

BOMBARDIER ANNOUNCES AN AGREEMENT WITH THE GOVERNMENT OF QUÉBEC FOR A \$1 BILLION US INVESTMENT IN THE C SERIES

News / Manufacturer



Bombardier is pleased to confirm that it has entered into a definitive agreement for the previously announced \$1 billion US investment by the Government of Québec in a newly created limited partnership, the C Series Aircraft Limited Partnership (the “CSALP”), to which the assets, liabilities and obligations of the C Series aircraft program will be transferred.

“We are delighted to officially welcome the Government of Québec as an equity partner in the C Series program,” said Alain Bellemare, President and Chief Executive Officer, Bombardier Inc. “We are grateful for the confidence the people and Government of Québec have in the C Series. Their investment will accelerate the momentum we’ve created, strengthen customer confidence in the aircraft and provide Bombardier with the financial flexibility needed to compete and win.”

The disbursement of the investment is expected to occur in two \$500 million US payments, on June 30, 2016 and on September 1, 2016. Upon completion of the investment, the CSALP will be 50.5%-owned by Bombardier and 49.5%-owned by the Government of Québec, through its mandatary, Investissement Québec.

Bombardier will maintain operational control of the C Series program and consolidate its financial

results. Fred Cromer will serve as President of the CSALP, and continue in his current role.

The Board of Directors of CSALP will consist of five directors, three of whom will be proposed by Bombardier and two by the Government of Québec. Daniel Johnson will serve as chairman of the Board of Directors of the CSALP.

As previously reported, the investment has been approved by Bombardier's Board of Directors and the Cabinet of the Government of Québec and remains conditional upon the satisfaction of other customary conditions. The \$1 billion US investment will be used entirely for cash flow purposes of the CSALP.

As part of the agreement, the strategic, financial and operational headquarters for the CSALP, along with the assembly, manufacturing, engineering services and research and development activities of the CSALP, will remain in the Province of Québec for at least 20 years.

Issuance of warrants

As announced on October 29, 2015, the investment includes the issuance of warrants in the name of Investissement Québec, exercisable to acquire Class B Shares (subordinate voting) in the capital of Bombardier (the **Class B Shares**).

It was agreed that these warrants will be exercisable by the Government of Québec to acquire up to 100,000,000 Class B Shares (representing approximately 4.26% of the aggregate issued and outstanding Class A Shares (multiple voting) in the capital of Bombardier (the **Class A Shares**) and Class B Shares, assuming the exercise of the warrants, and approximately 4.45% of the aggregate issued and outstanding Class A Shares and Class B Shares on a non-diluted basis), at an exercise price per share equal to \$1.72 US, being an amount equivalent of \$2.21 Cdn on the date of execution of the final agreement, which represents a premium to the 5-day volume-weighted average price (VWAP) of the Class B Shares on the TSX as of the date hereof and as of October 20, 2015.

The warrants will contain market standard adjustment provisions, including in the event of corporate changes, stock splits (directly or indirectly through a share dividend), distributions of rights, options or warrants to all or substantially all shareholders or consolidations, as well as adjustment provisions applicable in the event of extraordinary dividends and distributions of shares, debt securities, property and other assets to all or substantially all shareholders.

23 JUNE 2016

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