

BOMBARDIER

PRESS RELEASE

Bombardier announces financial results for the first quarter ended April 30, 2009

(All amounts in this press release are in U.S. dollars unless otherwise indicated.)

- **Consolidated revenues of \$4.5 billion, compared to \$4.8 billion last fiscal year**
- **EBITDA of \$355 million, compared to \$464 million last fiscal year**
- **EBIT of \$235 million, compared to \$324 million last fiscal year**
- **Net income of \$158 million, or diluted earnings per share of \$0.09, compared to \$229 million, or diluted earnings per share of \$0.12, last fiscal year**
- **Free cash flow usage of \$817 million, compared to a free cash flow of \$560 million last fiscal year**
- **Cash position of \$2.7 billion**
- **Backlog of \$47.4 billion**

Montréal, June 3, 2009 – Bombardier today released its financial results for the first quarter ended April 30, 2009. Revenues reached \$4.5 billion, compared to \$4.8 billion, while earnings before financing income, financing expense and income taxes (EBIT) totalled \$235 million, compared to \$324 million last fiscal year. The EBIT margin at 5.3% compares to last year's 6.8%.

Net income reached \$158 million, compared to \$229 million for the same period last year. Diluted earnings per share (EPS) reached \$0.09, compared to diluted EPS of \$0.12 last fiscal year. The overall backlog totalled \$47.4 billion, compared to \$48.2 billion as at January 31, 2009.

Free cash flow (cash flows from operating activities less net additions to property, plant and equipment and intangible assets) usage totalled \$817 million. The cash position stands at \$2.7 billion as at April 30, 2009, compared to \$3.5 billion on January 31, 2009.

“The severe recession affecting most economies worldwide has continued to have a negative impact on our first quarter financial results. At Bombardier Aerospace, although overall deliveries have held up relatively well during the quarter, cancellations in business aircraft have outpaced the level of new orders, “ said Pierre Beaudoin, President and Chief Executive Officer, Bombardier Inc.

“For the rail industry, the fundamentals remain strong and the recession is not currently expected to have a significant impact. At Bombardier Transportation, we are making headway with our plan to increase profitability as EBIT margin reached 5.6% in the first quarter compared to 4.9% last year.”

“We are taking action to cope with the present economic situation and we continue to invest in new products such as the *CSeries*, the *Learjet 85*, the *ZEFIRO* high-speed train and the *ECO4* suite of technologies. At \$47.4 billion, our large and well diversified backlog, combined with our strong balance sheet, high level of liquidity, and the cost cutting measures already in place, will enable us to weather the storm,” added Mr. Beaudoin.

Bombardier Aerospace

At Bombardier Aerospace, revenues totalled \$2.2 billion, compared to \$2.4 billion for the first quarter last fiscal year, while EBIT reached \$110 million, compared to \$206 million. This translated into an EBIT margin of 5% for the first quarter ended April 30, 2009. Free cash flow usage of \$530 million compares to a free cash flow of \$290 million for the same period last fiscal year. Bombardier Aerospace’s backlog stood at \$22.4 billion as at April 30, 2009, compared to \$23.5 billion as at January 31, 2009. Deliveries totalled 75 aircraft, compared to 87 for the same period last fiscal year.

The business aircraft industry as a whole is feeling the effect of the current recession. However, Bombardier Aerospace is the leader in terms of revenues and units delivered according to the latest General Aviation Manufacturers Association (GAMA) report and it delivered 43 business jets during the first quarter of fiscal year 2010, compared to 58 last year. The development of the *Learjet 85* aircraft continues as planned, joining the most extensive family of business aircraft in the industry.

Bombardier Aerospace delivered a total of 31 regional jets and turboprops, compared to 28 for the same period last year. Deutsche Lufthansa AG and Lease Corporation International placed two firm orders for the *CSeries* program for a total of 50 aircraft, confirming the attractiveness of this family of aircraft to airlines worldwide.

Bombardier Transportation

For the first quarter of fiscal year 2010, Bombardier Transportation revenues totalled \$2.3 billion and EBIT reached \$125 million, or 5.6% of revenues, compared to \$118 million, or 4.9%, for the same period last fiscal year. Free cash flow usage of \$260 million compares to a free cash flow of \$258 million last fiscal year. The order backlog stood at \$25 billion as at April 30, 2009, compared to \$24.7 billion as at January 31, 2009. Bombardier Transportation reported new orders worth \$1.2 billion for the first quarter, representing a book-to-bill ratio of 0.5.

Subsequent to quarter end, Bombardier Transportation received the following new orders worth \$1.2 billion. A contract was awarded for 30 four-car *ELECTROSTAR* EMU trains plus a three-year maintenance contract from National Express in the United Kingdom (U.K.), valued at \$249 million. The group also received an order for 83 EMUs from Deutsche Bahn Regio AG for a value of \$605 million. Finally, an order for 180 double-deck commuter cars was awarded by the Régie Autonome des Transports Parisiens (RATP) of France for a value of \$386 million.

In China, Bombardier Transportation delivered the first high-speed trains featuring its *ZEFIRO* technology, only 18 months after the notice to proceed.

Financial highlights

(unaudited, in millions of U.S. dollars, except per share amounts, which are shown in dollars)

	First quarters ended April 30					
	Restated ⁽¹⁾					
	2009			2008		
	BA	BT	Total	BA	BT	Total
Revenues	\$ 2,219	\$ 2,252	\$ 4,471	\$ 2,380	\$ 2,409	\$ 4,789
EBITDA	\$ 204	\$ 151	\$ 355	\$ 311	\$ 153	\$ 464
Amortization	94	26	120	105	35	140
EBIT	\$ 110	\$ 125	235	\$ 206	\$ 118	324
Financing income			(35)			(72)
Financing expense			68			93
EBT			202			303
Income taxes			44			74
Net income			\$ 158			\$ 229
Attributable to:						
Shareholders of Bombardier Inc.			\$ 156			\$ 226
Non-controlling interests			\$ 2			\$ 3
Earnings per share (in dollars):						
Basic			\$ 0.09			\$ 0.13
Diluted			\$ 0.09			\$ 0.12
Segmented free cash flow	\$ (530)	\$ (260)	\$ (790)	\$ 290	\$ 258	\$ 548
Income taxes and net financing expense			(27)			12
Free cash flow			\$ (817)			\$ 560

(1) Restated following a change in accounting policy related to a new accounting principle on fair value measurements and following our early adoption of section 1602 "Non-controlling interest".

BA: Aerospace; BT: Transportation

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED APRIL 30, 2009

ANALYSIS OF RESULTS

Consolidated results

Consolidated revenues totalled \$4.5 billion for the first quarter ended April 30, 2009, compared to \$4.8 billion for the same period last year.

For the first quarter ended April 30, 2009, EBIT reached \$235 million, or 5.3% of revenues, compared to \$324 million, or 6.8%, for the same period the previous year.

Net financing expense amounted to \$33 million for the first quarter of fiscal year 2010, compared to \$21 million for the corresponding period last year. The \$12-million increase is mainly due to lower interest income on cash and cash equivalents and lower interest income on invested collateral; partially offset by lower interest expense on long-term debt, after the effect of hedges.

The effective income tax rate was 21.8% for the first quarter of fiscal year 2010, compared to the statutory income tax rate of 31.5% (24.4% and 31.5% respectively, for the same period last fiscal year). The lower effective tax rate is mainly due to the lower tax rate for foreign investees and a net change in the recognition of tax benefits related to operating losses and temporary differences.

As a result, net income amounted to \$158 million, or diluted EPS of \$0.09, for the first quarter of fiscal year 2010, compared to \$229 million, or diluted EPS of \$0.12, for the same period the previous year.

For the three-month period ended April 30, 2009, free cash flow usage totalled \$817 million, compared to free cash flow of \$560 million for the corresponding period the previous year.

As at April 30, 2009, Bombardier's order backlog stood at \$47.4 billion, compared to \$48.2 billion as at January 31, 2009.

Bombardier Aerospace

- **Revenues of \$2.2 billion**
- **EBITDA of \$204 million, or 9.2% of revenues**
- **EBIT of \$110 million, or 5% of revenues**
- **Free cash flow usage of \$530 million**
- **Order backlog of \$22.4 billion**

Bombardier Aerospace's revenues amounted to \$2.2 billion for the three-month period ended April 30, 2009, compared to \$2.4 billion for the same period the previous year. The decrease is mainly due to a decrease in service revenues reflecting lower fractional ownership and hourly flight entitlement programs' service activities and lower volume for spare parts, product support activities and business aircraft maintenance revenues due to the current economic environment, which has resulted in lower flight activity. It is also due to a decrease in manufacturing revenues, mainly as a result of lower deliveries of business aircraft, and lower revenues from the completion of interiors in wide-body business aircraft; partially offset by increased deliveries and improved selling prices for commercial aircraft.

For the first quarter ended April 30, 2009, EBIT reached \$110 million, or 5% of revenues, compared to \$206 million, or 8.7% for the same period the previous year. The 3.7 percentage-point decrease is mainly due to higher cost of sales per unit, mainly due to price escalations of materials and disruption costs in connection with changes in production rates, a provision for the write-down of pre-owned business aircraft and the mix between business and commercial aircraft deliveries; partially offset by liquidated damages from customers as a result of business aircraft order cancellations, and improved selling prices for commercial aircraft. The EBIT margin percentage was also impacted by the following non-recurring items: severance and other involuntary termination costs, an amount recorded as a reduction of research and development (R&D) expenses following the receipt of a contingently repayable investment from a government in connection with previously expensed R&D costs for the *CSeries* family of aircraft and a gain resulting from the sale of a building.

Free cash flow usage totalled \$530 million for the first quarter ended April 30, 2009, compared to free cash flow of \$290 million for the same period last fiscal year. The \$820-million decrease is mainly due to a negative period-over-period variation in net change in non-cash balances related to operations, lower profitability and higher net additions to property, plant and equipment and intangible assets. The negative variance in the net change in non-cash balances related to operations is mainly due to the variation in advances on aerospace programs given the low level of net order intake in the first quarter of fiscal year 2010, compared to the same period last fiscal year, as a result of worsening business conditions.

For the quarter ended April 30, 2009, aircraft deliveries totalled 75 units, compared to 87 for the same period the previous year. The 75 deliveries consisted of 43 business aircraft, 31 commercial aircraft and one amphibious aircraft (58 business, 28 commercial aircraft and one amphibious aircraft for the corresponding period last fiscal year).

Aerospace received nine net orders during the quarter ended April 30, 2009, compared to 118 during the corresponding period the previous year. The nine net orders resulted from 20 orders offset by 61 cancellations of business aircraft and from 50 commercial aircraft (60 business and 58 commercial aircraft for the corresponding period last fiscal year).

Aerospace's firm order backlog reached \$22.4 billion as at April 30, 2009, compared to \$23.5 billion as at January 31, 2009. The decrease reflects significantly reduced orders, mainly attributable to business aircraft. This decline was partially offset by orders received for the *CSeries* family of aircraft in March 2009.

Bombardier Transportation

- **Revenues of \$2.3 billion**
- **EBITDA of \$151 million, or 6.7% of revenues**
- **EBIT of \$125 million, or 5.6% of revenues**
- **Free cash flow usage of \$260 million**
- **New order intake totalling \$1.2 billion (book-to-bill ratio of 0.5)**
- **Order backlog of \$25 billion**

Bombardier Transportation's revenues amounted to \$2.3 billion for the three-month period ended April 30, 2009, compared to \$2.4 billion for the same period last year. Excluding the negative currency impact of \$438 million, revenues have increased by \$281 million, reflecting increased activity in rolling stock which is mainly due to increased activities in the regional train segment, mainly in the Netherlands, the U.K., India, France and Germany, increased activities in the locomotive segment in Germany, Spain and the U.K., and the ramp-up of a high-speed contract in China.

For the first quarter ended April 30, 2009, EBIT totalled \$125 million, or 5.6% of revenues, compared to \$118 million, or 4.9%, for the same quarter the previous year. The 0.7 percentage-point increase is mainly due to better contract execution and better absorption as a result of the ramp-up in production; partially offset by a net loss related to foreign exchange fluctuations and certain financial instruments carried at fair value compared to a net gain for the same period last fiscal year.

Free cash flow usage for the quarter ended April 30, 2009 was \$260 million, compared to a free cash flow of \$258 million for the same period last fiscal year. The \$518-million decrease is mainly due to a lower order intake and related receipt of advance payments in the first quarter of fiscal year 2010 combined with the ramp-up in production of projects received in recent fiscal

years, leading to a decrease in advances and progress billings in excess of related long-term contract costs and to an increase in inventories.

The order intake for the first quarter ended April 30, 2009 was \$1.2 billion, reflecting a book-to-bill ratio of 0.5, compared to \$2.4 billion (book-to-bill ratio of 1.0) for the same period last fiscal year. The decrease is mainly due to lower order intake in rolling stock in North America and Europe, and in services in Europe. The strong order backlog will enable the group to continue growing revenues (in currency of origin) in fiscal year 2010, even if the book-to-bill ratio might temporarily be below 1.0.

Bombardier Transportation's backlog stands at \$25 billion as at April 30, 2009, compared to \$24.7 billion as at January 31, 2009. The increase is mainly due to the strengthening of foreign currencies as at April 30, 2009 compared to January 31, 2009, mainly the euro and the pound sterling, compared to the U.S. dollar; partially offset by revenues recorded being higher than order intake.

DIVIDENDS ON COMMON SHARES

Class A and Class B Shares

A quarterly dividend of \$0.025 Cdn per share on Class A Shares (Multiple Voting) and of \$0.025 Cdn per share on Class B Shares (Subordinate Voting) is payable on July 31, 2009 to the shareholders of record at the close of business on July 17, 2009.

Holders of Class B Shares (Subordinate Voting) of record at the close of business on July 17, 2009 also have a right to a priority dividend at the rate of \$0.0015625 Cdn per share per year, payable in quarterly instalments of \$0.000390625 Cdn. The first of four instalments of \$0.000390625 Cdn per share will be paid on July 31, 2009.

It is the intention of Bombardier to pay a quarterly dividend on Class A Shares (Multiple Voting) and Class B Shares (Subordinate Voting) as and when declared by the Board of Directors of Bombardier on a quarterly basis.

DIVIDENDS ON PREFERRED SHARES

Series 2 Preferred Shares

A monthly dividend of \$0.053125 Cdn per share on Series 2 Preferred Shares has been paid on April 15, 2009 and of \$0.05042 Cdn on May 15, 2009.

Series 3 Preferred Shares

A quarterly dividend of \$0.32919 Cdn per share on Series 3 Preferred Shares is payable on July 31, 2009 to the shareholders of record at the close of business on July 17, 2009.

Series 4 Preferred Shares

A quarterly dividend of \$0.390625 Cdn per share on Series 4 Preferred Shares is payable on July 31, 2009 to the shareholders of record at the close of business on July 17, 2009.

About Bombardier

A world-leading manufacturer of innovative transportation solutions, from commercial aircraft and business jets to rail transportation equipment, systems and services, Bombardier Inc. is a global corporation headquartered in Canada. Its revenues for the fiscal year ended Jan. 31, 2009, were \$19.7 billion, and its shares are traded on the Toronto Stock Exchange (BBD). Bombardier is listed as an index component to the Dow Jones Sustainability World and North America indexes. News and information are available at www.bombardier.com

CSeries, ECO4, ELECTROSTAR, Learjet 85 and ZEFIRO are trademarks of Bombardier Inc. or its subsidiaries.

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The Management's Discussion and Analysis and the Interim consolidated financial statements are available at www.bombardier.com.

FORWARD-LOOKING STATEMENTS

This press release includes forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. By their nature, forward-looking statements require Bombardier Inc. (the "Corporation") to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Corporation's actual results in future periods to differ materially from forecasted results. While the Corporation considers its assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate. For additional information with respect to the assumptions underlying the forward-looking statements made in this press release, refer to the respective Forward-looking statements sections in BA and BT in the Management's Discussion and Analysis ("MD&A") of the Corporation's annual report for fiscal year 2009.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with the Corporation's business environment (such as the financial condition of the airline industry), operational risks (such as risks involved in developing new products and services, risks in doing business with partners, risks relating to product performance warranty, casualty claim losses, risks from regulatory and legal proceedings, environmental risks, risks relating to the Corporation's dependence on certain customers and suppliers, human resource risks and risks resulting from fixed-term commitments), financing risks (such as risks resulting from reliance on government support, risks relating to financing support provided on behalf of certain customers and to reliance on government support, risks relating to liquidity and access to capital markets, risks relating to the terms of certain restrictive debt covenants) and market risks (including foreign currency fluctuations, changing interest rates and commodity pricing risk). For more details, see the Risks and Uncertainties section of the MD&A of the Corporation's annual report for fiscal year 2009. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect the Corporation's expectations as at the date of this press release and are subject to change after such date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CAUTION REGARDING NON-GAAP EARNINGS MEASURES

This press release is based on reported earnings in accordance with Canadian generally accepted accounting principles (GAAP). It is also based on EBITDA, and Free Cash Flow. These non-GAAP measures are directly derived from the Consolidated Financial Statements, but do not have a standardized meaning prescribed by GAAP; therefore, others using these terms may calculate them differently. Management believes that a significant number of the users of its MD&A analyze the Corporation's results based on these performance measures.