

BOMBARDIER

Speaking notes for

**Pierre Beaudoin
President and Chief Executive Officer designate
Bombardier Inc.**

Annual Meeting of Shareholders

**Hyatt Regency Hotel
Montréal**

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Check against delivery

Thank you, André.

Hello ladies and gentlemen,

Bombardier Aerospace had an excellent year—a year marked by constant innovation and exceptional order volumes for business jets and regional aircraft. This is without a doubt the best demonstration that our products are perfectly tailored to the market's needs.

We won 698 orders, compared to 363 the previous year—almost the double. Our backlog reached a new record of \$22.7 billion as at January 31, 2008 and assures us approximately three years of deliveries for business jets and two years for regional aircraft.

By pursuing our ongoing improvement and lean manufacturing plan, we have significantly improved our results. Our earnings reached \$9.7 billion—an increase of 17%. Our free cash flow more than doubled, from \$814 million to \$1.7 billion. We generated a profit margin of 5.8%, a net improvement on the previous fiscal year's margin of 3.9%.

As you know, our capacity to innovate and identify new market niches has always been integral to our success. Again this year, our commitment to innovation has held steady, and resulted in the launch of new business jets as well as regional aircraft.

I would first like to discuss the business aircraft market, which has remained extremely robust. Our position as the market leader has been confirmed once again by the General Aviation Manufacturers Association.

Bombardier Business Aircraft won 452 orders and made 232 deliveries in our last fiscal year. Our product portfolio remains the most modern and complete on the market, with July's launch of the *Learjet 60 XR* aircraft and October's launch of the *Learjet 85* business jet—Bombardier's first aircraft with an all-composite structure. Lighter, more fuel-efficient, and more economical, this aircraft provides exceptional passenger comfort and redefines the standard for mid-size business aircraft. It is expected to enter service in 2012.

Moreover, we have also diversified our order sources by leveraging our business aircraft's growing success in Europe and in very promising emerging markets such as Russia and Asia. This has enabled us to reduce our exposure to the US market. Only 30% of our orders come from the US, compared with 70% in 2000.

High demand in recent years coupled with better selling prices for business aircraft should continue to drive growth in our revenues from now until 2010, and the long-term market outlook remains very promising. The global market's sustained strength has prompted us to revise our forecast upwards. In every business jet category in which we operate, we expect around 1,320 business aircraft deliveries each year for the next 10 years.

Thanks to our three business aircraft families –*Learjet*, *Challenger* and *Global*– our solid backlog, and better diversification of our order provenance, we are confident we have all the assets to face up market fluctuations and consolidate our position as the world-leader in the business aircraft market.

I would now like to talk to you about the commercial aircraft market. The resurgence in demand for turboprops and regional jets continues, driven largely by fuel costs and emerging markets. We received 238 orders this fiscal year, compared to 87 the previous year. Our backlog now represents more than two years' activity and its composition clearly reflects the shift in demand towards higher-capacity aircraft. We delivered 121 regional jets during the 2007 calendar year, enabling us to garner a 42% market share for every market segment in which we have a product.

Fifteen years after the delivery of the first *CRJ* aircraft that revolutionized regional air transportation, we have delivered more than 1,500 *CRJ*-series aircraft to date.

In order to meet the growing requirements of operators and passengers, we launched our 100-seat *CRJ1000* regional jet in 2007, along with the latest generation of the *CRJ* aircraft family, the *CRJ NextGen*—the latest major step in the evolution of the most popular regional aircraft program ever. These new aircraft offer lower operating costs and reduced greenhouse gas emissions for operators, and a new cabin layout for passengers.

Our decision to launch these aircraft has contributed to increased demand and twice led us to step up production of the *CRJ700* and *CRJ900* regional jets to improve delivery times.

Also noteworthy is the fact that we delivered our 800th turboprop aircraft in June. In these days of rapidly increasing fuel prices and growing environmental concerns, our *Q400* turboprop remains the most economical and eco-friendly solution for short hauls. With 20 operators around the world, 190 delivered aircraft and more than 100 on order, the *Q400* remains the turboprop of choice.

Lastly, as you know, we have also spent the last two years refining our business plan for our *CSeries* aircraft program with potential suppliers and customers. These 110- and 130-seat aircraft target carriers' specific need for commercial airliners with 100 to 149 seats—a market we feel is inadequately served. We anticipate a demand for 6,300 aircraft over 20 years. Our objectives are ambitious: using the latest technologies, we intend to create an exceptional aircraft that offers game-changing features such as unparalleled efficiency, performance and passenger comfort, as well as a considerably reduced environmental footprint.

This program is a major expansion opportunity for Bombardier, an opportunity that will double potential revenues in the commercial aircraft market. Now that the board of directors has given us the green light to make official offers to airlines, we expect to make a decision this year to be ready for the first delivery in 2013.

As the market outlook for 20- to 149-seat commercial aircraft is improving, we have also revised our forecasts upwards for the entire commercial aircraft market and now expect some 12,900 aircraft deliveries in the next 20 years.

Despite increased competition from China, Japan and Russia, which are currently developing their own regional aircraft, we are very well positioned in the market. One out of every three flights in the world now involves a regional aircraft. With 2,300 aircraft in operation, Bombardier has become the backbone of many airlines.

Let me say a few words on the first quarter. I am very glad to announce that we reached and even surpassed our margin objective of 8%. The margin stood at 8.7% compared to only 5% for the same quarter last year. We continue winning many new orders for business as much as for commercial aircraft, which totalled 118 for the first quarter. I would like to mention that, subsequent to the end of the quarter, VistaJet ordered and took options on a total of 60 of our business aircraft. Winning a contract of this magnitude speaks volumes about Bombardier's leadership position in this market.

The results for the first quarter confirm we are making progress. Considering our solid backlog, continued rationalization of our production, and the increased selling prices of our aircraft, we have reached today the profitability objectives we set out for ourselves and I would like to take this opportunity to thank and congratulate all Bombardier Aerospace employees who are the true authors of this success. I will leave it to my successor to set the next target.

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Indeed, it is my pleasure to introduce him: Guy Hachey has been president and chief operating officer of Bombardier Aerospace since May 12. His leadership qualities and impressive track record have convinced us that he has the qualifications, vision and skills required for the job. Welcome Guy.

Lastly, on a personal note, I would like to say that I am very proud to take the reins as Bombardier's president and chief executive officer. As we all know, Bombardier's position as the world leader is largely due to the vision, resilience, perseverance and entrepreneurial spirit of one man, Laurent Beaudoin, who has for the past 45 years looked at difficulties as challenges to be tackled and success as just another step.

He has always strived to look further, anticipate what the future holds in store, and remain at the vanguard. These values are part of our business culture and can be found at every level of the company. These are the values we rely upon to maintain our leadership and they are the reason why we look to the future with a great deal of enthusiasm.

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Ladies and gentlemen, our results are progressing as planned. We are reaffirming our leadership position in our markets and are confident in Bombardier's capacity to improve its long-term profitability, maintain high liquidities, and strengthen its balance sheet. We will step up our efforts with determination and discipline in order to continue creating value for our shareholders and to reach the profitability targets we have set for ourselves in order to regain an investment grade status.

I am convinced that this is the right time to take the reins: Bombardier is doing well, we have multiple orders on our backlog, and plenty of projects planned for the future. This gives me a solid foundation on which to build.

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