



BOMBARDIER

Annual Information Form
2001

May 10, 2001

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NOTES:

- (1) In this Annual Information Form, all dollar figures are in Canadian dollars, unless indicated otherwise.
- (2) In this Annual Information Form, the asterisk (*) refers to a trade-mark of Bombardier Inc. or one of its subsidiaries.

Item 2 Corporate Structure

2.1 Incorporation of the Issuer

Bombardier Inc. (the “Corporation”) was incorporated by letters patent under the laws of Canada in 1902 and was continued under the Canada Business Corporations Act by a certificate of continuance dated June 23, 1978, which was subsequently the subject of certain amendments.

On August 5, 1988, the Corporation amalgamated with Bombardier Aero Inc. and Canadair Inc., two wholly-owned subsidiaries. The amalgamation was evidenced by a certificate of amalgamation dated August 5, 1988, and by articles of amalgamation. On February 1, 1997, the Corporation amalgamated with Bombardier Real Estate Ltd., Bois-Franc Real Estate Ltd. and Club Challenger-Aero Inc., three wholly-owned subsidiaries. On February 2, 1998, the Corporation amalgamated with de Havilland Inc. and de Havilland Holdings Inc., two wholly-owned subsidiaries. On February 1, 2001, the Corporation amalgamated with Bombardier Completion Centre Inc.

The articles of the Corporation authorize it to issue shares consisting of (i) an unlimited number of preferred shares without nominal or par value issuable in series (the “Preferred Shares”), of which the following have been authorized (a) one series consisting of 12,000,000 Series 2 Cumulative Redeemable Preferred Shares (the “Series 2 Preferred Shares”) and (b) one series consisting of 12,000,000 Series 3 Cumulative Redeemable Preferred Shares (the “Series 3 Preferred Shares”); (ii) 1,792,000,000 Class A Shares (Multiple Voting) (the “Class A Shares”) and (iii) 1,792,000,000 Class B Shares (Subordinate Voting) (the “Class B Subordinate Voting Shares”).

The Class A Shares and the Class B Subordinate Voting Shares were the subject of a two-for-one stock split in July 2000 and previously in July 1998, July 1995 and in January 1992.

The Class B Subordinate Voting Shares are restricted shares (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights. In the event of a ballot, each Class A Share carries ten votes and each Class B Subordinate Voting Share carries one vote.

Each Class B Subordinate Voting Share carries a non-cumulative preferential dividend at the rate of \$0.0015625 per annum.

Each Class A Share is convertible, at any time, at the option of the holder, into one Class B Subordinate Voting Share. Each Class B Subordinate Voting Share shall become convertible into one Class A Share in the event that an offer to purchase Class A Shares is accepted by the majority shareholder, namely the Bombardier family, or in the event that the majority shareholder ceases to hold over 50% of the outstanding Class A Shares of the Corporation.

Each Series 2 Preferred Share is convertible at the option of the holder, subject to certain conditions, into a Series 3 Preferred Share on August 1, 2002 and on August 1 every fifth year thereafter. In addition, on August 1, 2007 and on August 1 every fifth year thereafter, each Series 3 Preferred Share may be reconverted at the option of the holder, into a Series 2 Preferred Share, subject to certain conditions.

The registered office of the Corporation is located at 800 René-Lévesque Boulevard West, Montréal, Québec H3B 1Y8.

In this Annual Information Form, the term “Bombardier” means, as required by the context, the Corporation and its subsidiaries collectively or the Corporation or one or more of its subsidiaries.

2.2 Subsidiaries

The activities of the Corporation are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of each business group of the Corporation as at January 31, 2001, as well as their jurisdiction of incorporation and the percentage of voting shares held by the Corporation. Certain subsidiaries whose total assets did not represent more than 10% of the Corporation’s consolidated assets or whose sales and operating revenues did not represent more than 10% of the Corporation’s consolidated sales

and operating revenues as at January 31, 2001 have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets, sales and operating revenues of the Corporation at such date.

Bombardier Inc.

Bombardier Aerospace

North America

Bombardier Services Corporation (Delaware)	100%
Bombardier Aerospace Corporation (Delaware)	100%
Learjet Inc. (Delaware)	100%

Europe

Short Brothers plc (Northern Ireland)	100%
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Bombardier Transportation

North America

Bombardier Corporation (Idaho)	100%
Bombardier Transit Corporation (Delaware)	100%
Gunderson-Concarril, S.A. de C.V. (Mexico)	50%
Bombardier-Concarril, S.A. de C.V. (Mexico)	100%

Europe

BN S.A. (Belgium)	100%
Prorail Limited (England)	100%
Vevey Technologies S.A. Villeneuve (Switzerland)	100%
Société ANF-Industrie S.A. (France)	99.9%
DWA Deutsche Waggonbau GmbH (Germany)	99.5%
Bombardier-Wien Schienenfahrzeuge AG (Austria)	100%
Talbot GmbH & Co. KG (Germany)	100%
Vagónka Česká Lipa a.s. (Czech Republic)	98%

Asia

Bombardier Sifang Power (Qingdao) Transportation Ltd. (People's Republic of China)	50%
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Bombardier Recreational Products

North America

Bombardier Motor Corporation of America (Delaware)	100%
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Europe

Bombardier-Rotax GmbH (Austria)	100%
Bombardier-Nordtrac Oy (Finland)	100%

Bombardier Capital

North America

BCI Finance Inc. (Delaware)	100%
Bombardier Capital Inc. (Massachusetts)	100%
Bombardier Capital Rail Inc. (Minnesota)	100%
Bombardier Finance Inc. (Canada)	100%
Bombardier Capital Ltd. (Québec)	100%
Bombardier Capital Leasing Ltd. (Québec)	100%

Europe

Bombardier Capital International S.A. (France)	100%
Bombardier Capital International B.V. (Netherlands)	100%
Bombardier Capital UK Ltd. (England)	100%

Item 3 General Development of the Business

3.1 General

Bombardier is engaged in design, development, manufacture and marketing activities in the aerospace, rail transportation equipment and recreational product industries. In addition, Bombardier offers services related to its products and core businesses. Through various subsidiaries, the Corporation is also engaged in financial services and one division of the Corporation is involved in the development of Bombardier real estate interests earmarked for new uses. Bombardier operates plants in Canada, Mexico, the United States, Austria, Belgium, the Czech Republic, Finland, France, Germany, Switzerland, the United Kingdom and the People's Republic of China. Bombardier is also seeking to expand into non-traditional markets outside North America and Western Europe where its presence is currently limited. Over ninety percent of its revenues are generated outside Canada.

3.2 History

Until 1973, Bombardier's operations consisted mainly of the manufacture and distribution of snowmobiles, a vehicle invented in 1959 by the founder, Joseph-Armand Bombardier.

In the 1970s and 1980s, Bombardier began diversifying its operations, branching out in the mass transit industry. In December 1986, the Corporation began to diversify into the aerospace industry by acquiring Canadair Limited which amalgamated with the Corporation on August 5, 1988.

During the last three years, the Corporation completed the transactions described below.

At the end of the 1997-1998 fiscal year, the Corporation acquired Deutsche Waggonbau AG (now DWA Deutsche Waggonbau GmbH) of Berlin, Germany. This corporation manufactures a wide range of railway equipment and products, including subway cars, urban and regional railway cars, diesel or electrical multiple-unit trains and special purpose freight wagons.

On March 4, 1998, Bombardier formed a strategic alliance with, and concluded an agreement to acquire a 26% interest in the share capital of, Vienna-based ELIN EBG Traction GmbH ("Elin"). This alliance gives Bombardier Transportation the opportunity to extend its knowledge of propulsion technologies.

On March 27, 1998, the Corporation created Bombardier International, a business group whose mandate is to accelerate Bombardier's expansion and pursue growth opportunities into targeted markets outside North America and Western Europe.

In September 1998, Bombardier formed a joint venture with The Greenbrier Companies, Inc., a leading supplier of railroad freight cars, to build railroad freight cars at Bombardier-Concarril, S.A. de C.V.'s existing facilities in Sahagún, Mexico. The joint venture, in which each of Bombardier and The Greenbrier Companies, Inc. holds a 50% interest, serves the North American marketplace with a focus on conventional freight cars. The Greenbrier Companies, Inc. provides marketing and engineering expertise and Bombardier provides manufacturing know-how and facilities.

On November 20, 1998, Bombardier, Power Corporation of Canada and China National Railways Locomotive and Rolling Stock Industrial Corporation (LORIC) of the People's Republic of China announced the creation of a joint venture to manufacture rail passenger cars in China at the plant of Sifang Locomotive and Rolling Stock Works, a LORIC subsidiary, located in Qingdao, Shandong Province. The joint venture uses Bombardier technology to manufacture, among others, deluxe intercity rail passenger cars.

On February 1, 2000, Bombardier concluded the sale of its 50% interest in Shorts Missile Systems Limited to the French defence electronics corporation, Thomson-CSF.

On June 12, 2000, Bombardier completed the sale of its defence services business in the United Kingdom to subsidiaries of Vosper Thornycroft (UK) Limited of the United Kingdom.

On August 4, 2000, Bombardier Inc. signed a sale and purchase agreement with DaimlerChrysler AG of Stuttgart, Germany to acquire its subsidiary DaimlerChrysler Rail Systems GmbH (“Adtranz”), based in Berlin. The acquisition of Adtranz was completed as of May 1, 2001.

The sale and purchase agreement is for a cash consideration of US\$725 million, subject to certain adjustments based on the closing date equity of Adtranz.

The combination of Bombardier Transportation and Adtranz will rank the new entity as the global industry leader in all activities related to rail vehicles. As of May 1, 2001, this new entity had annual revenues in excess of \$8 billion, a backlog of \$22 million and approximately 37,000 employees. As required by the European Commission in approving the acquisition of Adtranz, the Corporation agreed, among other things, to dispose of its 26% interest in Elin to the current majority shareholder.

On March 9, 2001, the Corporation acquired through its indirect wholly-owned U. S. subsidiary Bombardier Motor Corporation of America, for a cash consideration of US\$53.8 million before acquisition costs, most of the net assets of the engine manufacturing operations of Outboard Marine Corporation (“OMC”) following OMC's and certain of its subsidiaries' filing of a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code on December 22, 2000. OMC was a leading manufacturer of engines built to service the boat industry and the acquired assets include the outboard marine engine brands of Evinrude* and Johnson* as well as the FICHT* Fuel Injection Technology.

Item 4 Narrative Description of the Business

4.1 Structure and Management

Bombardier's operations are organized into three manufacturing groups, one financial services group and one business development group.

Bombardier Aerospace is engaged in the design, manufacture and sale of business and regional aircraft for individuals, corporations as well as commercial airline customers. It is also engaged in the manufacture of major airframe components for aircraft designed and built by other American and European aircraft manufacturers. In addition, it provides various aviation support and services, including aircraft maintenance, spare parts, aircraft completion and pilot and maintenance technician training.

Bombardier Transportation includes a wide range of operations and services in the field of rail transportation equipment. It offers a full range of vehicles for urban, suburban, intercity rail-passenger transportation, freight cars, as well as integrated rail transit systems for turnkey projects. In addition, Bombardier Transportation provides operations and maintenance services.

Bombardier Recreational Products is responsible for developing, manufacturing and marketing snowmobiles, watercraft and all-terrain vehicles, engines, boats and outboard engines and utility vehicles.

Bombardier Capital oversees operations in the financial services segment in the areas of consumer products finance and capital services. Consumer products finance activities cover inventory financing, consumer financing and manufactured housing financing. The capital services business involves financing aircraft, rail cars, Bombardier snow grooming equipment and related ski industry equipment.

Bombardier International is responsible for Bombardier's expansion into geographic markets outside North America and Western Europe where its presence is currently concentrated.

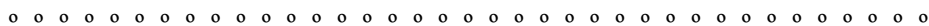
The three manufacturing groups and the financial services group are constituted as follows:

<i>Bombardier Aerospace</i>	<ul style="list-style-type: none">• Business Aircraft• Regional Aircraft• Amphibious Aircraft• Component Manufacturing• Defence Services
<i>Bombardier Transportation</i>	<ul style="list-style-type: none">• Bombardier Transportation – North America• Bombardier Transportation – Transit Systems• Bombardier Transportation – Atlantic Europe• Bombardier Transportation – Continental Europe• Bombardier Transportation – China
<i>Bombardier Recreational Products</i>	<ul style="list-style-type: none">• Snowmobiles, Watercraft and All-Terrain Vehicles• Engines• Boats and Outboard Engines• Utility Vehicles
<i>Bombardier Capital</i>	<ul style="list-style-type: none">• Consumer Products Finance<ul style="list-style-type: none">– Inventory Finance– Consumer Finance– Manufactured Housing Finance• Capital Services<ul style="list-style-type: none">– Aircraft Services– Railcar Leasing– Industrial Equipment

The activities of each of these groups and of Bombardier International are described hereafter under separate headings.

BOMBARDIER

AEROSPACE



Bombardier Aerospace covers the operations of the Business Aircraft, Regional Aircraft, and Amphibious Aircraft divisions as well as Component Manufacturing. The Defence Services division is also included in this group.

The administrative centre of Bombardier Aerospace is located in Dorval, Québec, Canada.

For a list of the Corporation's subsidiaries which fall within Bombardier Aerospace, see "Item 2 – Corporate Structure – Subsidiaries".

The following table shows the principal operation centres owned by the Corporation or one of its subsidiaries, as the case may be, unless indicated otherwise, and forming part of Bombardier Aerospace. The table also lists the type of operations conducted or products manufactured at these facilities.

Manufacturing Facilities	Area (square metres)	Products
Dorval, Québec, Canada ⁽¹⁾	81,711	Assembly of Challenger* and Canadair Regional Jet* aircraft Series 200, 700 and 900. Pre-flight activities and interior finishing of the Canadair Regional Jet Series 700
Dorval, Québec, Canada ⁽²⁾	10,839	Pre-flight activities for the Challenger and the Canadair Regional Jet aircraft Series 200 and 700
Mirabel, Québec, Canada ⁽³⁾	36,775	Engineering support activities for CF-18 military aircraft and for other aircraft and painting and interior finishing activities for the Canadair Regional Jet aircraft
Saint-Laurent, Québec, Canada	183,429	Parts, components and spare parts for the Challenger, Canadair Regional Jet Series 200, 700 and 900, Global Express, Bombardier Continental Business Jet* and Canadair 415* aircraft; structural components for Boeing and Aerospatiale
Saint-Laurent, Québec, Canada	16,794	Complete wing and fuselage assembly for the Canadair 415 aircraft
Downsview, Ontario, Canada	173,440	Manufacture and final assembly of the Q Series Dash 8 aircraft, including related spare parts and components; manufacture of components and final assembly of Global Express aircraft; assembly of wings for the Learjet 45; assembly of the CL 415 nacelle
North Bay, Ontario, Canada	4,019	Final assembly of and pre-flight activities for Canadair 415 aircraft
Wichita, Kansas, United States	122,950	Manufacture of the Learjet line of aircraft and flight test centre for aircraft manufactured by Bombardier Aerospace
Dunmurry and Newtownabbey, Belfast, Northern Ireland, United Kingdom ⁽⁴⁾	34,200	Composite components either for Bombardier Aerospace or for Boeing and Lockheed Martin

Manufacturing Facilities	Area (square metres)	Products
Hawtmark, Newtownards, and Queen's Island, Belfast, Northern Ireland, United Kingdom ⁽⁴⁾	186,933	Aircraft components, engine nacelles and nacelle components and spare parts for Bombardier Aerospace or for Boeing, Rolls-Royce, Rolls-Royce Deutschland, BAE Systems and International Aero Engines

- (1) The Corporation owns the buildings built on land leased to the Corporation under a lease with Aéroports de Montréal. The lease is for a 49-year term from August 1, 1992; the buildings erected on the leased land will become the property of Aéroports de Montréal upon expiration of the lease.
- (2) Facilities occupied under a lease from Air Canada which expires on October 31, 2001.
- (3) The Corporation owns the buildings built on land leased to Bombardier under a lease with Aéroports de Montréal for an initial term of 40 years with an option to renew for an additional period of 20 years; the buildings erected on the leased land will become the property of Aéroports de Montréal upon expiration of the lease.
- (4) Short Brothers plc or its subsidiaries own all the buildings they occupy, except for those at Crawfordsburn Road, Newtownards. Lands at Queen's Island are leased from the Belfast Harbour Commissioner for a period of 125 years from October 4, 1989. Lands at Dunmurry are leased from the Industrial Development Board of Northern Ireland for a period of 999 years.

In addition, service centres for the Business Aircraft division located in Tucson, Arizona; Denver, Colorado; Windsor Locks, Connecticut; Fort Lauderdale, Florida; Indianapolis, Indiana; Wichita, Kansas and Dallas, Texas (United States) and Berlin (Germany) are part of a service network called Bombardier Aviation Services. Service centres for the Regional Aircraft division are located in Bridgeport, West Virginia; Asherville, North Carolina and Manchester, New Hampshire. The Corporation owns an airport located in Downsview, Ontario (Canada) and uses it to support Bombardier Aerospace's manufacturing activities. There is also a worldwide network of authorized Challenger, Global Express and Learjet aircraft service facilities that are independently owned.

Marketing of the Bombardier Aerospace products is provided through marketing and sales offices. In North America, marketing and sales offices are located in Canada (in Montréal, Ottawa and Toronto) and the United States (in the states of Arizona, California, Colorado, Connecticut, Georgia, Kansas, Illinois, Maryland, Missouri, New York, Pennsylvania, Texas, Virginia and Washington, and in Washington, D.C.). In South America, a marketing office has been opened in Brazil. In Europe, marketing is carried out through offices in Germany, the United Kingdom and Switzerland. In Asia, such offices are maintained in Dubai, in the United Arab Emirates; Hong Kong; Malaysia; the People's Republic of China and Singapore. Finally, Bombardier Aerospace maintains a marketing office in Australia.

Business Aircraft

The Business Aircraft division is responsible for all operations related to marketing, sales and customer support for the Bombardier Global Express ultra long-range aircraft, the Challenger 604 large intercontinental business jet, the Bombardier Continental Business Jet, a new entrant in the "super-midsize" category, as well as the Learjet family of light, super-light and mid-size jets (Learjet 31A, 45 and 60, respectively).

Aircraft ordered by customers are manufactured on behalf of the Business Aircraft division by the manufacturing facilities of Bombardier Aerospace. The raw materials and the various components and systems required to manufacture the aircraft are procured around the world and this procurement varies from product to product; however, most such materials, components and systems are provided by Canadian and U.S. suppliers with which Bombardier Aerospace generally has long-term contracts.

Through its Flexjet program, Bombardier Aerospace offers customers fractional ownership of a new business aircraft and also manages on behalf of owners all support for the aircraft including flight crew, maintenance, hangar fees and insurance.

- **Bombardier Global Express Aircraft**

The Bombardier Global Express aircraft is an ultra long-range business jet covering distances of up to 6,500 nautical miles at Mach 0.80 non-stop.

Total demand for ultra long-range business jets is estimated at 500 to 800 units over the next ten years. The Global Express competes against the Gulfstream V and V-SP and, to a much lesser extent, the Boeing Business Jet and the Airbus A319CJ. Transport Canada certification of the Global Express was achieved in July 1998 followed by US Federal Aviation Administration certification in November 1998, when the first customer delivery took place. Certification from the European Joint Airworthiness Authorities occurred in May 1999.

- **Challenger 604 Aircraft**

The Challenger 604 aircraft is a large, twin-engine intercontinental business jet capable of non-stop flights of over 4,000 nautical miles. The Challenger 604 aircraft is the fifth generation of the widebody Challenger design, the previous models being the Challenger 600, 601, 601-3A and 601-3R.

Main competitors of the Challenger 604 aircraft vary from transaction to transaction based on specific customer needs and brand loyalty, but often include the Falcon 2000 and Falcon 900C manufactured by Dassault, as well as the Gulfstream IV-SP.

- **Bombardier Continental Business Jet**

In June 1999, at the Paris Air Show, the Bombardier Continental Business Jet, a new entrant in the “super-midsize” category, was launched. The first flight is currently scheduled for the summer of 2001 and aircraft certification is expected by the end of fiscal 2002-2003.

- **Learjet Aircraft**

The Business Aircraft division is also responsible for all operations related to sales, marketing and customer support for the Learjet line of light, super-light and mid-size business jets. The main competitors for the Learjet 31A, Learjet 45 and Learjet 60 aircraft are the models manufactured by Cessna and Raytheon Aircraft.

The Learjet 31A light jet is a derivative of the Learjet 35A model. The Learjet 60 mid-size jet is a derivative of the Learjet 55 aircraft. Finally, the Learjet 45 super-light jet is positioned between the 31A and 60 models.

- **Canadair Special Edition and Canadair Corporate Jetliner Aircraft**

The Canadair Special Edition and the Canadair Corporate Jetliner aircraft are derived from the same platform as the Canadair Regional Jet aircraft. The Canadair Special Edition aircraft offers a large executive cabin and a transcontinental range of about 3,000 nautical miles while the Canadair Corporate Jetliner aircraft has a range of about 2,500 nautical miles with 30 passengers on board. The Canadian Corporate Jetliner aircraft is typically delivered with a 20-40 seat configuration, as opposed to 19 or less for the Canadair Special Edition aircraft.

- **Flexjet Fractional Ownership Program**

The Business Aircraft division, through the Flexjet program, offers to customers in North America and, since 1999, in Europe, fractional ownership of new business aircraft manufactured by Bombardier Aerospace. This concept lowers the entry cost of business jet ownership by allowing customers to purchase a fraction of an aircraft, typically in multiples as low as 1/16. Bombardier Aerospace acts as a manager of these fractionally owned business aircraft on behalf of their owners, taking care of flight operations, maintenance, insurance, catering, ground transportation and other aspects.

Flexjet, after Executive Jet, is the second largest player in this segment. Executive Jet has typically purchased new aircraft from different manufacturers, such as Gulfstream, Cessna and Raytheon. The third player, Travel Air, was launched by Raytheon Aircraft. A few other small organizations also offer fractional ownership of various categories of aircraft.

- **Aviation Support and Services**

The Business Aircraft division provides a comprehensive range of business aircraft services, including aircraft maintenance, spare parts, pilot and maintenance technician training and aircraft completions.

Regional Aircraft

The Regional Aircraft division markets and sells the Canadair Regional Jet aircraft family and the Q Series Dash 8 turboprop aircraft family to airline companies. The Regional Aircraft division also provides maintenance and modification services to its customers in North America.

- **Canadair Regional Jet Aircraft**

The Canadair Regional Jet aircrafts are assembled at the Bombardier Aerospace facilities, in Dorval, Québec. Raw materials and equipment are procured from suppliers in Canada, the United States and Europe that Bombardier Aerospace generally has long-term contracts with.

The Canadair Regional Jet family consists of the 50-passenger Series 100 and Series 200 aircraft and the 70-passenger Series 700 aircraft. The Canadair Regional Jet Series 700 aircraft was granted its type certificate by Transport Canada in December 2000. Initial customer delivery began on January 29, 2001, following the award of type recommendation by the European Joint Airworthiness Authorities the same day. The aircraft received its type approval from the U.S. Federal Aviation Administration on February 16, 2001.

In July 2000, Bombardier Aerospace announced the launching of the CRJ900, an 86 to 90-seat stretch version of the Canadair Regional Jet. The CRJ900 prototype made its first flight on February 21, 2001. The programme schedule calls for initial type certification at the end of fiscal 2002-2003.

The Canadair Regional Jet aircraft family faces three competitors: Embraer Empresa Brasileira De Aeronautica S.A. (“Embraer”) of Brazil, produces the 50-passenger jet EMB-145, the 30-passenger jet EMB-135 and a 44-passenger jet, the ERJ-140, while BAE Systems of the United Kingdom markets a family of large regional jets, namely the AVRO RJ85 (85 passengers) and the AVRO RJ100 (100 passengers). In addition, Fairchild-Dornier of the United States markets a 30-passenger jet, the 328JET. Embraer also offers the 70-passenger jet ERJ-170 and the 108-passenger jet ERJ-190-200. Furthermore, Fairchild-Dornier has launched the 70-80 passenger 728JET program.

- **Q Series Dash 8 Aircraft**

The Q Series Dash 8 family of turboprops assembled at the Bombardier Aerospace facilities in Downsview, Ontario, consists of the 37-passenger Q100 and Q200 aircraft, the 50-passenger Q300 aircraft and the 70-passenger Q400 aircraft.

The main products in competition with the Q Series Dash 8 aircraft family come from ATR (a consortium consisting of Aerospatiale of France and Alenia of Italy). The Dash 8 Q300 aircraft faces competition from the ATR 42 and the Dash 8 Q 400 from the ATR 72.

Amphibious Aircraft

The Amphibious Aircraft division markets the Canadair 415 turboprop amphibious aircraft. This aircraft is in service in Canada, Croatia, France, Greece and Italy. In addition to its traditional role of aerial firefighting, the Canadair 415 can be configured for other specialized missions, including coastal surveillance, search and rescue and utility transport.

Component Manufacturing

Bombardier Aerospace is involved in the design, development, manufacture, supply and support of airframe components, aircraft engine nacelles and nacelle components.

The Bombardier Aerospace facilities in Saint-Laurent, Québec, supply airframe components for the Airbus A330/A340 programs as well as for the Boeing 747 and 767 programs.

Short Brothers plc manufactures various airframe components for the Canadair Regional Jet series, the Learjet 45, the Dash 8 Q Series 400, the Challenger 604, the Bombardier Continental Business Jet and the Global Express aircraft. It also produces airframe components for most of the Boeing airliners as well as for the Lockheed C-130 aircraft and the Apache helicopter. It has particular expertise in the innovative use of composite materials to produce lightweight nacelle components. In addition, it manufactures components or complete nacelle sets for the General Electric CF34, Rolls-Royce BR710, International Aero Engines V2500, Rolls-Royce RB211 Trent, Rolls-Royce RB 211-524 and Rolls-Royce RB 211-535 E4 engines.

Defence Services

The Defence Services division provides military aircraft support services and military flying training. Its main offices are located in Mirabel, Québec, Canada.

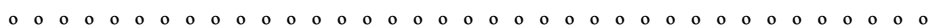
The Defence Services division is responsible for the integrated engineering and fleet support for the Canadian Forces fleet of CF-18 aircraft.

The Defence Services division manages the Canadian Aviation Training Centre (“CATC”) in Southport, Manitoba. In 1999-2000, 293 students graduated from the CATC in primary, helicopter and multi-engine pilot training for the Canadian Forces. Since the start of the CATC, a total of 1,552 students have undergone training.

Pursuant to a 20-year contract awarded in November 1997, the Defence Services division provides fully serviced aircraft, training material, flight simulators, airfield and site support services for the training of military pilots of the Canadian Forces and the air forces of other NATO members in the context of the NATO Flying Training in Canada Program (“NFTC”) at Moose Jaw, Saskatchewan, and follow-up tactical jet flying training at Cold Lake, Alberta.

BOMBARDIER

TRANSPORTATION



Bombardier Transportation has the technology and know-how to produce a range of rail vehicles that meet most of the needs and requirements of mass transit markets while pursuing research and development activities to create new products for future market needs. The operations of Bombardier Transportation comprise, among other things, the design, manufacture and sale of vehicles for urban, suburban and intercity rail-passenger transportation, as well as integrated rail transit systems for turnkey projects. Bombardier Transportation is also able to undertake the refurbishment of rail vehicles as well as to provide a full range of maintenance services. The description of Bombardier Transportation in this section does not reflect the acquisition of Adtranz completed on May 1, 2001.

The administrative centre of Bombardier Transportation is located in Saint-Bruno-de-Montarville, Québec, Canada.

For a list of the Corporation’s subsidiaries which fall within Bombardier Transportation, see “Item 2 – Corporate Structure – Subsidiaries”.

The following table shows the principal operation centres owned by the Corporation or one of its subsidiaries, as the case may be, unless indicated otherwise, and forming part of Bombardier Transportation. The table also lists the type of operations conducted or products manufactured at these facilities.

Manufacturing Facilities	Area (square metres)	Products
La Pocatière, Québec, Canada	51,412	Manufacture of mass transit vehicles
Millhaven (Kingston), Ontario, Canada	14,967	Manufacture of mass transit vehicles
Thunder Bay, Ontario, Canada	53,297	Manufacture of mass transit vehicles
Burnaby, British Columbia, Canada	5,920	Manufacture of mass transit vehicles
Plattsburgh, New York, United States ⁽¹⁾	12,284	Final assembly of mass transit vehicles
Barre, Vermont, United States ⁽²⁾	10,033	Final assembly of mass transit vehicles
Sahagún, Mexico	109,696	Manufacture of mass transit vehicles and freight cars and refurbishment of rail passenger cars
Vienna, Austria	24,683	Manufacture of light rail vehicles
Brugge, Belgium	135,618	Manufacture of mass transit vehicles and railway equipment
Česká Lipa, Czech Republic	54,134	Manufacture of railway equipment
Crespin, France	179,458	Manufacture of mass transit vehicles, railway equipment and bogies
Aix-la-Chapelle (Aachen), Germany	72,916	Manufacture of mass transit vehicles, bogies and intermodal freight equipment
Ammendorf, Germany	76,382	Manufacture of mass transit and light rail vehicles
Bautzen, Germany	81,829	Manufacture of mass transit vehicles
Berlin, Germany	10,173	Manufacture of electrical components
Görlitz, Germany	90,489	Manufacture of mass transit vehicles
Niesky, Germany	55,845	Manufacture of freight cars

Manufacturing Facilities	Area	Products
	(square metres)	
Vetschau, Germany	14,846	Manufacture of bogies
Villeneuve, Switzerland	16,900	Manufacture of mass transit vehicles
Wakefield, Yorkshire, England, United Kingdom	30,383	Assembly of mass transit vehicles and refurbishment of rail passenger cars
Qingdao, Shandong Province, People's Republic of China	48,968	Manufacture of mass transit vehicles

- (1) Leased under an operating lease with Plattsburgh City LDC Inc. for a period of ten years commencing February 1995, with an option to renew for an additional five years.
- (2) Leased under a capital lease.

Marketing of the products manufactured by Bombardier Transportation is carried out through marketing or sales offices. In North America, these marketing or sales offices are located in Canada (in Saint-Bruno-de-Montarville, Québec, and Millhaven (Kingston), Ontario), the United States (in the states of California, Florida, New York and Pennsylvania, and in Washington, D.C.) and Mexico. In Europe, marketing is effected through offices in Austria, Belgium, France, Germany, Russia, Switzerland and the United Kingdom. Finally, in Asia, such offices are located in China, Indonesia, Malaysia, Taiwan and Thailand. Bombardier Transportation leases these marketing or sales offices, with the exception of the office in Saint-Bruno-de-Montarville, Québec, and those in Austria, Belgium, Germany, Switzerland and the United Kingdom, which it owns.

Bombardier Transportation - North America

Bombardier Transportation - North America includes the operations of the plants at La Pocatière, Québec, Millhaven (Kingston) and Thunder Bay, Ontario, Burnaby, British Columbia, Plattsburgh, New York and Barre, Vermont, where it manufactures a wide range of vehicles for urban, suburban and intercity rail-passenger transportation.

In addition, this division also includes the facilities of Bombardier-Concarril, S.A. de C.V., located in Sahagún in the State of Hidalgo, 70 kilometres north-east of Mexico City, which are equipped to produce a full range of rail transportation equipment, including rubber-tired and steel-wheeled subway cars, light rail vehicles and passenger coaches. These manufacturing facilities also perform vehicle refurbishment and final assembly of diesel locomotives.

Gunderson-Concarril, S.A. de C.V., a subsidiary of Greenbrier-Concarril LLC, the joint venture in which each of Bombardier and The Greenbrier Companies, Inc. holds a 50% interest, also forms part of Bombardier Transportation – North America. Gunderson-Concarril, S.A. de C.V. manufactures railroad freight cars for Greenbrier-Concarril LLC at Bombardier-Concarril, S.A. de C.V.'s facilities in Sahagún, Mexico. The freight cars are sold by Greenbrier-Concarril LLC on the North American market.

Bombardier Transportation – Transit Systems

The Transit Systems division is responsible for the marketing, engineering and project management of turnkey passenger transportation systems. In connection with contracts for transportation systems projects, the Transit Systems division is generally responsible for the supply of electro-mechanical subsystems, including automatic train control and communications, and for system integration, system commissioning, trial running and operation and maintenance services.

Bombardier Transportation – Atlantic Europe

- **BN S.A.**

BN S.A., with manufacturing facilities at Brugge, in Belgium, is a manufacturer of railway equipment and urban and suburban transit equipment. Its range of products includes passenger rail cars, self-propelled vehicles, light and heavy subway cars, low-floor tramways and TGV (high-speed train) equipment.

- **Société ANF-Industrie S.A.**

The operations of Société ANF-Industrie S.A. are located at its plant in Crespin, in the north of France. It has developed the ability to supply a whole range of railway products: tramways, subway cars, commuter cars, main line and TGV (high-speed train) coaches, double-deck self-propelled vehicles and turbotrains. It also offers a whole range of mechanically welded bogies.

- **Prorail Limited**

Prorail Limited, from its manufacturing facilities in Wakefield, England, is engaged in the assembly of mass transit vehicles and the refurbishment of rail passenger cars.

- **Vevey Technologies S.A. Villeneuve**

Vevey Technologies S.A. Villeneuve, based in Villeneuve, Switzerland, is a production site for light rail vehicles and is engaged in the conception and manufacturing of rolling stock, in particular, low-floor light rail tramways, city-metros and automated vehicles, multiple units and bogies; it also provides maintenance and refurbishment services.

Bombardier Transportation – Continental Europe

- **DWA Deutsche Waggonbau GmbH**

DWA Deutsche Waggonbau GmbH, based in Berlin, Germany, with manufacturing facilities in Ammendorf, Bautzen, Görlitz, Niesky and Vetschau, manufactures rail transportation equipment including subway cars, commuter train and intercity rail passenger train cars, diesel and electrical motorized rail passenger cars, light rail vehicles and specialized freight cars. It is one of the most important suppliers to Deutsche Bahn AG and has a strong presence in the East and Central European markets as well as in Russia.

- **Bombardier-Wien Schienenfahrzeuge AG**

Bombardier-Wien Schienenfahrzeuge AG, whose plant is in Vienna, Austria, manufactures special-purpose and light rail vehicles and has developed expertise in the manufacture of train modules for the other European divisions of Bombardier Transportation.

- **Talbot GmbH & Co. KG**

Talbot GmbH & Co. KG, based in Aix-la-Chapelle (Aachen), Germany, is engaged in the design and manufacture of single and double-deck rail passenger vehicles, bogies for passenger and freight applications, as well as intermodal freight equipment. Its principal markets are in Germany, the Netherlands, Scandinavia and Switzerland.

- **Vagónka Česká Lipa a.s.**

Vagónka Česká Lipa a.s., based in Česká Lipa, in the Czech Republic, is a production site for steel subassembly for rail freight and passenger vehicles.

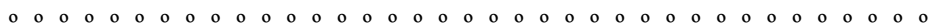
Bombardier Transportation – China

- **Bombardier Sifang Power (Qingdao) Transportation Ltd.**

A joint venture company created by Bombardier, Power Corporation of Canada and Sifang Locomotive and Rolling Stock Works, a subsidiary of China National Railways Locomotive and Rolling Stock Industrial Corporation, Bombardier Sifang Power (Qingdao) Transportation Ltd. will manufacture rail passenger cars in Qingdao, Shandong Province.

BOMBARDIER

RECREATIONAL PRODUCTS



The operations of Bombardier Recreational Products are conducted through four divisions, namely, Snowmobiles, Watercraft and All-Terrain Vehicles, Engines, Boats and Outboard Engines and Utility Vehicles.

The administrative centre of Bombardier Recreational Products is located in Montréal, Québec, Canada.

For a list of the Corporation's subsidiaries which fall within Bombardier Recreational Products, see "Item 2 – Corporate Structure – Subsidiaries".

The following table shows the principal operation centres owned by the Corporation or one of its subsidiaries, as the case may be, and forming part of Bombardier Recreational Products. The table also shows products manufactured or operations conducted at such facilities, as the case may be.

Manufacturing Facilities	Area (square metres)	Products
Valcourt, Québec, Canada	103,716	Manufacture of Ski-Doo* snowmobiles, Sea-Doo* watercraft, Bombardier all-terrain vehicles and related components
Benton, Illinois, United States	35,953	Manufacture of Sea-Doo sport boats and four-seater Sea-Doo watercraft
Gunskirchen, Austria	53,231	Manufacture of engines and engine components for Ski-Doo and Lynx* snowmobiles, Sea-Doo watercraft and boats, Bombardier all-terrain vehicles, small and ultra-light aircraft, motorcycles, scooters and karts
Rovaniemi, Finland	11,728	Manufacture of Lynx Wide Track snowmobiles, snowmobile frames and snowmobile components
Granby, Québec, Canada	12,978	Manufacture and servicing of specialized tracked vehicles used for grooming alpine ski hills and snowmobile and cross-country ski trails

Distribution of the products manufactured by Bombardier Recreational Products is carried out through distribution centres located in the provinces of Alberta and Québec, in Canada, in the states of Colorado, Illinois, Nevada, Utah and Wisconsin, in the United States, and in Finland. Marketing of the products manufactured by Bombardier Recreational Products is carried out through the marketing or sales offices of its divisions and subsidiaries located in Canada, the United States, Austria, Finland, France and Singapore and through a network of authorized distributors and dealers. The Cogan Lake facilities located in Florida, in the United States, are used to design and test Sea-Doo watercraft and Sea-Doo sport boats.

Snowmobiles, Watercraft and All-Terrain Vehicles

As of April 18, 2001, the activities of the Snowmobiles and Watercraft division and those of the All-Terrain Vehicles division were merged.

● **Snowmobiles**

Bombardier Recreational Products develops, manufactures and markets a complete line of snowmobiles which are distributed worldwide under the trademarks Ski-Doo and Lynx. Bombardier Recreational Products is one of the world's largest manufacturers of snowmobiles. Their use is specifically regulated in most Canadian provinces and American states as well as in Europe and Scandinavia. Snowmobile replacement sales represent a substantial proportion of total sales.

The line of snowmobiles offered by Bombardier Recreational Products in 2000-2001 consists of 42 Ski-Doo models in nine different categories and 17 Lynx models in six different categories.

Ski-Doo snowmobiles are sold in North America through a network of authorized dealers with which Bombardier Recreational Products deals either directly or through authorized distributors. In Europe, Ski-Doo and Lynx snowmobiles are sold through independent authorized distributors and agents, except in Sweden and Norway, where Bombardier Recreational Products sells to authorized dealers through wholly-owned subsidiaries.

Bombardier Recreational Products competes in various snowmobile markets with American and Japanese manufacturers, namely, Arctic Cat, Polaris and Yamaha.

● **Watercraft**

Under the Sea-Doo brand name, Bombardier Recreational Products develops, manufactures and markets a full product line of watercraft. Bombardier Recreational Products is the largest manufacturer of watercraft in the world.

The product line of watercraft offered by Bombardier Recreational Products in 2001 consists of ten Sea-Doo models.

With a distribution network now covering over 80 countries, Bombardier Recreational Products is well positioned to take advantage of its international potential while consolidating and enhancing its leadership position in Canada and the United States. Bombardier Recreational Products continues to explore opportunities for extending this network to other regions of the world where there are emerging markets.

Kawasaki, Polaris and Yamaha currently compete with Bombardier Recreational Products in the watercraft industry.

● **All-Terrain Vehicles**

In 1998, Bombardier Recreational Products entered the ATV market with the introduction of the Traxter* model. The first Traxter unit was sold in the fall of 1998. A second model targeted at experienced sport ATV riders, the DS650, was launched in June 1999. During the first quarter of 2000-2001, Bombardier Recreational Products introduced the Traxter XT. In August 2000, the Traxter XL, designed for demanding and comprehensive work applications, was also introduced.

Honda, Polaris, Yamaha, Suzuki, Arctic Cat and Kawasaki compete with Bombardier Recreational Products in the ATV market.

Engines

The subsidiary Bombardier-Rotax GmbH develops, manufactures, markets and sells two-stroke and four-stroke engines under the Rotax* brand name at its plant in Gunskirchen, Austria. The engines are used in Ski-Doo and Lynx snowmobiles, in Sea-Doo personal watercraft and some sport boats and in the Bombardier Recreational Products ATV. It also supplies motorcycle, scooter and kart engines to vehicle manufacturers as well as engines which are distributed worldwide for small and ultra-light aircraft through independent distributors.

Boats and Outboard Engines

A new division of Bombardier Recreational Products was created on April 3, 2001 which consolidates the existing sport boat activities and the assets acquired from OMC, as described under “Item 3 – General Development of the Business – History” including the outboard marine engine brands of Evinrude and Johnson as well as the FICHT Fuel Injection Technology.

With a product line of 8 sport boats in 2001 ranging from 14 feet to 22 feet, Bombardier Recreational Products is the market leader in this relatively new segment which offers interesting growth potential. The larger sport boats are powered by Mercury Marine’s jet drive propulsion systems while the 14 foot boats are powered by Rotax engines. Its main competitors are Yamaha and Sugar Sand Marine.

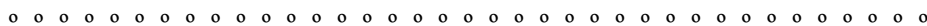
Utility Vehicles

Bombardier Recreational Products also designs, manufactures, sells and services specialized tracked vehicles mainly used for grooming alpine ski hills as well as snowmobile and cross-country ski trails.

The principal operation centres owned by Bombardier Recreational Products and related to Utility Vehicles are located in Granby, Québec, Canada with distribution centres located in Canada in the provinces of Québec and Alberta, in the United States in the states of Colorado, Nevada and Utah and in Austria and France.

BOMBARDIER

CAPITAL



The administrative centre of Bombardier Capital is located in Jacksonville, Florida, in the United States.

For a list of the Corporation's subsidiaries which fall within Bombardier Capital, see "Item 2 – Corporate Structure – Subsidiaries".

Bombardier Capital offers secured financing, leasing and asset management solutions to manufacturers, retailers and other commercial businesses, primarily in North American markets. Bombardier Capital targets industry sectors and asset classes related to its specialized core competencies, including financial service provided directly to Bombardier manufacturing segments.

In the fiscal year 2000-2001, Bombardier Capital continued concentrating on sectors where it has demonstrated know-how and experience. Emphasis is placed on strengthening Bombardier Capital's alignment with the product and service expertise of Bombardier's manufacturing segments and expanding its business in line with Bombardier's overall strategic orientation.

As part of this orientation, Bombardier Capital is winding down certain portfolios while core businesses were reorganized into two areas: Consumer Products Finance and Capital Services.

Consumer Products Finance

Business activities related to Consumer Products Finance involve asset-based financing services designed to facilitate the flow of consumer products from manufacturers to retailers and end-users.

Bombardier Capital's end-user consumer finance portfolios are comprised of the manufactured housing and consumer portfolios.

● **Inventory Finance**

Bombardier Capital's Inventory Finance activities provide floorplan financing, on a secured basis, to retailers purchasing product inventories in the U.S., Canada and Europe. Primary markets are marine products, manufactured housing, motorized recreational vehicles and Bombardier-manufactured recreational products.

As at December 31, 2000, Bombardier Capital was providing inventory financing to approximately 5,200 dealers located throughout the United States and in Canada. It also had financing arrangements with approximately 800 manufacturers and distributors.

In addition, Bombardier Capital International B.V., a wholly-owned subsidiary of Bombardier Capital Ltd. operating in Finland and France, provides inventory financing to Scandinavian dealers. Also, Bombardier Capital International S.A., a wholly-owned subsidiary of Bombardier Capital Ltd., operating in France, provides inventory financing to French dealers and Bombardier Capital UK Ltd., a wholly-owned subsidiary of Bombardier Capital Ltd., provides inventory financing to dealers in the United Kingdom.

The Inventory Finance division operates from offices located in Colchester, Vermont and Valcourt, Québec. International operations are located in Paris, France and Rovaniemi, Finland.

● **Consumer Finance**

Bombardier Capital's Consumer Finance activities provide retailers in the recreational products industry with financing services for consumer purchase transactions in the U.S. Programs include revolving credit and

installment loan services for Bombardier recreational products, as well as recreational vehicles and recreational marine products distributed by other manufacturers.

During the 2000-2001 fiscal year, an integrated marketing strategy was established with Inventory Finance activities to create a more comprehensive value proposition and seamless service to U.S. retailers. This strategy put focus on expanding the revolving credit portion of the portfolio as a balance to established installment credit activities. Revolving credit card products for the music and motorized recreational products industries were also launched during the year.

The Consumer Finance division operates from offices in Jacksonville, Florida, and Brossard, Québec.

● **Manufactured Housing Finance**

The Manufactured Housing Finance division offers a variety of retail financing services for consumer purchases of manufactured homes. The loans originated or purchased by this division are exclusively U.S.-based.

The Manufactured Housing Finance division generates manufactured housing financings through a network of dealers. The dealers are retailers who sell manufactured homes to consumers, most often under retail instalment sale contracts.

During July 2000, the Manufactured Housing Finance division consolidated all of its origination and servicing operations to its office in Jacksonville, Florida and closed its Colorado Springs, Colorado office.

Capital Services

The Capital Services business provides asset-based lending, leasing and management services primarily to customers of business aircraft, commercial aircraft, related aviation equipment, railcars, ski industry equipment and other Bombardier products. The customers are located mainly in the United States and Canada.

● **Aircraft Services**

Bombardier Capital's Aircraft Services activities provide essentially third party asset-based financing in the form of loans and leases for new and pre-owned business aircraft, commercial aircraft and related equipment.

In line with Bombardier Capital's strategic focus on core businesses and its mandate to create closer alignment with Bombardier's manufacturing operations, the Aircraft Services unit puts strong emphasis on leveraging synergies with Bombardier Aerospace's Business Aircraft and Regional Aircraft businesses.

The principal office of the Aircraft Services division is located in Colchester, Vermont. It also operates significant sales offices in Fort Lauderdale, Florida, Las Vegas, Nevada and Toronto, Ontario.

● **Railcar Leasing**

Bombardier Capital Rail Inc., an indirectly wholly-owned subsidiary of the Corporation, provides railcar leasing and management services for commercial customers in North America.

Bombardier Capital Rail Inc. has operations located in Minneapolis, Minnesota, with sales offices in Tinley Park, Illinois, Bala Cynwyd, Pennsylvania and Kansas City, Missouri.

● **Industrial Equipment**

Bombardier Capital offers third party asset-based financing mainly for Bombardier snow grooming products and related ski industry equipment, such as chair lifts and snowmaking apparatus from other manufacturers.

Winding Down Portfolios

As announced during the fiscal year 1999-2000, the Corporation continued to wind down the Technology Management and Finance portfolio and the Mid-Market Equipment Commercial Finance and Small Ticket Finance portfolios. The gradual wind-down of these portfolios is expected to be completed within three to four years.

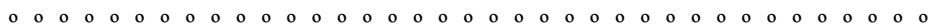
Real Estate Services

Through Bombardier's Real Estate Services, Bombardier Capital drives revenues from the development of Bombardier real estate assets earmarked for new uses and from activities aimed at meeting the real estate needs of other Bombardier businesses.

Other revenues are generated from the sale of land to real estate developers in the Bois-Franc project which involves the establishment of an urban residential community with integrated commercial and service infrastructures, on land adjacent to the Bombardier Aerospace facilities in Saint-Laurent, Québec.

BOMBARDIER

INTERNATIONAL



Bombardier International has the mandate to identify opportunities in non-traditional markets for Bombardier's products, technologies and competencies; to develop appropriate and integrated country strategies in close collaboration with the other business groups; to explore opportunities for acquisitions and strategic alliances and pursue them where appropriate; and, to act as the key interface between Bombardier and government authorities, potential partners and decision-makers in targeted countries.

4.2 Segmented Disclosure

For information respecting Bombardier's sales by industry and geographic segments, reference is made to note 23 of the notes to the consolidated financial statements for the fiscal years ended January 31, 2001 and January 31, 2000, which consolidated financial statements and accompanying notes, appearing on pages 93 to 95 of the Corporation's Annual Report for the 2000-2001 fiscal year, are incorporated herein by reference.

4.3 Agreements Relating to the Use of Certain Technologies

Some operations of Bombardier are conducted under agreements which allow it to use certain technical data and information relating to products or technologies developed by others. The most important of such agreements is the agreement signed on December 22, 1986 with Cartierville Financial Corporation Inc. ("CFC") (a wholly-owned subsidiary of Canada Development Investment Corporation, in turn wholly owned by the Canadian federal government), under which Canadair Limited had obtained a licence granting it the exclusive and absolute right to use and exploit all the technology relating to the design of the Challenger aircraft and to use and incorporate that technology in the manufacture, development, testing, sale, distribution and maintenance of Challenger aircraft and any other related product worldwide. The initial term of the agreement is 21 years; however, the Corporation (as successor in interest to Canadair Limited) has an option to renew this agreement for three additional consecutive periods of 21 years each. In consideration for the rights thus granted to it, the Corporation paid CFC a lump sum of \$20 million in 1988, less an amount equal to certain royalties then paid, in lieu of the royalties provided for under the agreement.

4.4 Research

Every year Bombardier commits a portion of its revenues to research. The total sums spent for this purpose appear in note 14 to the consolidated financial statements for the fiscal years ended January 31, 2001 and January 31, 2000 appearing on page 84 of the Corporation's Annual Report for the 2000-2001 fiscal year, which note is incorporated herein by reference. These investments reinforce the skills and know-how of the engineers and technicians who currently make up Bombardier's design and engineering force.

4.5 Environment

During the 2000-2001 fiscal year, the manufacturing operations of Bombardier continued to be in compliance with the applicable environmental laws and regulations. Certain cases of non-compliance identified during environmental audits completed during the year were or are being corrected. In all such cases, corrective action measures were identified, brought to the attention of the government authorities if required and incorporated into an action plan for implementation. The cost of the corrective measures, taken singly or together, does not or will not have any material effect on the performance of Bombardier.

An inspection by the U.S. Environmental Protection Agency revealed several anomalies related to the management of hazardous waste. The facility was fined US\$80,000. Corrective measures were immediately implemented.

A notice of violation was received at the new Bombardier Aerospace facility in Mirabel, Québec. The substance of the violation was related to the beginning of construction work without appropriate permits. This situation has since been corrected without further legal action against Bombardier.

A notice of violation was received at the Bombardier Aerospace facility in Downsview, Ontario. The reason for the notice was for improperly labeling hazardous goods being returned to the original U.S.-based supplier. Despite the implementation of corrective measures, additional action by regulatory authorities may be forthcoming.

In previous years, Bombardier reported that it had been identified as potentially liable for the contamination of several sites in the United States. The resulting management and/or decontamination activities continued during the 2000-2001 fiscal year. The costs associated with these activities were not material during the period. Although the probable total costs associated with these activities are still not known, for the time being they are not considered to be material for Bombardier. The anticipated costs of site decontamination during the 2001-2002 fiscal year should not be material.

As part of the acquisition of Deutsche Waggonbau AG (“DWA”) completed at the end of the 1997-1998 fiscal year, Bombardier had been informed or acquired knowledge of certain environmental conditions of the properties owned by DWA. Such conditions may result in remediation activities being continued or initiated at certain acquired DWA sites. Various levels of the German, Federal or State government had then recognized and accepted responsibility for historical soil and groundwater contamination. The need to undertake new remediation work has not yet been clearly established. The costs related to such undertakings are not known. The costs associated with the continuation of ongoing remediation programs are not material to DWA or to Bombardier.

4.6 Human Resources

The following table shows the number of employees of Bombardier as at January 31, 2001, compared with January 31, 2000:

	Number of employees as at January 31	
	2001	2000
Bombardier Aerospace.....	35,250	33,226
Bombardier Recreational Products	5,456	4,752
Bombardier Transportation.....	15,675	16,411
Bombardier Capital.....	1,334	1,310
Corporate Office	199	174
Total.....	57,914	55,873

In North America, at the end of the 2000-2001 fiscal year, 16,892 employees of Bombardier were represented by certified unions under 17 separate collective agreements. These agreements expire at different dates, the latest of which is November 2004.

In Europe, there are more than 14 collective agreements in force. National unions represent employees in subsidiaries or divisions and national and sectoral bargaining generally takes place every one or two years depending on the country (Austria, Belgium, the Czech Republic, Finland, France, Germany, Switzerland and the United Kingdom). These agreements expire at different dates, the latest of which is June 2003.

Bombardier considers that its relations with its employees are satisfactory.

Item 5 Selected Consolidated Financial Information

Consolidated financial information for the last three fiscal years ended January 31

	<u>2001</u>	<u>2000</u>	<u>1999</u>
(millions of dollars, except per share amounts)			
Revenues	16,100.6	13,618.5	11,500.1
Net income	975.4	718.8	554.0
Total assets	20,404.3	17,034.1	14,277.9
Long-term debt	6,131.2	4,795.0	2,575.9
Convertible notes – equity component.....	---	---	180.5
Series 2 Redeemable Preferred Shares.....	300.0	300.0	300.0
Earnings per share ⁽¹⁾			
Basic	0.70	0.51	0.39
Fully diluted.....	0.69	0.50	0.38
Dividends per share			
Series 2 Redeemable Preferred	1.37500	1.37500	1.37500
Class A ⁽¹⁾	0.13500	0.11000	0.08500
Class B Subordinate ⁽¹⁾	0.13656	0.11156	0.13656

(1) The figures have been adjusted to reflect the two-for-one stock split which took place on July 7, 2000.

Quarterly consolidated financial information (unaudited)

(millions of dollars, except per share amounts)	2000-2001			
	<u>4th qtr.</u>	<u>3rd qtr.</u>	<u>2nd qtr.</u>	<u>1st qtr.</u>
Revenues.....	5,554.2	3,856.3	3,423.4	3,266.7
Net income.....	348.0	225.9	254.1	147.4
Earnings per share				
Basic ⁽¹⁾	0.25	0.16	0.19	0.10
Fully diluted ⁽¹⁾	0.25	0.16	0.18	0.10
Dividends per share				
Series 2 Redeemable Preferred	0.34375	0.34375	0.34375	0.34375
Class A ⁽¹⁾	0.03375	0.03375	0.03375	0.03375
Class B Subordinate ⁽¹⁾	0.03375	0.03375	0.03375	0.03531

(millions of dollars, except per share amounts)	1999-2000			
	<u>4th qtr.</u>	<u>3rd qtr.</u>	<u>2nd qtr.</u>	<u>1st qtr.</u>
Revenues.....	4,403.9	3,183.2	3,180.8	2,850.6
Net income.....	254.1	151.1	169.1	144.5
Earnings per share				
Basic ⁽¹⁾	0.18	0.11	0.12	0.10
Fully diluted ⁽¹⁾	0.18	0.10	0.12	0.10
Dividends per share				
Series 2 Redeemable Preferred	0.34375	0.34375	0.34375	0.34375
Class A ⁽¹⁾	0.02750	0.02750	0.02750	0.02750
Class B Subordinate ⁽¹⁾	0.02750	0.02750	0.02750	0.02906

(1) The figures have been adjusted to reflect the two-for-one stock split which took place on July 7, 2000.

Dividends

The Corporation declared the dividends indicated below on its outstanding shares during the fiscal years ended January 31, 2001 and January 31, 2000.

(millions of dollars, except per share amounts)	Fiscal years ended January 31			
	2001		2000	
	<u>Total</u>	<u>Per share</u>	<u>Total</u>	<u>Per share</u>
Series 2 Redeemable Preferred Shares	16.5	1.37500	16.5	1.37500
Class A Shares ⁽¹⁾	47.0	0.13500	38.8	0.11000
Class B Subordinate Voting Shares ⁽¹⁾	139.3	0.13656	113.5	0.11156

(1) The figures have been adjusted to reflect the two-for-one stock split which took place on July 7, 2000.

The articles of the Corporation stipulate that no dividends may be paid on the Class A Shares or the Class B Subordinate Voting Shares unless all accrued and unpaid dividends on the Series 2 Preferred Shares have been declared and paid or set aside for payment, or all the outstanding Series 2 Preferred Shares have been called for redemption and the redemption price of such shares has been deposited in the manner set out in the articles of the Corporation.

The holders of Class B Subordinate Voting Shares are entitled, in preference to the holders of Class A Shares, to a non-cumulative dividend at the rate of \$0.0015625 per share per annum; when a dividend on the

Class B Subordinate Voting Shares at the rate of \$0.0015625 per share per annum is declared and paid or set aside for payment in any fiscal year, the Class A Shares and the Class B Subordinate Voting Shares participate equally, share for share, with respect to any additional dividend which may be declared, paid or set aside for payment during said fiscal year.

In general, the Corporation's policy is to set the total amount of its dividends for a fiscal year at approximately 30% of the consolidated net income for the previous fiscal year. The Board of Directors of the Corporation reserves the right to modify this policy at any time.

Pursuant to various financing agreements to which they are parties, Bombardier Capital Ltd., Bombardier Capital Inc. and Learjet Inc. are subject to certain restrictions as to payment of dividends. The Corporation, as intervenor, is also subject to certain restrictions as to the receipt of dividends from these subsidiaries. These subsidiaries have undertaken to maintain certain financial ratios or a minimum level of net worth, which may have the indirect effect of restricting payment of dividends by these subsidiaries.

Item 6 Management's Discussion and Analysis

A discussion and analysis by management of the financial condition and results of operations for the fiscal years ended January 31, 2001 and January 31, 2000 is presented under the item "Management's Discussion and Analysis" on pages 28 to 55 of the Corporation's Annual Report for the 2000-2001 fiscal year, which item is incorporated herein by reference. To complement the financial discussion and analysis, reference is made to the consolidated financial statements for the fiscal years ended January 31, 2001 and January 31, 2000, the summary of significant accounting policies and the notes to the consolidated financial statements on pages 67 to 95 of the Corporation's Annual Report for the 2000-2001 fiscal year, which consolidated financial statements, summary and notes are incorporated herein by reference.

Item 7 Market for the Securities of the Issuer

The Class A Shares, the Class B Subordinate Voting Shares and the Series 2 Preferred Shares of the Corporation are listed for trading on The Toronto Stock Exchange. The Class B Subordinate Voting Shares are also listed for trading on the Frankfurt Stock Exchange in Germany and on the Brussels Stock Exchange in Belgium.

Item 8 Directors and Officers

The names of the directors and officers of the Corporation, their municipality of residence, the positions held by the directors and officers within the Corporation, the principal occupations of the directors, the period during which each director has exercised his mandate, as well as the number of Class A Shares, Class B Subordinate Voting Shares or Deferred Stock Units, as the case may be, of the Corporation that the directors, as at April 18, 2001, owned beneficially or over which they exercised control or direction, are indicated below. No Series 2 Preferred Shares are held by any director. One officer holds 1,000 Series 2 Preferred Shares.

<i>Directors</i>	Period of service as a director	Approximate number of shares or units of the Corporation owned beneficially by a director or over which the director exercised control or direction as at April 18, 2001		
		Class A Shares	Class B Subordinate Voting Shares	Deferred Stock Units
YVAN ALLAIRE Westmount, Québec Executive Vice-President of the Corporation and Chairman of Bombardier Capital	1998 to date	9,728	233,691	0
LAURENT BEAUDOIN, C.C., FCA ^{(1)(a)(c)} Westmount, Québec Chairman of the Board and of the Executive Committee of the Corporation	1975 to date	482,432	7,520,384	0
J.R. ANDRÉ BOMBARDIER ^{(a)(c)} Nuns' Island, Verdun, Québec Vice Chairman of the Corporation	1975 to date	73,087,488 ⁽²⁾	712,595	0
JANINE BOMBARDIER Westmount, Québec President and Governor, J. Armand Bombardier Foundation, charitable organization	1984 to date	70,223,488 ⁽³⁾	0	1,325
ROBERT E. BROWN ^(a) Westmount, Québec President and Chief Executive Officer of the Corporation	1999 to date	0	51,687	0
ANDRÉ DESMARAIS ^(c) Westmount, Québec President and Co-Chief Executive Officer, Power Corporation of Canada, holding and management corporation	1985 to date	0	126,400	1,844
JEAN-LOUIS FONTAINE ^{(4)(a)(b)} Westmount, Québec Vice Chairman of the Corporation	1975 to date	4,097,472	73,508	0
THE HON. JEAN-PIERRE GOYER, P.C., Q.C. ^(b) Montréal, Québec Lawyer and company director	1982 to date	0	27,600	0
DANIEL JOHNSON ^(b) Montréal, Québec Counsel, McCarthy Tétrault, Barristers and Solicitors	1999 to date	0	1,200	1,708

Directors

	Period of service as a director	Approximate number of shares or units of the Corporation owned beneficially by a director or over which the director exercised control or direction as at April 18, 2001		
		Class A Shares	Class B Subordinate Voting Shares	Deferred Stock Units
PIERRE LEGRAND, Q.C. ^{(a)(c)} Nuns' Island, Verdun, Québec Senior Partner, Ogilvy Renault, Barristers and Solicitors	1975 to date	7,168	0	0
DONALD C. LOWE ^(b) Toronto, Ontario Corporate Director and Consultant	1987 to date	0	532,000	1,836
JEAN C. MONTY ^{(a)(c)} Montréal, Québec Chairman and Chief Executive Officer, BCE Inc. Chairman and Chief Executive Officer, Bell Canada, Telecommunications companies	1998 to date	0	10,000	1,969
JAMES E. PERRELLA Annapolis, Maryland, U.S.A. Retired Chairman and Chief Executive Officer, Ingersoll-Rand Company, diversified industrial company and components manufacturer	1999 to date	0	10,000	1,261
PAUL M. TELLIER ^(a) Westmount, Québec President and Chief Executive Officer, Canadian National, transportation company	1997 to date	0	8,000	1,370
HUGO UYTERHOEVEN Weston, Massachusetts, U.S.A. Timken Professor of Business Administration Emeritus, Harvard Business School	1983 to date	0	0	1,453

- (1) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with J.R. André Bombardier, Janine Bombardier and Huguette Bombardier Fontaine), control or direction over 70,223,488 Class A Shares of the Corporation.
 - (2) Mr. J.R. André Bombardier exercises, through holding corporations which he controls (either directly or in concert with Claire Bombardier Beaudoin, Janine Bombardier and Huguette Bombardier Fontaine), control or direction over 73,087,488 Class A Shares of the Corporation.
 - (3) Mrs. Janine Bombardier exercises, through holding corporations which she controls (either directly or in concert with Claire Bombardier Beaudoin, J.R. André Bombardier and Huguette Bombardier Fontaine), control or direction over 70,223,488 Class A Shares of the Corporation.
 - (4) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Claire Bombardier Beaudoin, J.R. André Bombardier and Janine Bombardier), control or direction over 68,623,488 Class A Shares of the Corporation.
- (a) Member of the Executive Committee.
 - (b) Member of the Audit Committee.
 - (c) Member of the Compensation Committee.

Each director remains in office until the following annual shareholders' meeting or until the election of his successor, unless he resigns or his office becomes vacant as a result of his death, removal or any other cause.

Officers who are not Directors

Name and Municipality of Residence	Position held within the Corporation
Michel Baril Saint-Bruno, Québec	President and Chief Operating Officer, Bombardier Recreational Products
Richard Bradeen Westmount, Québec	Vice-President, Corporate Audit and Risk Assessment
Roger Carle Town of Mount Royal, Québec	Corporate Secretary
Daniel Desjardins Nuns' Island, Verdun, Québec	Vice-President, Legal Services and Assistant Secretary
Robert Gillespie Westmount, Québec	President and Chief Operating Officer, Bombardier Capital
Michael S. Graff Montréal, Québec	President and Chief Operating Officer, Bombardier Aerospace
Robert Greenhill Outremont, Québec	President and Chief Operating Officer, Bombardier International
Jean-Yves Leblanc Outremont, Québec	Chairman, Bombardier Transportation
Carroll L'Italien Westmount, Québec	Senior Vice-President
Michel Lord Nuns' Island, Verdun, Québec	Vice-President, Communications and Public Relations
Pierre Lortie St-Lambert, Québec	President and Chief Operating Officer, Bombardier Transportation
Louis Morin Kirkland, Québec	Senior Vice-President and Chief Financial Officer
Barry J. Olivella Toronto, Ontario	Vice-President, Special Projects
Marie-Claire Simoneau Montréal, Québec	Executive Assistant to the Chairman

As at April 10, 2001, the directors of the Corporation (other than Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and the officers of the Corporation, as a group, owned beneficially, directly or indirectly, 4,697,820 Class A Shares and 10,983,054 Class B Subordinate Voting Shares, representing 1,36% and 1,07%, respectively, of the outstanding shares of each such class.

The directors and officers of the Corporation who have not occupied their current principal occupations for more than five years have had the following principal occupations during the last five years, except that where a director or officer has held more than one position in the same company or an affiliate of such company, only the date of his appointment to his current position is indicated:

- Yvan Allaire has been Executive Vice-President of the Corporation and Chairman of Bombardier Capital since February 1, 1999. Prior to that date, he was Executive Vice-President, Strategy and Corporate Affairs of the Corporation since May 1, 1996. As the co-founder of a Canadian strategic planning consulting firm, he has been an advisor to the executive management of several large Canadian corporations, including, since 1985, to the Chairman of the Board and of the Executive Committee of the Corporation.

- Michel Baril has been President and Chief Operating Officer, Bombardier Recreational Products since February 1, 2001; prior to that date, he was Executive Vice President, Bombardier Transportation since May 2000; he had previously been Executive Vice-President, Operations, Bombardier Aerospace since September 1998; before that, he had been President of the Mass Transit Division of Bombardier Transportation since June 1996.
- Laurent Beaudoin has been Chairman of the Board and of the Executive Committee of the Corporation since February 1, 1999; prior to that date, he was President, Chairman and Chief Executive Officer of the Corporation since June 18, 1996 and, before that, he had been Chairman and Chief Executive Officer since April 1978.
- Richard Bradeen has been Vice-President, Corporate Audit and Risk Assessment of the Corporation since February 1, 2001; prior to that date, he was Vice-President, Acquisitions and Strategic Alliances of the Corporation since February 1, 1999. Before that, he had been Vice-President, Acquisitions, since August 1, 1997. Prior to that date, he had been a partner of Ernst & Young since 1988.
- Robert Brown has been President and Chief Executive Officer of the Corporation since February 1, 1999; prior to that date, he was President and Chief Operating Officer of Bombardier Aerospace since May 15, 1996 and, before that, he had been President of Bombardier Aerospace – North America since 1992.
- Roger Carle has been Corporate Secretary of the Corporation since October 6, 2000; before that, he was Director, Legal Services and Corporate Secretary since September 17, 1996; from June 1996 to September 1996, he was Director, Legal Services and Assistant Secretary of the Corporation; from April 1, 1996 to June 18, 1996, he had been Director, Legal Services of the Corporation; and from July 1993 to April 1, 1996, he had been Director, Legal Services of Bombardier Aerospace – North America.
- Daniel Desjardins has been Vice-President, Legal Services and Assistant Secretary of the Corporation since April 6, 1998; prior to that date, he had been, since February 1986, a partner of Hudon, Gendron, Harris, Thomas.
- André Desmarais has been President and Co-Chief Executive Officer of Power Corporation of Canada since May 10, 1996; prior to that date, he had been President and Chief Operating Officer of the same corporation since May 1991.
- Robert Gillespie holds the position of President and Chief Operating Officer of Bombardier Capital since February 1, 2001; prior to that date, he was President of Bombardier Aerospace, Business Aircraft since September 1999; from March 1998 to September 1999, he was President of Bombardier Aerospace, Regional Aircraft, and from May 1995 to March 1998, he was President of Bombardier Business JetSolutions.
- Michael S. Graff has been President and Chief Operating Officer of Bombardier Aerospace since February 1, 1999; prior to that date, he was President of the Bombardier Aerospace Business Aircraft division since June 1, 1996. Prior to joining the Corporation, he had been a partner at McKinsey & Company Management Consultants.
- Robert Greenhill has been President and Chief Operating Officer of Bombardier International since October 23, 2000; prior to that date, he was Senior Vice-President, Strategy since September 20, 2000, and before that date, Vice-President, Strategy since October 1, 1996; prior to that date, he had been Director, Strategic Planning since May 1995.
- Daniel Johnson has been counsel at the law firm McCarthy Tétrault since July 1998. Prior to that date, he sat as a member of the Quebec National Assembly for more than 17 years and was leader of the Quebec Liberal Party from December 1993 to April 1998; he served as Premier of Quebec from January to September 1994 and as Leader of the Opposition from September 1994 to May 1998.
- Jean-Yves Leblanc has been Chairman of Bombardier Transportation since December 6, 2000; prior to that date he had been President and Chief Operating Officer of Bombardier Transportation since May 15,

1996; previously, he had been President, Transportation Equipment Group – North America from March 1992 to May 15, 1996.

- Carroll L'Italien has been Senior Vice-President of the Corporation since July 24, 1999; prior to that date, he was, since June 1996, President of Alcan Smelters and Chemicals Limited and later became President of Alcan Primary Metal – North America; previously, he had been Vice-President, Human Resources and Organizational Development for Bombardier from 1992 to 1996.
- Pierre Lortie has been President and Chief Operating Officer of Bombardier Transportation since December 6, 2000; prior to that date, he was President and Chief Operating Officer of Bombardier Capital since February 16, 2000; previously, he was President and Chief Operating Officer of Bombardier International since April 6, 1998 and previously President of the Regional Aircraft division since August 1993.
- Jean C. Monty has been Chairman and Chief Executive Officer of BCE Inc. since April 26, 2000, before which he was President and Chief Executive Officer of BCE Inc. since May 6, 1998 while previously he was President and Chief Operating Officer of BCE Inc. from October 1, 1997 to May 6, 1998; he is also Chairman and Chief Executive Officer of Bell Canada since February 28, 1998; previously, he had been President and Chief Executive Officer of Northern Telecom Limited from March 1993 to February 1997 when he became its Vice-Chairman and Chief Executive Officer.
- Louis Morin has been Senior Vice-President and Chief Financial Officer of the Corporation since September 20, 2000 and before that Vice-President, Finance of the Corporation since April 1, 1999; from March 1, 1997 to March 31, 1999, he was Vice-President, Finance of Bombardier Aerospace; previously, he had been Vice-President and Controller of the Corporation between October 1, 1996 and February 28, 1997 and Vice-President, Financial Management, Aerospace Sector from February 1, 1993 to September 30, 1996.
- Barry J. Olivella has been Vice-President, Special Projects of the Corporation since February 1, 1999; prior to this date, he was Vice-President, Acquisitions and Strategic Alliances of the Corporation since April 1990.
- James E. Perella has been Retired Chairman and Chief Executive Officer of Ingersoll-Rand Company since June 1, 2000 and before that, the Chairman of the Board of Directors of Ingersoll-Rand Company since October 1, 1999; previously, he was its Chairman and Chief Executive Officer since April 1999; from November 1993 to April 1999, he had been its Chairman, President and Chief Executive Officer.
- Marie-Claire Simoneau has been Executive Assistant to the Chairman since February 1, 1999; prior to that date, she was Executive Assistant to the Chief Executive Officer since April 21, 1986.

Item 9 Additional Information

Additional information, including remuneration of directors and officers, loans to directors and officers, principal holders of the Corporation's securities, as well as stock options and interest of insiders in material transactions is, where applicable, contained in the Corporation's management proxy circular for its most recent annual meeting of shareholders at which directors were elected. Additional financial information, including comparative consolidated audited financial statements, is provided in the Corporation's Annual Report to shareholders for the fiscal year ended January 31, 2001. Copies of these documents may be obtained free of charge upon request from the Public Relations Department, 800 René-Lévesque Boulevard West, Montréal, Québec H3B 1Y8.

In addition, when the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed, the following documents may be obtained free of charge from the Public Relations Department of the Corporation:

- (i) one copy of the Annual Information Form, together with one copy of any document or portion thereof incorporated by reference therein;

- (ii) one copy of the comparative financial statements of the Corporation for its most recently completed fiscal year together with the report of the auditors thereon and one copy of any interim financial statements of the Corporation subsequent to the financial statements for its most recently completed fiscal year;
- (iii) one copy of the Corporation's management proxy circular for its most recent annual meeting of shareholders which involved the election of directors; and
- (iv) one copy of any other document that is incorporated by reference in the preliminary short form prospectus or the short form prospectus.

At any other time, one copy of the documents referred to in subparagraphs (i), (ii) and (iii) above will be provided free of charge upon request to the Public Relations Department or by consulting Bombardier's web site at www.bombardier.com.