

Bombardier Aerospace



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Pierre Beaudoin

President & COO, Bombardier Aerospace
Executive Vice President, Bombardier Inc.

BOMBARDIER

Forward-looking statements

This presentation 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 presentation, please refer to the respective sections of the Corporation’s aerospace segment (“Aerospace”) and the Corporation’s transportation segment (“Transportation”) in the F07 MD&A.

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Overview

- **Aerospace Overview**
- **Bombardier Business Aircraft**
- **Bombardier Regional Aircraft**
- **Bombardier Aircraft Services / Flexjet**
- **Industrial Strategy**
- **Financial Results**
- **Summary**

Bombardier Aerospace has seen major changes over the past five years

Downsize, Stabilize, and Deliver (2001-2002)

Organization

- 35,000 to 27,000 empl.
- 101 to 75 VPs

Operations

- Deliver uncompleted Business Aircraft
- Restructure *Flexjet*

Product Strategy

- Keep *Challenger 300* and *CRJ700/900* development programs on track
- Launch derivatives of *Global Express* and *Learjet 45*

Re-organize into Business Units, Change accounting (2002-2004)

Organization

- Implement Business Unit structure

Operations

- Move from Program to Average Cost Accounting
- Deploy SAP

Product Strategy

- Prepare for end of *CRJ200* production
- Prepare future of Commercial aircraft
- Focus on reliability (*CRJ*, *Q400*, *Global*, *Learjet 45*)

Cultural Change and Profitability (2004-2006)

Organization

- Cultural Transformation
- Downsizing continues
- 15% Management Change

Operations

- Industrial Strategy
- Achieving Excellence
- Lean initiatives
- Emerging countries sourcing strategies

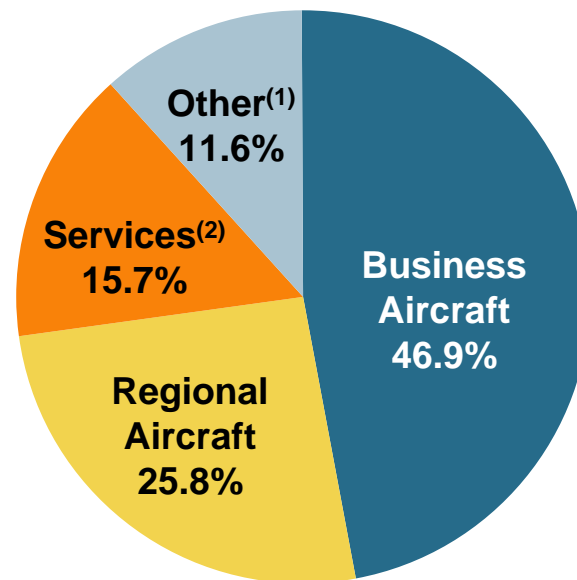
Product Strategy

- *Learjet Upgrade*
- *Challenger 605*
- *Global Express Upgrade*
- *CRJ1000*
- *CSeries*

Bombardier Aerospace has a balanced portfolio of products and services

REVENUE BREAKDOWN BY BUSINESS

(%) Aerospace revenue – FY07



Total Revenues FY07 = \$8.2B

(1) Other includes primarily other manufacturing (eg, Amphibious, sub-contract) and pre-owned aircraft sales

(2) Services include Services (ie, non-manufacturing) and Flexjet revenues

Source: Bombardier 2007 Annual Report

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Bombardier's Business Aircraft portfolio is centred on three families

LEARJET FAMILY



Learjet 40 XR



Learjet 45 XR



Learjet 60 XR

CHALLENGER FAMILY



Challenger 300



Challenger 605



Challenger 850

GLOBAL FAMILY



Bombardier Global 5000



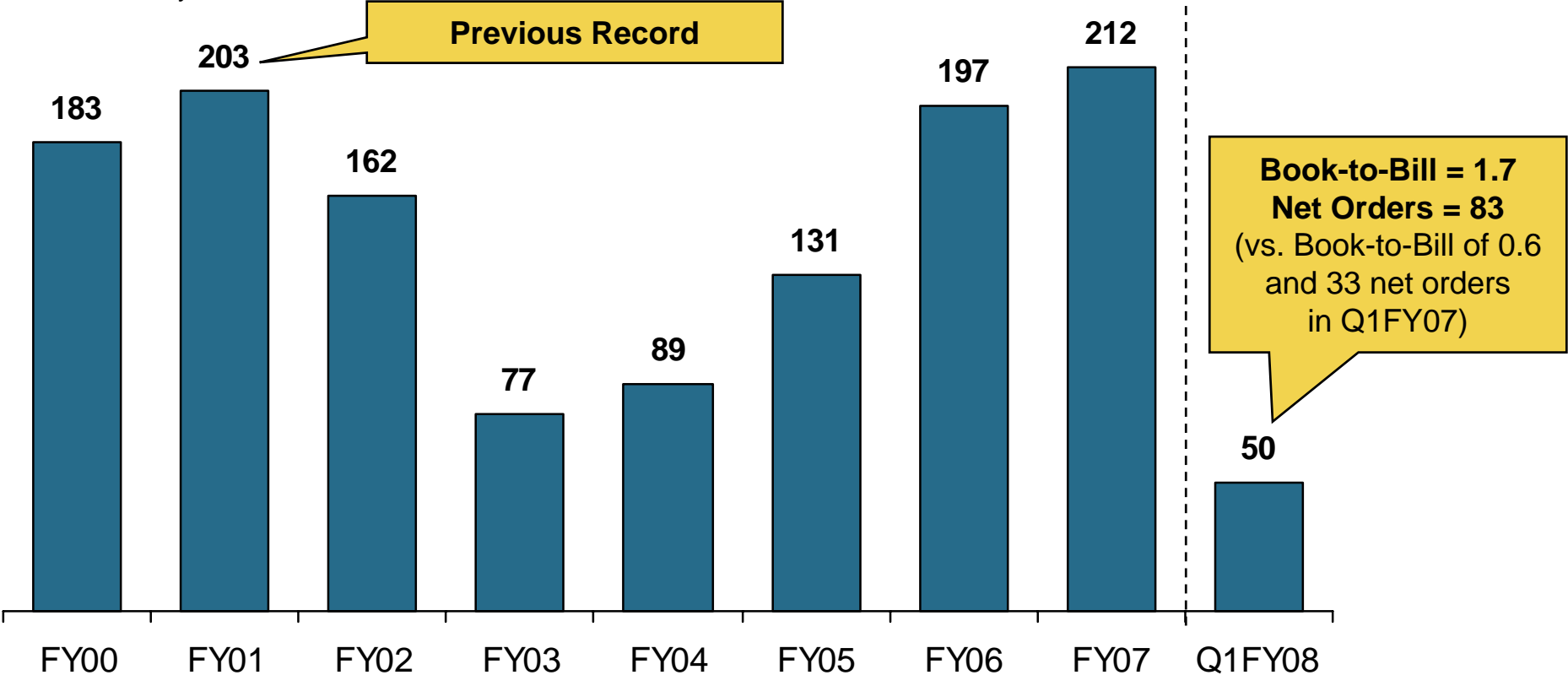
Global Express XRS

Bombardier's portfolio covers 97% of the market

Bombardier saw record Business Aircraft deliveries in FY07

BOMBARDIER BUSINESS AIRCRAFT DELIVERIES

Units, Fiscal year 2000-2007

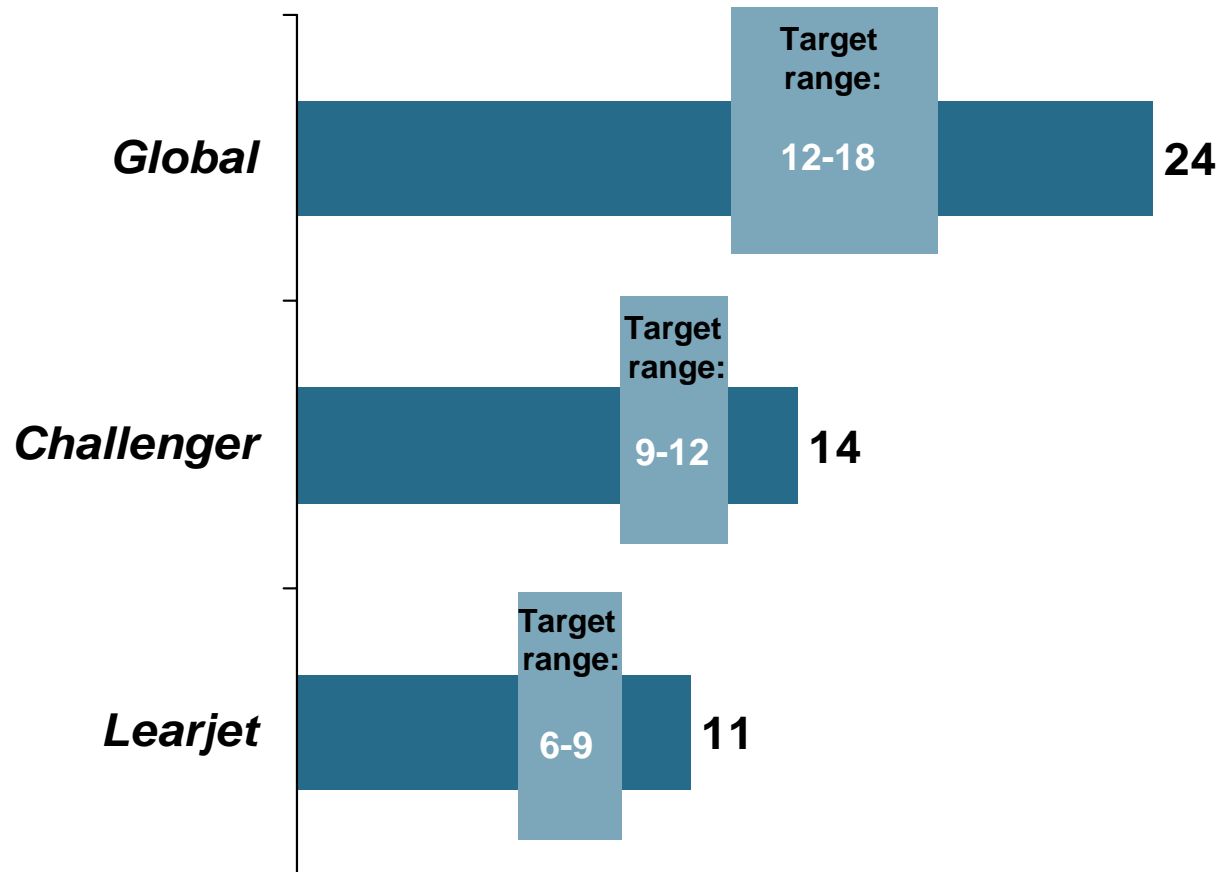


Source: Bombardier Annual Reports; Bombardier MD&A (31 April 2007)

Strong order intake has increased backlogs

BOMBARDIER BUSINESS AIRCRAFT BACKLOG

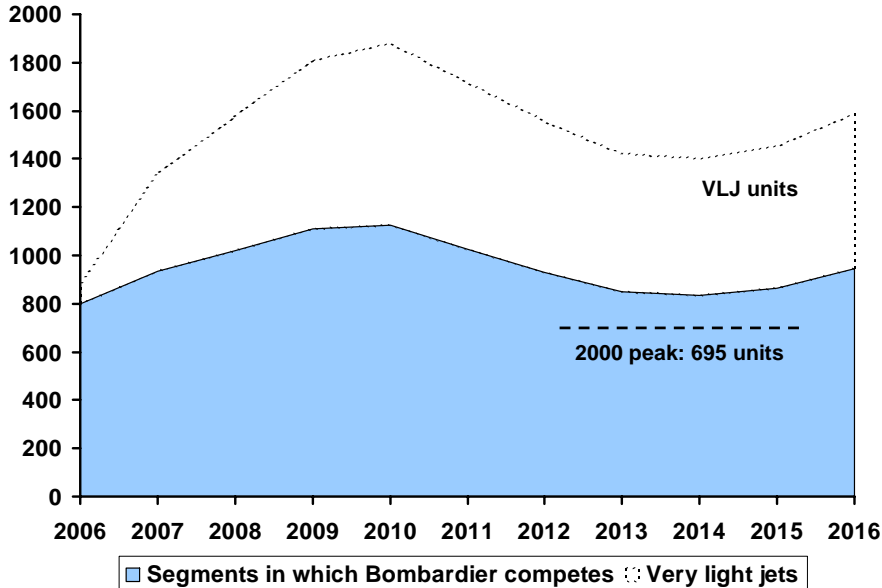
of months backlog by product family (As of 30 April 2007)



Bombardier forecast shows that market growth will continue through 2010

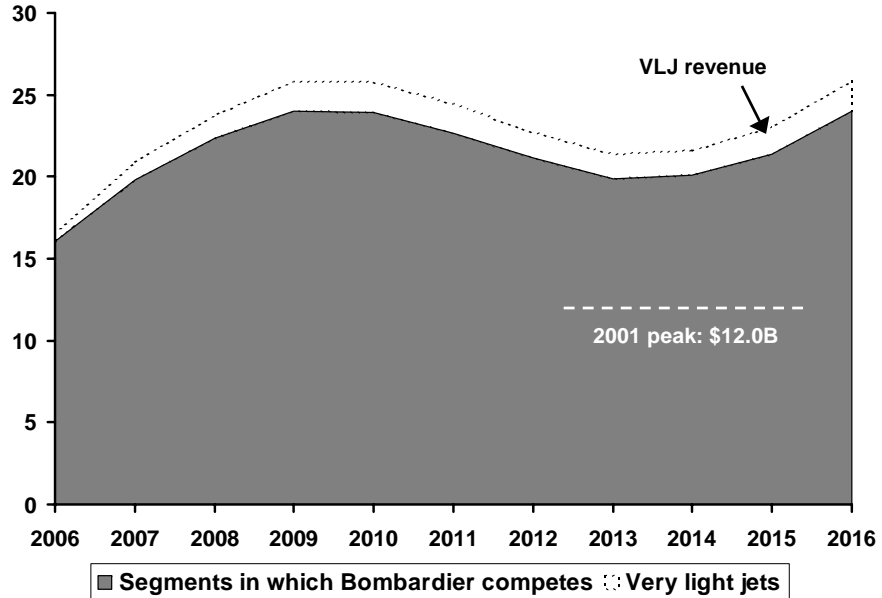
BUSINESS JET DELIVERY UNIT FORECAST

Historic Deliveries & Demand Model
Unit Deliveries (2006 – 2016)



BUSINESS JET MARKET REVENUE FORECAST

Historic Revenues & Demand Model
Constant 2007 US\$ Billion (2006 – 2016)



Future “trough” will still be significantly higher than previous “peak” in 2001

Sources: Actual deliveries from GAMA. Very light jets include, CJ1+, CJ2+, Mustang, Premier I and Eclipse 500. Revenues estimated from GAMA and B&CA list prices

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Bombardier offers comprehensive common families of turboprops and regional jets



Q200 37-39 seats



CRJ200 40-50 seats



Q300 50-56 seats



CRJ700 66-78 seats



CRJ900 75-90 seats



Q400 68-78 seats

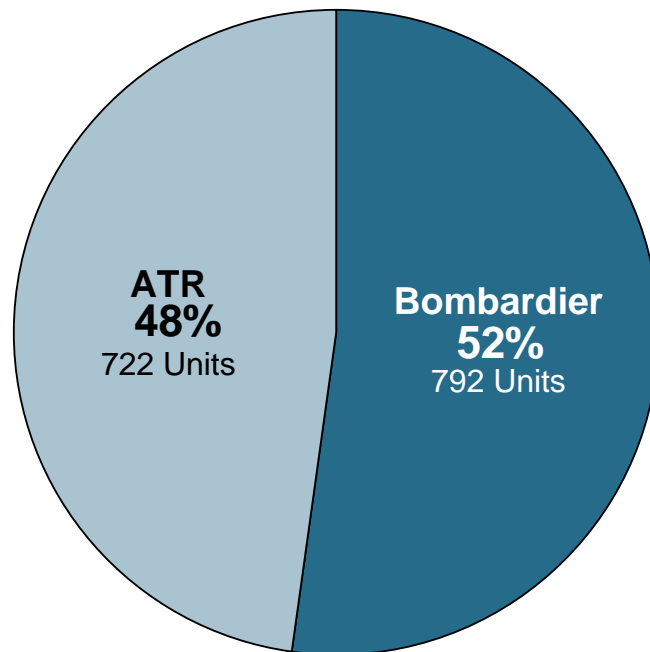


CRJ1000 86-104 seats

Bombardier's CRJ and Q-Series families are the most successful in their classes

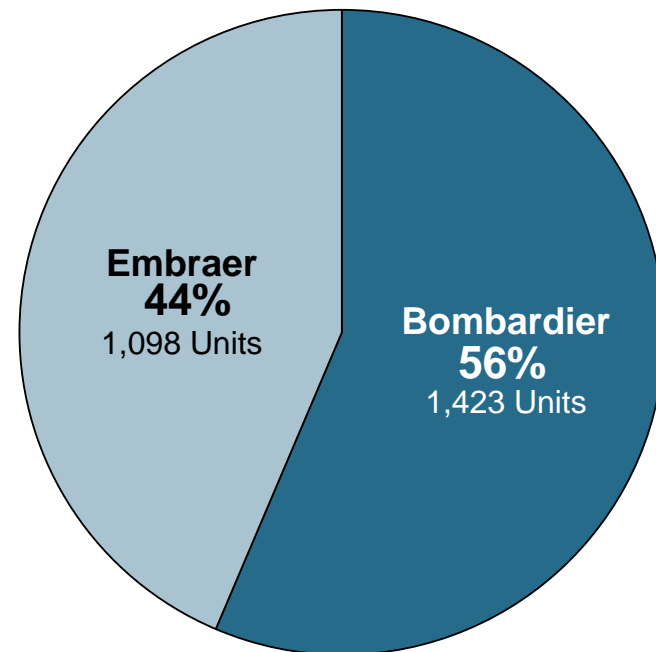
TOTAL PROGRAM DELIVERIES - TURBOPROPS

All Q-Series and ATR 42 & 72 models (as of 30 April 2007)



TOTAL PROGRAM DELIVERIES - JETS

All CRJ and Embraer jet models (as of 30 April 2007)

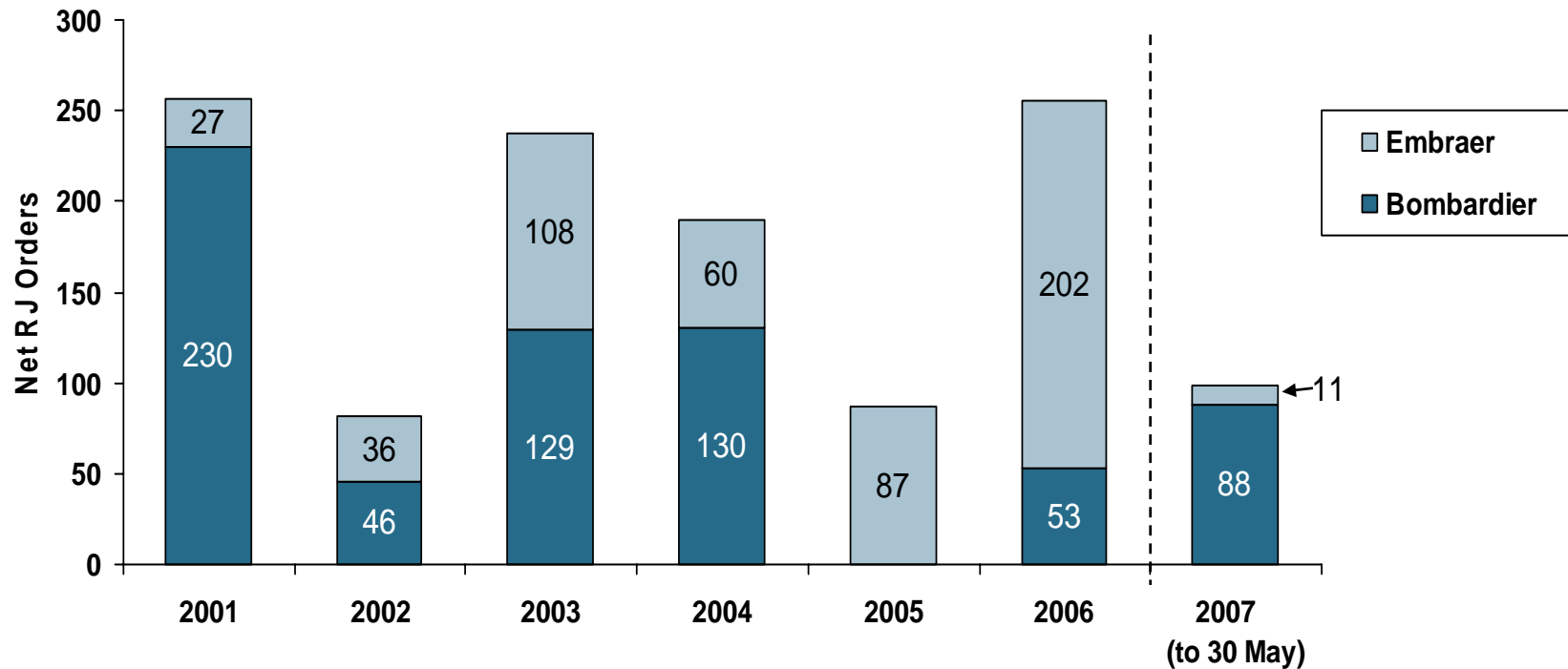


Early 2007 results show the RJ market may be starting to pick up, with Bombardier capturing a large share

BBD VS. EMBRAER REGIONAL JET⁽¹⁾ ORDERS

Net RJ orders (Calendar Years 2001 – 30 May 2007)

Bombardier's Total Program Delivery Market Share⁽²⁾ = 56%



(1) Includes CRJ100/200/700/900/1000, ERJ135/140/145 and EMB170/175/190/195

(2) Total program deliveries for all CRJ and Embraer models to 30 April 2007

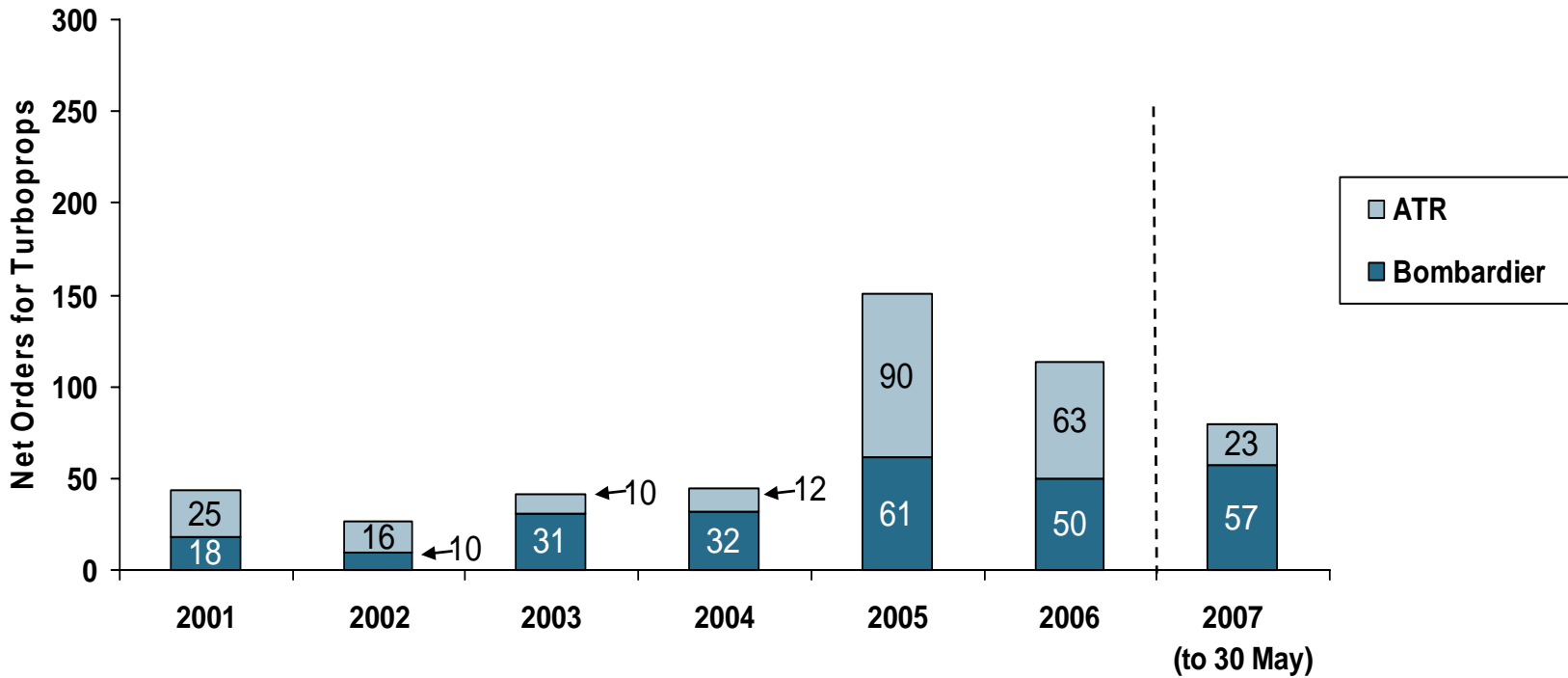
Source: Company Reports

So far in 2007, Bombardier leads a strong turboprop market

BBD VS. ATR TURBOPROP ORDERS

Net Turboprop orders (Calendar Years 2001 – 30 May 2007)

Bombardier's Total Program Delivery Market Share⁽¹⁾ = 52%



(1) Total program deliveries for all QSeries and ATR 42 and 72 models to 30 April 2007
Source: Company Reports

The CRJ NextGen forms a complete 70- to 100-seat family in a new interior



- **Enhanced Passenger Experience**
 - Larger windows
 - Larger overhead bins
 - Improved lighting
 - Redesigned ceiling panels
 - Redesigned sidewalls

- **Improved aircraft economics**
 - Lower airframe maintenance requirements
 - Up to 4% additional fuel burn savings

- **Low greenhouse gas emissions**
 - Lower than competition
 - Significantly lower than previous generation aircraft

Future market demand for single-aisle Commercial Aircraft is projected to be strong

COMMERCIAL AIRCRAFT FLEET FORECAST

Units, 20-149 seat aircraft, Calendar year 2007 – 2026

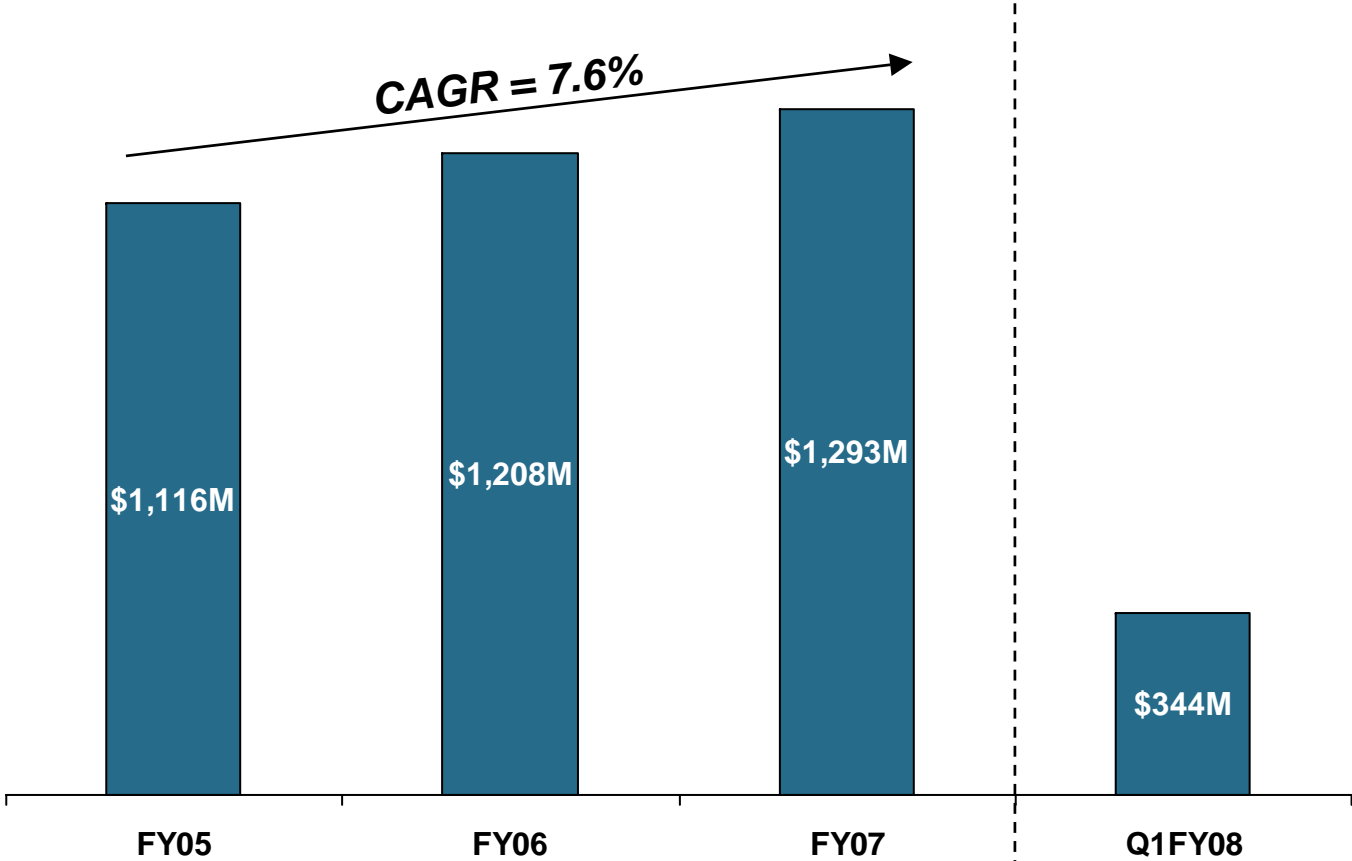
Seat Category	2006 Fleet	Deliveries	Retired Aircraft	2026 Fleet
20-59 Seats	3,500	1,000	1,600	2,900
60-99 Seats	1,700	4,300	1,000	5,000
100-149 Seats	5,400	5,900	2,900	8,400
Aircraft Total	10,600 +	11,200	- 5,500	= 16,300

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Aftermarket revenues continue to grow, as Bombardier sees the benefits of continued investment and a growing fleet

BOMBARDIER AEROSPACE REVENUES – SERVICES & FLEXJET
US\$ Millions (FY05 – FY07, Q1FY08)



Source: Bombardier Annual Reports

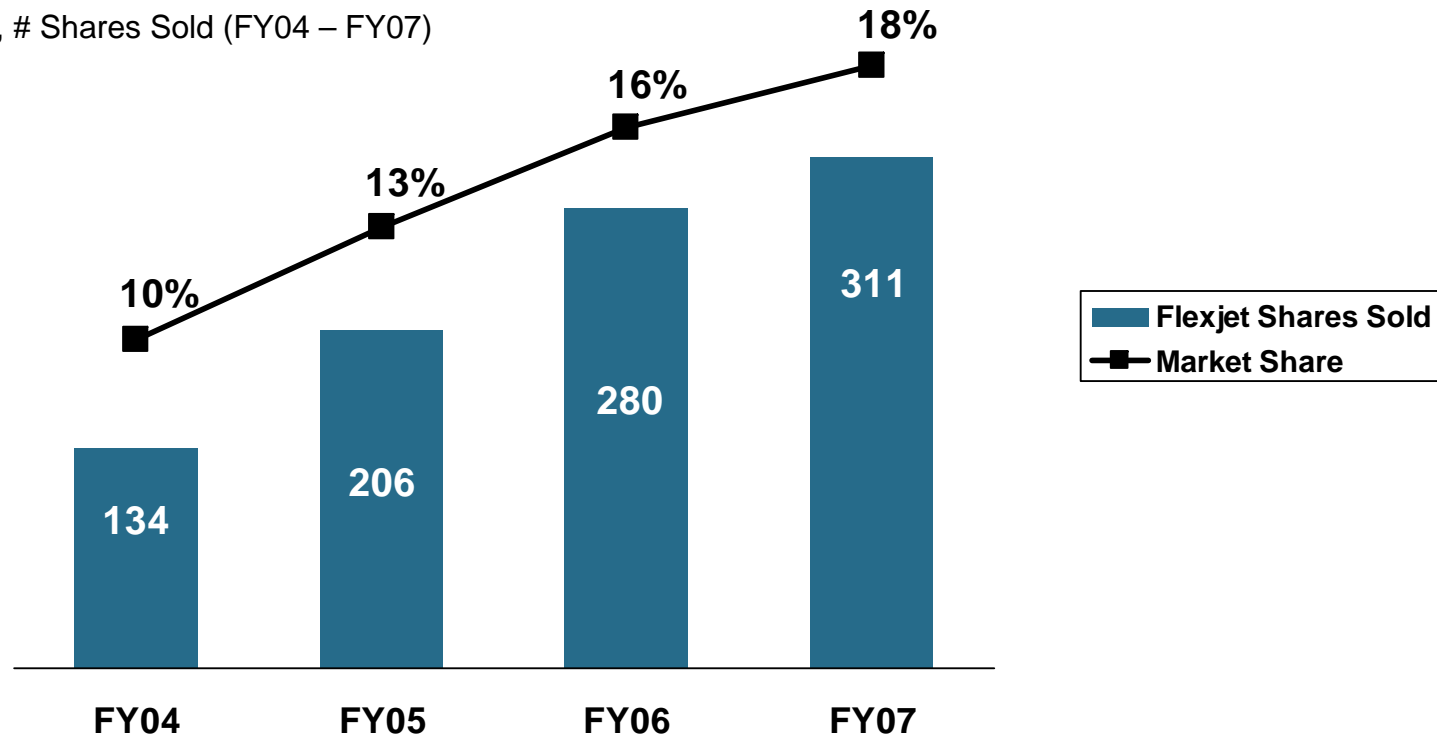
Revenue growth at Aircraft Services is being driven by both external and internal factors

External / Market Factors	Internal Factors
<ul style="list-style-type: none">▪ Fleet Growth<ul style="list-style-type: none">• Growth of industry-wide and Bombardier installed base▪ Fleet Demographics<ul style="list-style-type: none">• Increased maintenance spending due to aging of in-service aircraft▪ Outsourcing Trend<ul style="list-style-type: none">• Restructuring airlines more prone to outsourcing maintenance• Business aircraft operators looking to OEMs to support their aircraft	<ul style="list-style-type: none">▪ Supporting aircraft availability<ul style="list-style-type: none">• Improved operational efficiency among parts warehouses and service centres• Improved inventory management system• Pricing optimization for high-demand parts▪ Providing operators with cost predictability<ul style="list-style-type: none">• Nose-to-tail service offering for dollar per flight-hour• Replicating a successful Smart Parts model from Business Aircraft company-wide▪ Designing outstanding training programs<ul style="list-style-type: none">• As the OEM, Bombardier is in the best position to design training courseware

Flexjet has also contributed to services growth, by outpacing the industry

FLEXJET SHARES SOLD AND MARKET SHARE

% Market Share⁽¹⁾, # Shares Sold (FY04 – FY07)



Since FY04, the market⁽¹⁾ has grown by 32%
Flexjet sales have grown by 133%
Flexjet market share has grown by a factor of 1.8

(1) Excluding jet cards

Source: Historical FAA records, published fractional program aircraft orders for 4 major U.S. fractional jet providers, and Flexjet market analysis

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Two Pillars of Bombardier's Industrial Strategy

1 Drastically improve the performance of current operations

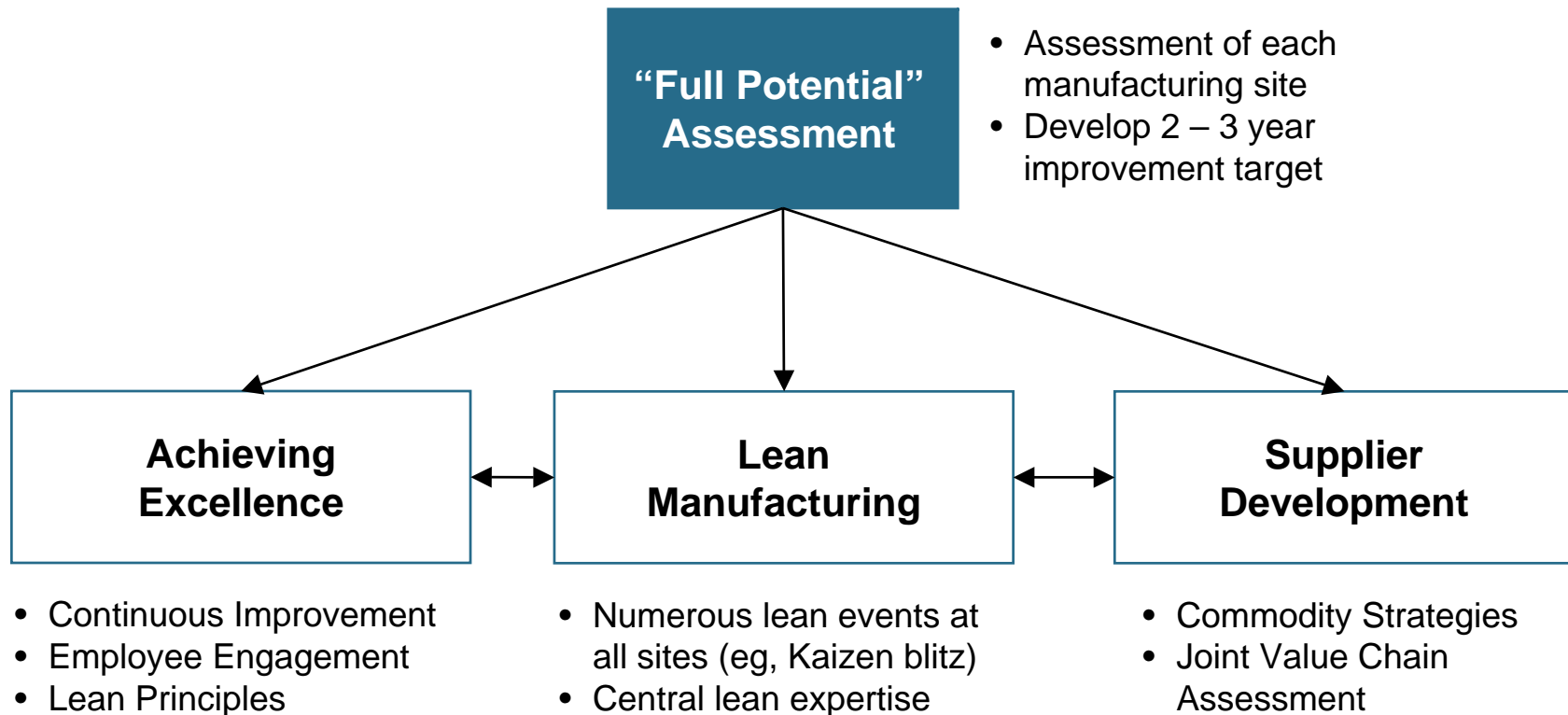
- Achieving Excellence
- Lean Manufacturing
- Other Initiatives

2 Build a low cost manufacturing base in emerging countries

- Bombardier-owned plant in Querétaro, Mexico
- Major supplier in China
 - Shenyang Aircraft Company (SAC), a unit of AVIC 1

1 Drastically improve the performance of current operations

Coherent implementation of operational improvement initiatives



We are well along the way toward our 2-3 year targets

2 Build a low cost manufacturing base in emerging countries

Mexico Manufacturing Centre ramp-up plan is progressing well

Structures assembly

Challenger 850 centre fuselage

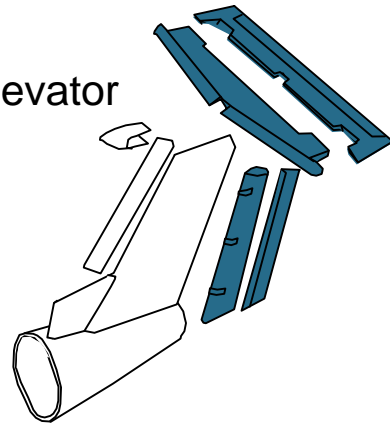


Electrical harnesses

CRJ 700/900, Challenger 300,
Global Express



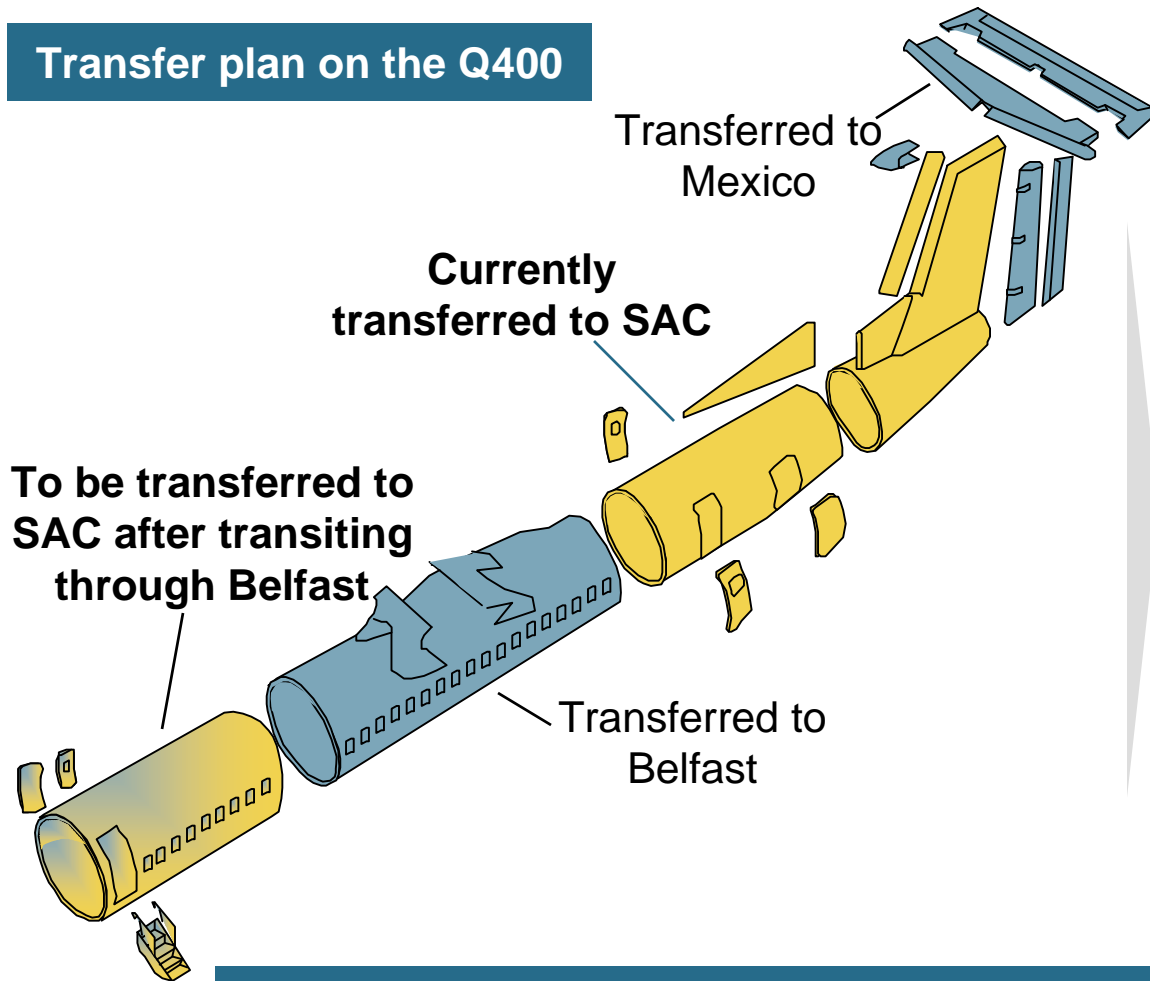
Q400 rudder,
Horizontal stabilizer and elevator



2 Build a low cost manufacturing base in emerging countries

Q400 transfer to China and Querétaro contributes to building a lower cost base

Transfer plan on the Q400



New business practices put in place to ensure the success of this transfer

- Support the transfer as if we were dealing with our own plant
- Clear accountability on Belfast to make our supplier development successful in China

Transfer of work to AVIC 1/SAC is a groundbreaking development in China for Bombardier Aerospace

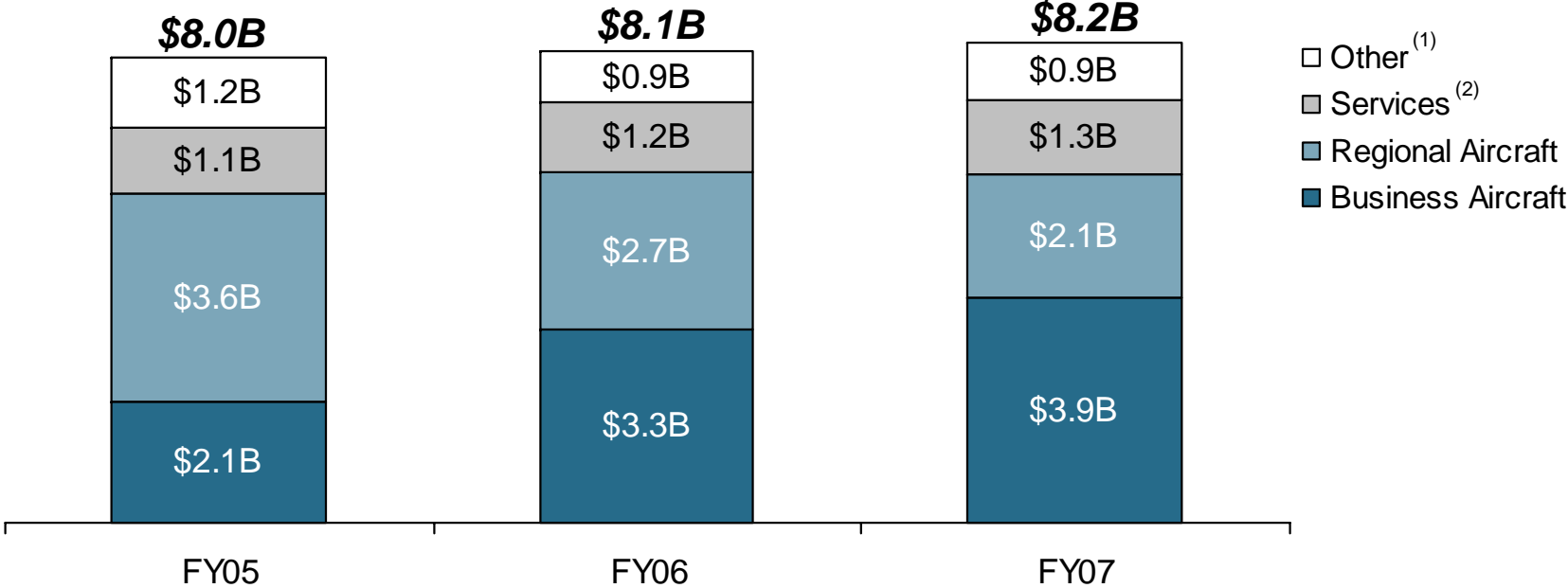
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Bombardier Aerospace’s diversity has allowed us to maintain steady revenue growth

BOMBARDIER AEROSPACE REVENUE

US\$ (FY05 through FY07)



(1) Other includes primarily other manufacturing (eg, Amphibious, sub-contract) and pre-owned aircraft sales
 (2) Services include Services (ie, non-manufacturing) and Flexjet revenues
 Source: Bombardier Annual Reports

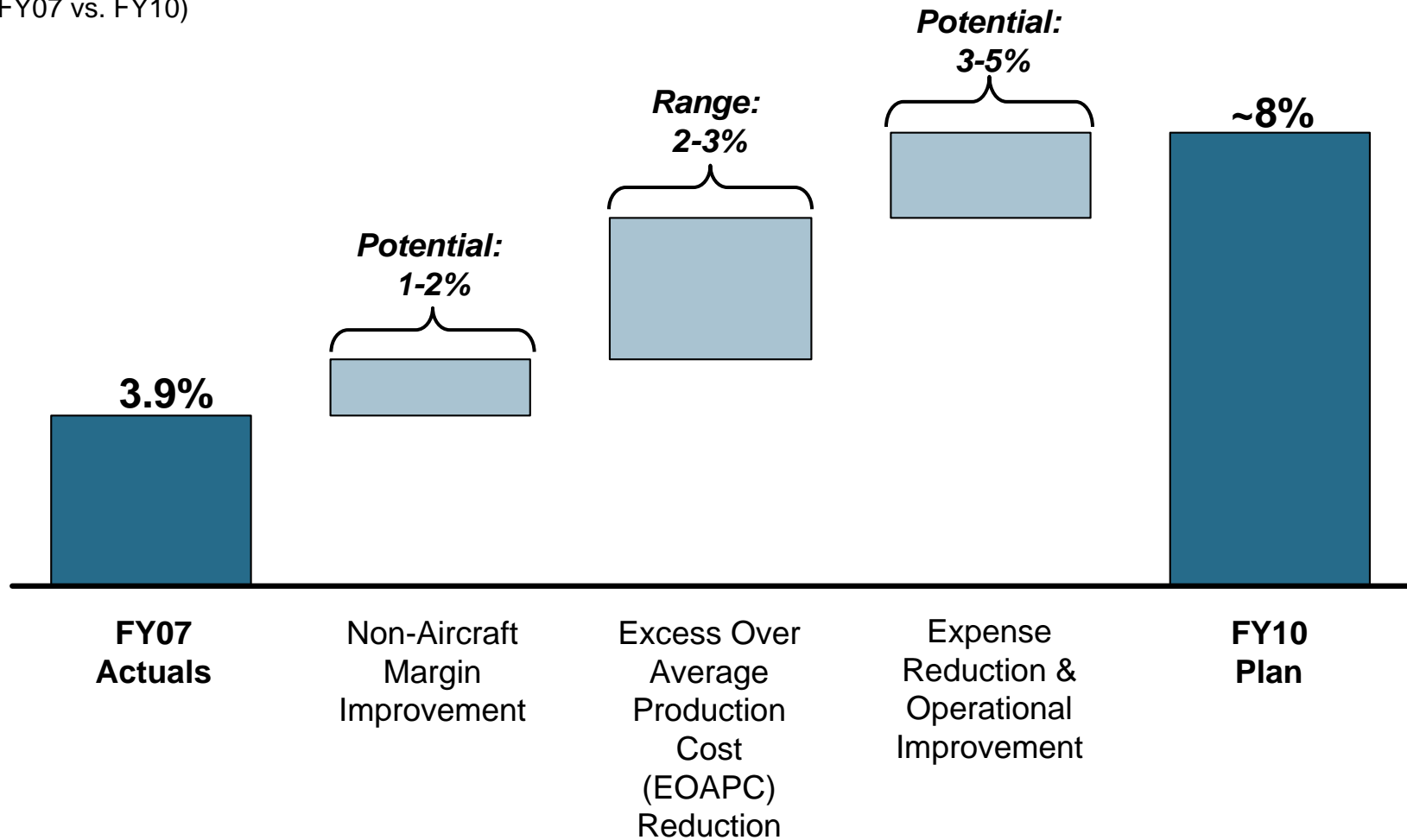
Continued signs of improving profitability

(US\$ Millions)	Q1 F2007-08	Q1 F2006-07	F2006-07	F2005-06
Revenues				
Business	1,089	965	3,858	3,330
Regional	538	464	2,122	2,690
Other	633	524	2,250	2,067
Total Revenues	2,260	1,953	8,230	8,087
EBIT	112 5.0%	55 2.8%	322 3.9%	266 3.3%
Amortization	104	103	409	406
EBITDA	216 9.6%	158 8.1%	731 8.9%	672 8.3%
Reduction in EOAPC⁽¹⁾	69 3.1%	42 2.2%	277 3.4%	162 2.0%
EBITDA before reduction in EOAPC	285 12.6%	200 10.2%	1,008 12.3%	834 10.3%

(1) Excess Over Average Production Cost
Source: Annual Reports and Q1/FY08 MD&A

Our plan will bring EBIT to 8% by FY10

BOMBARDIER AEROSPACE EBIT % (FY07 vs. FY10)



Our plan exceeds target, to compensate for potential headwinds

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- **Bombardier Aerospace is turning a corner**
 - Improving market conditions
 - Improving execution and operational efficiency

- **We are starting to see the success of our strategy in our financial results**

- **We are confident that our plan will continue to drive progress toward our 8% EBIT target within 3 years**

Caution regarding non-GAAP earnings measures

This presentation is based on reported earnings in accordance with Canadian generally accepted accounting principles (GAAP). It is also based on EBITDA as well as on 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 and that this presentation is consistent with industry practice.

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