation to repurchase, presented as redeemable preferred and common shares in the statement of financial position amounted to $36.2 million as at January 31, 2013. The share repurchase rights expire upon the occurrence of an Initial Public Offering or a change of control. As there are no specific repurchase terms attached to the redeemable common shares, they have been excluded from the above table.

d) Interest risk

The Company is exposed to the variation of interest rates on financial instruments mainly on its Credit Facilities. An increase or decrease of a 0.25 percentage base point as at January 31, 2013, 2012, and 2011 respectively would not have resulted in a significant impact on net income and comprehensive income for the years ended January 31, 2013, 2012, and 2011. Percentages of variations of interest rates above are based on changes that might exist at the statement of financial position dates and have been applied on the Company's financial instruments subject to interest rate changes.

e) Credit risk

The Company could be exposed, in the normal course of business, to the potential inability of dealers, distributors and other business partners to meet their contractual obligations on financial assets, principally on receivables and amounts guaranteed under dealer and distributor financing agreements.

The Company considers that its credit risk associated with its trade receivables and its limited responsibilities under dealer and distributor financing agreements does not represent a significant concentration of risk and loss due to the large number of dealers, distributors and other business partners and their dispersion across many geographic areas. Moreover, the Company mitigates such risk by doing business through its own distribution channels and by monitoring independent dealers' and distributor credit.

The following table provides further details on receivables for which the Company considers to be exposed to credit risk as at January 31, 2013, 2012 and 2011.

	January 31, 2013	January 31, 2012	January 31, 2011
Trade and other receivables	**$213.5**	$206.8	$232.1
Sales tax and other government receivables	**(23.8)**	(26.4)	(15.9)
Total exposed to credit risk	**$189.7**	$180.4	$216.2
Not past due	**$185.4**	$175.6	$211.8
Past due			
Under 60 days	**4.8**	4.4	4.8
From 60 to 90 days	**0.1**	1.0	0.4
Over 90 days	**2.3**	2.7	3.3
Allowance for doubtful accounts	**(2.9)**	(3.3)	(4.1)
Total exposed to credit risk	**$189.7**	$180.4	$216.2

26. FINANCIAL INSTRUMENTS [CONTINUED]

e) Credit risk [Continued]

The counterparties to the derivative financial instruments and restricted investments are all investment grade financial institutions, which the Company anticipates will satisfy their obligations under these contracts. Over the past years, the Company has not incurred significant losses related to credit risk on its financial assets.

As described in Note 28 b), the Company has provided financial guarantees to third party financing companies in case of dealers' inability to meet their obligations under their financing agreements with the financing companies.

f) Inflation risk

Company's inflation risk on financial instruments is related to the inflation rate swap in relation with the operating lease payments on the manufacturing facility located in Finland (Note 28a). The inflation rate swap has a nominal of Euro 0.1 million and fix the indexation factor at 2.67% annually until September 1, 2023. The inflation swap is recorded under the cash flow hedge model.

27. CAPITAL MANAGEMENT

The Company's primary uses of capital are for capital investments and working capital. Based on the current level of operations, management believes that cash on hand, cash flows from operations and available borrowings under the Credit Facilities will enable the Company to meet its working capital, capital expenditure, debt service and other funding requirements.

The Company's capital is composed of Net Debt and shareholder's equity. The Company's aim to maintain a level of capital that is adequate to meet several objectives, including an acceptable Net Debt level and an acceptable ratio of Net Debt to Consolidated Cash Flow in order to provide access to adequate funding sources to support current operations, pursue its internal growth strategy and maintain capital flexibility.

The Company's strategy is to maintain a ratio of Net Debt to Consolidated Cash Flow of 3.5 or less, which was continuously achieved during the last three fiscal years.

28. COMMITMENTS AND CONTINGENCIES

In addition to the commitments and contingencies described elsewhere in these consolidated financial statements, the Company is subject to the following (all amounts presented are undiscounted):

a) Operating leases

As at January 31, 2013, the Company's minimum commitments under operating lease agreements were as follows:

	Total
2014	$12.8
2015 to 2018	28.4
After 2018	36.5
Total	$77.7

The Company's expense under operating lease agreements was $13.8 million, $11.4 million and $12.7 million for the years ended January 31, 2013, 2012 and 2011, respectively. The main future commitments under operating leases are attributable to Company's manufacturing facilities located in Finland and in Mexico.

In Finland, the monthly rent of Euro 0.1 million is subject to a yearly increase based on Finland's Consumer Price Index until the end of the lease on September 1, 2023. In order to manage this exposure, the Company has an inflation rate swap of Euro 0.1 million nominal to fix the indexation factor at 2.67% annually until September 1, 2023 (Note 26).

In Mexico, the monthly rent of U.S. $0.1 million is subject to a yearly increase based on United States' Consumer Price Index caped to 3% a year until the end of the lease on October 2022.

b) Dealer and distributor financing arrangements

Under dealer and distributor financing agreements with large financing companies, in the event of a dealer or distributor default, the Company may be required to purchase, from the finance companies, new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies.

28. COMMITMENTS AND CONTINGENCIES [CONTINUED]

b) Dealer and distributor financing arrangements [Continued]

The outstanding financing between the Company's independent dealers and distributors and third-party finance companies amounted to $838.2 million, $771.4 million and $686.7 million as at January 31, 2013, 2012 and 2011, respectively. The breakdown of outstanding amounts by country and local currency between the Company's independent dealers and distributors with third-party finance companies were as follows:

	Currency	January 31, 2013	January 31, 2012	January 31, 2011
United States	USD	**519.4**	458.2	372.5
Canada	CAD	**248.0**	243.6	245.3
Europe	Euro	**28.6**	29.0	25.6
Australia and New Zealand	AUD	**28.8**	23.8	28.0
Latin America	USD	**2.4**	3.8	4.9

Under the dealer and distributor financing agreements, in the event of default, the Company may be required to purchase, from the finance companies, new and unused products at the total unpaid principal balance of the dealer or distributor to the finance companies. In North America, the obligation is capped at the greater of U.S. $25.0 million ($25.0 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreements, whereas in Europe, the obligation is capped at the greater of Euro 10.0 million ($13.6 million) or 10% of the last twelve-month average amount of financing outstanding under the financing agreement.

The outstanding amount subject to the obligation to purchase was $91.0 million as at January 31, 2013 ($77.4 million in North America, $13.6 million in Europe). In Australia and New Zealand, the obligation to purchase new and unused products represents the outstanding amount at the end of the periods. There is no purchase obligation for Latin America.

For the year ended January 31, 2013, the Company has recorded a recovery related to repossessed units amounting to $0.4 million (loss of $2.0 million for the year ended January 31, 2012 and loss of $2.1 million for the year ended January 31, 2011).

c) Guarantees under various agreements

In the normal course of business, the Company has entered into agreements that include indemnities in favour of third parties and which are customary in the industry, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements, and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses they incurred as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered as a consequence of the transaction.

The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Company has not made any significant payments under such or similar indemnification agreements.

The Company shall indemnify directors and officers of the Company for various losses including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to acts taking place during the period over which the indemnified party served as a trustee, director or officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

d) Litigation

The Company intends to vigorously defend its position in litigation matters to which it is a party. Management believes the Company has recorded adequate provisions to cover potential losses in relation to pending legal actions. Additionnaly, the Company has a general liability insurance coverage for claims relating to injuries or damages incurred with the Company's products. This insurance coverage limits the potential losses associated with legal claims related to product usage.

While the final outcome with respect to actions pending as at January 31, 2013 cannot be predicted with certainty, it is management's opinion that their resolution will not have material adverse effects on the Company's future results of operations or cash flows.

29. SEGMENT INFORMATION

Under *IFRS 8 "Operating Segments"* the Company determined that it operates in a single operating segment for the years ended January 31, 2013, 2012 and 2011 since the operating results are reviewed regularly by the President and Chief Executive Officer of the Company using various reports without showing the full financial picture of a business activity other than the entire business of the Company.

29. SEGMENT INFORMATION [CONTINUED]

The following table provides geographic information on Company's revenues, property, plant and equipment and intangible assets. The attribution of revenues was based on customer locations.

	Revenues			Property, plant and equipment and intangible assets		
	Years ended			As at		
	January 31, 2013	**January 31, 2012**	**January 31, 2011**	**January 31, 2013**	**January 31, 2012**	**January 31, 2011**
United States	**$1,237.8**	$1,090.8	$ 791.1	**$115.6**	$117.2	$109.1
Canada	**641.6**	553.6	488.9	**465.3**	443.8	431.0
Western Europe	**236.7**	281.9	244.5	**15.0**	13.6	14.9
Scandinavia	**195.7**	200.5	181.8	**9.9**	8.5	10.3
Eastern Europe	**205.8**	170.6	107.1	**—**	—	—
Latin America	**159.7**	150.0	123.9	**61.3**	33.4	29.2
Asia Pacific	**170.3**	139.1	134.3	**1.2**	0.9	1.0
Austria	**8.3**	7.3	7.6	**106.2**	92.6	94.0
Other	**40.3**	59.6	54.0	**—**	0.1	0.1
	$2,896.2	$2,653.4	$2,133.2	**$774.5**	$710.1	$689.6

30. SUBSEQUENT EVENTS

On April 12, 2013, the Company modified its articles of incorporation to change its name from J.A. Bombardier (J.A.B.) Inc. to BRP Inc.

On April 15, 2013, the Company paid special distributions in the aggregate amount of $376 million to the holders of all of its classes of common shares, with approximately $46 million representing a return of capital and approximately $330 million representing dividends. As a result of the dividend, certain stock options having a vesting condition related to the payment of a dividend became fully vested and exercisable.

From January 31, 2013 to May 21, 2013, 9,103,750 stock options were exercised by their holders.

On April 30, 2013, the Company paid a dividend of $153 million to the holders of all of its classes of common shares.

On May 21, 2013, the Company intends to file a base prep prospectus with the securities regulatory authorities in each of the provinces and territories of Canada for a proposed initial public offering of its subordinate voting shares (the Offering"), with the price per share and number of shares offered to be determined subject to the terms of an underwriting agreement. The Company has also granted to the underwriters of the Offering an over-allotment option, exercisable, in whole or in part, at the sole discretion of the underwriters for a period of 30 days from the closing of the Offering to purchase additional subordinate voting shares for aggregate gross proceeds also yet to be determined.

In connection with the Offering, the Company's Board of Directors is expected to approve a consolidation of the Company's shares outstanding on a 3.765 to one basis.

Furthermore, the Board of Directors approved a new stock option plan, pursuant to which options to purchase subordinate voting shares will be granted to the Company's eligible employees at the closing of the Offering.

The Company intends to amend the Term Facility and the Revolving Credit Facilities in connection with the Offering. The amendments have been approved by the Board of Directors and are conditional upon customary conditions and Closing of the Offering. The amendment of the Term facility would provide for, *inter alia*, a 0.75% decrease of the applicable margin percentage and a 0.25% decrease of the current LIBOR floor. Under the proposed amendment of the Term Facility, Bombardier Recreational Products Inc. would no longer be required to repay a minimum of 1% of the original Term Facility nominal amount each year in two equal payments in the months of July and January. With respect to the Revolving Credit Facilities, the proposed amendment would provide for, *inter alia*, an extension of its maturity from March 28, 2016 to 2018 and a reduction of 0.25% of the cost of borrowing.

CERTIFICATE OF THE COMPANY

Dated May 21, 2013

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces and territories of Canada.

(Signed) José Boisjoli
President and Chief Executive Officer

(Signed) Claude Ferland
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Laurent Beaudoin
Director

(Signed) Joshua Bekenstein
Director

CERTIFICATE OF THE UNDERWRITERS

Dated May 21, 2013

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO Nesbitt Burns Inc.	RBC Dominion Securities Inc.	UBS Securities Canada Inc.	Citigroup Global Markets Canada Inc.
(Signed) Grégoire Baillargeon	(Signed) Kiron Mondal	(Signed) Alain B. Auclair	(Signed) Grant Kernaghan
CIBC World Markets Inc.	**Desjardins Securities Inc.**	**Scotia Capital Inc.**	**National Bank Financial Inc.**
(Signed) Paul St-Michel	(Signed) Marc Gagnon	(Signed) Charles Emond	(Signed) Vincent Joli-Coeur

BRP