THIRD
QUARTERLY REPORT

Three-month period ended October 31, 2009

The following table shows the abbreviations used in this report.

Term	Description	Term	Description
AcSB	Accounting Standards Board	EPS	Earnings per share attributable to the shareholders of Bombardier Inc.
AFS	Available for sale	GAAP	Generally accepted accounting principles
AOCI	Accumulated other comprehensive income	HFT	Held for trading
BA	Bombardier Aerospace	IASB	International Accounting Standards Board
BT	Bombardier Transportation	IFRS	International Financial Reporting Standards
CTA	Cumulative translation adjustment	L&R	Loans and receivables
DSU	Deferred share unit	MD&A	Management's discussion and analysis
EBIT	Earnings before financing income, financing expense and income taxes	OCI	Other comprehensive income
EBITDA	Earnings before financing income, financing expense, income taxes and depreciation and amortization	PSU	Performance share unit
		R&D	Research and development
		RVG	Residual value guarantee
EBT	Earnings before income taxes	SG&A	Selling, general and administrative
		VIE	Variable interest entity

MANAGEMENT'S DISCUSSION AND ANALYSIS

All amounts in this report are expressed in U.S. dollars and all amounts in the tables of this report are in millions of U.S. dollars, unless otherwise indicated.

OVERVIEW

HIGHLIGHTS

- Revenues of $4.6 billion, in line with the same period last fiscal year.
- EBIT of $262 million, or 5.7% of revenues, compared to $296 million, or 6.5%, for the same period last fiscal year.
- Net income of $168 million (diluted EPS of $0.09), compared to $226 million (diluted EPS of $0.12) for the same period last fiscal year.
- Free cash flow of $72 million, compared to a usage of $226 million for the same period last fiscal year.
- Cash position of $3.0 billion as at October 31, 2009, compared to $3.5 billion as at January 31, 2009.
- Order backlog of $47.4 billion as at October 31, 2009, compared to $48.2 billion as at January 31, 2009.
- In December 2009, AMR Eagle Holding Corporation signed a purchase agreement for 22 *CRJ700* regional jets, which based on list price is valued at $779 million.
- Signing of a $4.0 billion landmark order to supply 80 very high speed trains to the Ministry of Railways of China, of which our share is $2.0 billion.

This MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The data presented in this MD&A is structured by manufacturing segment: BA and BT, and then by market segment, which is reflective of our organizational structure. Some financial measures used in this MD&A are not in accordance with Canadian GAAP. See the Non-GAAP financial measures section hereafter for reconciliation to the most comparable Canadian GAAP measures.

Materiality for disclosures
We determine if information is material based on whether we believe a reasonable investor's decision to buy, sell or hold our securities would likely be influenced or changed if the information were omitted or misstated.

FORWARD-LOOKING STATEMENTS

This MD&A 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”, the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require us to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. While we consider our assumptions to be reasonable and appropriate based on information currently 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 MD&A, refer to the respective Forward-looking statements sections in BA and BT in the MD&A of the Corporation's annual report for fiscal year 2009.

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

CURRENT MARKET ENVIRONMENT

According to the World Economic Outlook report published in October 2009 by the International Monetary Fund ("IMF"), the recovery from the deepest recession in 60 years continues, with emerging and developing economies leading the way and major advanced economies also experiencing gains in activity. As most of this recovery was triggered by the significant economic stimuli provided by certain governments, the IMF expects the pace of the recovery to slow down as these stimuli programs are replaced by real financial growth. Our results for the first nine months of fiscal year 2010 have been impacted by this recession, mainly at BA, and both groups continue to look for ways to reduce overall costs in their operations and improve their working capital.

The aerospace industry continues to experience challenging conditions, adding pressure on production schedules and operating margins. As a result, BA decided to reduce its production rates for all business jets in the first quarter of fiscal year 2010, and to do the same for all regional jets in the fourth quarter of the current fiscal year. BA continues to closely monitor its exposure to significant reductions in aircraft orders, as well as cancellations and deferrals of existing orders. In the near term, BA's revenues, EBIT margin and free cash flow will continue to be negatively impacted by the recession. To mitigate the impact, BA remains focused on flawless execution, cost-reduction programs, and operational and working capital improvements.

While the economic uncertainty remains, we continue to see stabilization in the key indicators of the health of the business aircraft market (primarily fleet utilization and the number of pre-owned aircraft available for sale). However, the business aircraft market has historically experienced a lag between the time the economy recovers and the time it positively impacts revenues. For the commercial aircraft market, according to the International Air Transport Association ("IATA") News and Industry Times Report dated September 2009, conserving cash, careful capacity management and cutting costs are critical for the airlines, and have led to a significant reduction in order activity as airlines are not replenishing and expanding their fleets.

For the rail industry, the current market conditions are mixed. On the positive side, BT received a number of significant orders illustrating its strong position in the marketplace, including a landmark order for 80 *ZEFIRO* 380 trains from the Ministry of Railways of China. However, the economic uncertainty continues to affect the rail industry, with low funding availability for the private sector and an ongoing decline in freight traffic. As a result, some orders in the areas of freight locomotives and services are being cancelled or delayed, while the full effects of worldwide stimuli programs remain to be seen. In line with these market conditions, we are taking measures to adjust our capacity in North America and in services in order to sustain our competitiveness.

CONSOLIDATED ANALYSIS OF RESULTS

Analysis of results

	Three-month periods ended October 31 [1]		Nine-month periods ended October 31 [1]	
	2009	2008 [2]	**2009**	2008 [2]
Revenues	**$ 4,597**	$ 4,571	**$ 14,014**	$ 14,292
Cost of sales	**3,825**	3,694	**11,713**	11,636
Margin	**772**	877	**2,301**	2,656
Selling, general and administrative	**357**	402	**1,065**	1,171
Research and development	**38**	34	**87**	121
Other expense (income)	**(11)**	6	**(30)**	(43)
EBITDA	**388**	435	**1,179**	1,407
Amortization	**126**	139	**369**	416
EBIT	**262**	296	**810**	991
Financing income	**(29)**	(80)	**(87)**	(223)
Financing expense	**70**	105	**210**	305
EBT	**221**	271	**687**	909
Income taxes	**53**	45	**159**	195
Net income	**$ 168**	$ 226	**$ 528**	$ 714
Attributable to:				
Shareholders of Bombardier Inc.	**$ 167**	$ 222	**$ 521**	$ 699
Non-controlling interests	**$ 1**	$ 4	**$ 7**	$ 15
Basic and diluted EPS (in dollars)	**$ 0.09**	$ 0.12	**$ 0.29**	$ 0.39
Free cash flow	**$ 72**	$ (226)	**$ (727)**	$ 433

(1) Effective February 1, 2009, we elected to early adopt Section 1602 "Non-controlling interests" (see the Accounting and reporting developments section in Other for further details). Comparative figures include a reclassification of non-controlling interests of $4 million for the three-month period and $15 million for the nine-month period from other income to net income attributable to non-controlling interests.

(2) Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).

Selected financial information

	October 31, 2009	January 31 2009
Order backlog (in billions of dollars)	**$ 47.4**	$ 48.2
Cash and cash equivalents	**$ 3,020**	$ 3,470

Revenues and EBIT margin

	Three-month periods ended October 31			Nine-month periods ended October 31		
	2009	2008	Increase (decrease)	**2009**	2008	Increase (decrease)
Revenues						
BA	**$ 2,064**	$ 2,292	(10%)	**$ 6,682**	$ 7,188	(7%)
BT	**$ 2,533**	$ 2,279	11%	**$ 7,332**	$ 7,104	3%
Consolidated	**$ 4,597**	$ 4,571	1%	**$ 14,014**	$ 14,292	(2%)
EBIT margin			Percentage points			Percentage points
BA	**5.0%**	7.7%	(2.7)	**5.5%**	8.7%	(3.2)
BT	**6.3%**	5.3%	1.0	**6.0%**	5.2%	0.8
Consolidated	**5.7%**	6.5%	(0.8)	**5.8%**	6.9%	(1.1)

A detailed analysis of results is provided in the Analysis of results sections in BA and BT.

Net financing expense

Net financing expense amounted to $41 million and $123 million for the three- and nine-month periods ended October 31, 2009, compared to $25 million and $82 million for the same periods last fiscal year.

The $16-million and $41-million increases for the three- and nine-month periods are mainly due to:

- lower interest income on cash and cash equivalents ($37 million for the three-month period, $102 million for the nine-month period), consistent with lower variable interest rates and a lower average level of cash on hand; and
- lower interest income on invested collateral ($9 million for the three-month period, $29 million for the nine-month period), consistent with the lower level of invested collateral required under the new BT and BA letter of credit facilities and lower variable interest rates.

Partially offset by:

- lower interest expense on long-term debt, after the effect of hedges ($23 million for the three-month period, $71 million for the nine-month period), consistent with lower variable interest rates; and
- positive variations in fair value of financial instruments ($17 million for the three-month period, $39 million for the nine-month period).

Income taxes

The effective income tax rate was 24.0% and 23.1% respectively for the three- and nine-month periods ended October 31, 2009, compared to the statutory income tax rate of 31.3%. The lower effective tax rates are mainly due to the positive impact of the recognition of tax benefits related to operating losses and temporary differences.

The effective income tax rate was 16.6% and 21.5% respectively for the three- and nine-month periods ended October 31, 2008, compared to the statutory income tax rate of 31.5%. The lower effective tax rates were mainly due to the positive impact of the recognition of tax benefits related to operating losses and temporary differences, as well as to the lower effective income tax rates of foreign investees, partially offset by permanent differences.

LIQUIDITY AND CAPITAL RESOURCES

The difficult economic conditions had a negative impact on our liquidity, especially during the first quarter of fiscal year 2010. While the economic uncertainty remains, we are seeing positive trends and both BA and BT have improved their free cash flow in the second and third quarters of fiscal year 2010 compared to the first quarter. A detailed analysis of free cash flow is provided in the Analysis of results sections in BA and BT.

Going forward, BA's cash flow from operating activities should continue to gradually recover as we realign our production and supply chain material inflow with demand, we sell aircraft in our finished product inventories and new orders continue their recovery. BT's free cash flow for fiscal year 2010 is expected to be positive but lower than EBIT, as BT's profitability is partially offset by an increase in net segmented assets resulting from the high level of activity in rolling stock. On a consolidated basis, we expect a positive free cash flow for the fourth quarter. However, we expect the free cash flow for fiscal year 2010 to remain negative. We continue to monitor market conditions for opportunities to generate cash flows and to ensure strict control of discretionary expenditures to limit our cash outflows.

Reconciliation of free cash flow to cash flow from operating activities

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Segmented free cash flow				
BA	**$ 61**	$ 9	**$ (479)**	$ 399
BT	**32**	(243)	**(79)**	120
Segmented free cash flow	**93**	(234)	**(558)**	519
Income taxes and net financing expense[(1)]	**(21)**	8	**(169)**	(86)
Free cash flow	**72**	(226)	**(727)**	433
Add back: Net additions to property, plant and equipment and intangible assets	**186**	158	**495**	344
Cash flow from operating activities	**$ 258**	$ (68)	**$ (232)**	$ 777

[(1)] Income taxes and net financing expense are not allocated to segments.

Variation in cash and cash equivalents

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Balance as at beginning of period	**$ 2,804**	$ 4,277	**$ 3,470**	$ 3,602
Free cash flow	**72**	(226)	**(727)**	433
Effect of exchange rate changes on cash and cash equivalents	**198**	(705)	**443**	(495)
Dividends paid	**(46)**	(48)	**(131)**	(106)
Invested collateral	**-**	-	**81**	-
Repayments of long-term debt	**(3)**	(49)	**(7)**	(112)
Purchase of Class B shares held in trust under the PSU plan	**-**	(1)	**(21)**	(54)
Other	**(5)**	3	**(88)**	(17)
Balance as at end of period	**$ 3,020**	$ 3,251	**$ 3,020**	$ 3,251

We consider that our cash balance of $3.0 billion as at October 31, 2009 combined with our expected free cash flow will enable the development of new products to enhance our competitiveness and support our growth when demand returns, will allow the payment of dividends, if and when declared by the Board of Directors, and will enable us to meet all other expected financial requirements in the near term.

Credit Facilities

Letter of credit facilities

	Amount committed	Letters of credit issued	Amount available	Maturity (fiscal year)
October 31, 2009				
BT facility	**$ 5,533** (1)	**$ 4,372**	**$ 1,161**	**2014** (2)
BA facility	**600**	**482**	**118**	**2012**
PSG facility	**900**	**491**	**409**	**2010** (3)
	$ 7,033	**$ 5,345**	**$ 1,688**	
January 31, 2009				
BT facility	$ 4,801 (1)	$ 4,446	$ 355	2014 (2)
Previous BA facility	840	655	185	2012
PSG facility	250	30	220	2010 (3)
	$ 5,891	$ 5,131	$ 760	

(1) €3,750 million.
(2) In December 2011, the committed amount will be reduced to the notional amount of letters of credit outstanding at that time and will amortize thereafter as the outstanding letters of credit mature up to December 2013.
(3) The performance security guarantee facility ("PSG facility") is renewed and extended annually if mutually agreed. In December 2009, if the facility is not extended, the letters of credit issued under this facility will amortize over their maturity.

On June 30, 2009, a $600-million facility agreement was signed with a syndicate of first-quality financial institutions, mainly North America-based, available for the issuance of letters of credit to support BA's operations as well as the general needs of the Corporation excluding BT, in replacement of the previous BA facility. Also, the amount committed under the PSG facility was increased by $650 million in the nine-month period ended October 31, 2009, to provide greater availability.

Under the BA and BT facilities, we must maintain certain financial covenants, including a requirement to maintain a minimum BT liquidity of € 600 million at the end of each calendar quarter and a requirement to maintain a minimum BA liquidity of $500 million at the end of each fiscal quarter. In addition, we must maintain € 446 million ($658 million) of invested collateral under the BT facility and $121 million under the BA facility. These conditions were all met as at October 31, 2009.

In addition to the outstanding letters of credit shown in the above table, letters of credit of $502 million were outstanding under various bilateral agreements as at October 31, 2009 ($257 million as at January 31, 2009). One of these agreements is a €111-million ($164-million) revolving letters of credit facility available for a specific customer, which was fully drawn as at October 31, 2009 ($73 million as at January 31, 2009).

Revolving credit facility
On September 1, 2009, our Board of Directors approved a $500-million two-year unsecured revolving credit facility with a syndicate of commercial banks and other institutions. This facility is available for cash drawings for the general working capital needs of the Corporation, and was unused as at October 31, 2009.

Other facilities
In the normal course of its business, BT has set up factoring facilities in Europe to which it can sell, without recourse, qualifying trade receivables. Trade receivables of $169 million sold to such facilities were outstanding as at October 31, 2009 ($18 million as at January 31, 2009). Trade receivables of $174 million and $374 million were sold to these facilities during the three- and nine-month periods ended October 31, 2009.

In addition, BA has set up off-balance sheet sale and leaseback facilities to which it can sell pre-owned business aircraft. An amount of $174 million sold to such facilities was outstanding as at October 31, 2009 ($54 million as at January 31, 2009), $71 million and $120 million of which were added during the three- and nine-month periods ended October 31, 2009.

CAPITAL STRUCTURE

We analyze our capital structure using global leverage metrics, which are based on a broad economic view of the Corporation, taking into consideration in the definition of adjusted debt the total pension deficit (including the off-balance sheet portion) and the net present value of operating lease obligations.

These global leverage metrics do not represent the calculations required for bank covenants. For compliance purposes, we regularly monitor bank covenants to ensure that they are all consistently met. However, our focus is more on the global leverage metrics, as they represent the key metrics used to analyze our capital structure.

Global leverage metrics(1)

	Target (2)	**October 31, 2009**	January 31, 2009
Interest coverage			
Adjusted EBIT		**$ 1,456**	$ 1,535
Adjusted net interest		**$ 387**	$ 244
Adjusted EBIT to adjusted net interest ratio	Greater than 5.0	**3.8**	6.3
Financial leverage			
Adjusted debt		**$ 6,625**	$ 5,841
Adjusted EBITDA		**$ 2,007**	$ 2,129
Adjusted debt to adjusted EBITDA ratio	Lower than 2.5	**3.3**	2.7
Capitalization			
Adjusted debt		**$ 6,625**	$ 5,841
Adjusted total capitalization		**$ 10,342**	$ 8,906
Adjusted debt to adjusted total capitalization ratio	Lower than 55%	**64%**	66%

(1) Refer to the Non-GAAP financial measures section hereafter for definitions and reconciliations to the most comparable Canadian GAAP measures.
(2) See Forward-looking statements section in Overview.

The current economic situation creates volatility that affects our performance, as reflected in our global leverage metrics. This volatility is expected to continue until economic conditions stabilize. Upon return to normal credit and economic conditions, we remain committed to improving our capital structure by deleveraging our balance sheet, and reaching the global leverage metrics targets set.

Overall, only our adjusted debt to adjusted total capitalization ratio has improved since January 31, 2009. The variance in our global leverage metrics are a combination of numerous factors:

- Adjusted EBIT and adjusted EBITDA have decreased by $79 million and $122 million respectively due to lower BA profitability following the impact of the recession on the aerospace industry, partially offset by higher BT profitability.
- Adjusted net interest has increased by $143 million due to a higher average credit spread for our credit rating, a higher net financing expense and the higher pension deficit.
- Adjusted debt has increased by $784 million, mainly due to the foreign exchange impact ($605 million). The pension deficit has increased from $1.5 billion as at December 31, 2008 (year-end measurement date) to an estimated $1.9 billion as at September 30, 2009 (third quarter measurement date), and $259 million of this $394-million increase is due to the foreign exchange impact.
- Adjusted total capitalization has increased by $1.4 billion, mainly as a result of the increase in adjusted debt described above ($784 million), net income for the period ($528 million) and a positive CTA impact ($224 million), partially offset by dividends declared ($131 million).

FINANCIAL POSITION

	October 31 2009	January 31 2009	Increase (decrease) Foreign exchange impact	Increase (decrease) Variance excluding foreign exchange	Explanation of variances other than foreign exchange impact
Cash and cash equivalents	**$ 3,020**	$ 3,470	$ 443	$ (893)	See the previous Variation in cash and cash equivalents table for details.
Invested collateral	**781**	777	85	(81)	Release of a portion of existing BA collateral
Receivables	**1,974**	1,981	121	(128)	$ (134) Lower level of receivables in BT
Aircraft financing	**458**	418	5	35	No significant variance
Gross inventories	**10,522**	8,830	790	902	$ 905 Ramp up in production at BT
Advances and progress billings related to long-term contract costs	**(6,313)**	(5,380)	852	81	Increased activities at BT
Advances on aerospace programs	**2,412**	2,991	-	(579)	Negative net order intake for business aircraft
Property, plant and equipment	**1,649**	1,568	130	(49)	$ (121) Amortization $ (22) Proceeds from disposal $ 125 Additions
Intangible assets	**1,607**	1,399	28	180	$ 395 Additions $ (240) Amortization
Fractional ownership					
- deferred costs	**300**	444	-	(144)	Decline in fractional aircraft shares as a result of
- deferred revenues	**395**	573	-	(178)	the current economic environment
Deferred income tax asset	**1,073**	1,216	65	(208)	$ (198) Deferred income tax recorded on derivatives that were in aggregate in an asset position as at October 31, 2009 compared to a liability position as at January 31, 2009.
Accrued benefit					
- assets	**1,021**	926	-		
- liabilities	**(1,105)**	(992)	48		
	(84)	(66)	48	(30)	No significant variance
Derivatives					Strengthening of the pound sterling and Canadian
- assets	**654**	626	-		dollar compared to the U.S. dollar and expiration
- liabilities	**(474)**	(1,194)	(7)		of out-of-the money derivatives.
	180	(568)	7	741	
Goodwill	**2,369**	2,010	359	-	No variance
Other assets	**1,107**	949	52	106	$ 149 Increase in investment in VIEs, following the elimination of the $150-million prepayment under an exchange agreement, that was subsequently invested in a VIE. $ 111 Increase in investment in securities $ (150) Elimination of the prepayment under an exchange agreement.
Accounts payable and accrued liabilities	**(7,825)**	(6,922)	574	329	$ 249 Ramp-up in production at BT
Long-term debt	**(4,301)**	(3,952)	326	23	No significant variance
Shareholders' equity	**(3,710)**	(2,610)	n/a	1,100	$ 528 Net income $ 448 Positive impact of cash flow hedges measured at fair value $ 224 Positive CTA impact $ (131) Dividends declared

n/a: Not applicable.

NON-GAAP FINANCIAL MEASURES

This MD&A is based on reported earnings in accordance with Canadian GAAP and on the following non-GAAP financial measures:

Non-GAAP financial measures

EBITDA	Earnings before financing income, financing expense, income taxes and depreciation and amortization.
Free cash flow	Cash flows from operating activities less net additions to property, plant and equipment and intangible assets.
Capital structure	
Adjusted debt	Long-term debt plus total pension deficit (including the off-balance sheet portion) and net present value of operating lease obligations.
Adjusted EBIT	EBIT plus adjustment for operating leases and pension deficit.
Adjusted EBITDA	EBITDA plus amortization adjustment for operating leases and adjustment for operating leases and pension deficit.
Adjusted net interest	Financing income and financing expense plus adjustment for operating leases and pension deficit.
Adjusted total capitalization	Adjusted debt plus shareholders' equity less amount in AOCI relating to cash flow hedges.

We believe that a significant number of users of our MD&A analyze our results based on these performance measures. These non-GAAP measures are mainly derived from the interim consolidated financial statements, but do not have a standardized meaning prescribed by Canadian GAAP; therefore, others using these terms may calculate them differently.

A reconciliation to the most comparable GAAP financial measures is provided in the table hereafter except for the following reconciliations:

- EBITDA to EBIT – see the respective Results of operations table in BA and BT; and
- free cash flow to cash flows from operating activities – see the Reconciliation of free cash flow to cash flow from operating activities table before.

Reconciliation of adjusted debt to long-term debt

	October 31, 2009	January 31, 2009
Long-term debt	**$ 4,301**	$ 3,952
Pension deficit	**1,937** [(1)]	1,543
Operating lease obligations[(2)]	**387**	346
Adjusted debt	**$ 6,625**	$ 5,841

(1) Represents the estimated pension deficit as at September 30, 2009 (third quarter measurement date).
(2) Discounted using the average five-year U.S. Treasury notes plus the average credit spread, given our credit rating, for the corresponding periods.

Reconciliation of adjusted EBITDA and adjusted EBIT to EBIT

	Four-quarter trailing periods ended	
	October 31, 2009	January 31, 2009 [1]
EBIT	**$ 1,248**	$ 1,429
Adjustment for operating leases and pension deficit[2]	**208**	106
Adjusted EBIT	**1,456**	1,535
Amortization adjustment for operating leases[3]	**43**	39
Amortization	**508**	555
Adjusted EBITDA	**$ 2,007**	$ 2,129

(1) Following the adoption of Section 1602 "Non-controlling interests" (see Accounting and reporting developments section in Other for further details), EBIT, adjusted EBIT and adjusted EBITDA now include income attributable to non-controlling interests. The January 31, 2009 figures have been restated accordingly.
(2) Represents the interest cost of a debt equivalent to the amount included in adjusted debt for these two items, bearing interest at the average five-year U.S. swap rate plus the average credit default swap spread for the related twelve months, given our credit rating for the corresponding periods.
(3) Represents a straight-line amortization of the amount included in adjusted debt for operating leases, based on a nine-year amortization period.

Reconciliation of adjusted net interest to financing income and financing expense

	Four-quarter trailing periods ended	
	October 31, 2009	January 31, 2009
Financing income and financing expense	**$ 179**	$ 138
Adjustment for operating leases and pension deficit[1]	**208**	106
Adjusted net interest	**$ 387**	$ 244

(1) Represents the interest cost on a debt equivalent to the amount included in adjusted debt for these two items, bearing interest at the average five-year U.S. swap rate plus the average credit default swap spread for the related twelve months, given our credit rating for the corresponding periods.

Reconciliation of adjusted total capitalization to shareholders' equity

	October 31, 2009	January 31, 2009
Shareholders' equity[1]	**$ 3,710**	$ 2,610
Exclude: amount in AOCI related to cash flow hedges	**7**	455
Adjusted debt	**6,625**	5,841
Adjusted total capitalization	**$ 10,342**	$ 8,906

(1) Following the adoption of Section 1602 "Non-controlling interests" (see Accounting and reporting developments section in Other for further details), shareholders' equity now includes non-controlling interests. The January 31, 2009 figure has been restated accordingly.

AEROSPACE

HIGHLIGHTS

- Revenues of $2.1 billion, compared to $2.3 billion for the same period last fiscal year.
- EBIT of $103 million, or 5.0% of revenues, compared to $176 million, or 7.7%, for the same period last fiscal year.
- Free cash flow of $61 million, compared to $9 million for the same period last fiscal year.
- 61 aircraft deliveries, compared to 80 for the same period last fiscal year.
- 7 net orders, compared to 68 for the same period last fiscal year.
- Order backlog of $18.1 billion as at October 31, 2009, compared to $23.5 billion as at January 31, 2009.
- In December 2009, AMR Eagle Holding Corporation signed a purchase agreement for 22 *CRJ700* regional jets, which based on list price is valued at $779 million.
- As previously announced, we will reduce our *CRJ* production rates. This reduction will start in January 2010 and will lead to a reduction in workforce by approximately 715 employees throughout our facilities in the Montréal area.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008 [1]	**2009**	2008 [1]
Revenues				
Manufacturing				
Business aircraft	**$ 834**	$ 1,220	**$ 3,059**	$ 3,840
Commercial aircraft	**560**	453	**1,787**	1,481
Other	**172**	162	**474**	450
Total manufacturing revenues	**1,566**	1,835	**5,320**	5,771
Services[2]	**342**	390	**1,015**	1,234
Other[3]	**156**	67	**347**	183
Total revenues	**2,064**	2,292	**6,682**	7,188
Cost of sales	**1,739**	1,793	**5,647**	5,656
Margin	**325**	499	**1,035**	1,532
Selling, general and administrative	**144**	187	**445**	535
Research and development	**10**	8	**(4)**	38
Other expense (income)[4]	**(26)**	16	**(54)**	12
EBITDA	**197**	288	**648**	947
Amortization	**94**	112	**281**	322
EBIT	**$ 103**	$ 176	**$ 367**	**$** 625
(as a percentage of total revenues)				
Margin	**15.7%**	21.8%	**15.5%**	21.3%
EBITDA	**9.5%**	12.6%	**9.7%**	13.2%
EBIT	**5.0%**	7.7%	**5.5%**	8.7%

(1) Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).
(2) Includes revenues from parts logistics, aircraft fractional ownership and hourly flight entitlement programs' service activities, product support activities (including aircraft maintenance and commercial training) and Military Aviation Training ("MAT").
(3) Includes mainly sales of pre-owned aircraft.
(4) Includes net loss (gain) on certain financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates), settlement of claims and losses (gains) related to disposals of businesses, property, plant and equipment and intangible assets.

Total aircraft deliveries

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2009**	2008	**2009**	2008
Business aircraft				
Excluding those of the fractional ownership program	**33**	55	**126**	170
Fractional ownership program[(1)]	**-**	2	**1**	11
	33	57	**127**	181
Commercial aircraft	**27**	22	**86**	73
Amphibious aircraft	**1**	1	**3**	2
	61	80	**216**	256

(1) An aircraft delivery is included in the above table when the equivalent of 100% of the fractional shares of an aircraft model has been sold to external customers through *Flexjet*.

Manufacturing revenues

The $269-million decrease for the three-month period is mainly due to:

- lower deliveries and selling prices for business aircraft, partially offset by a higher percentage of wide-body aircraft deliveries ($386 million).

Partially offset by:

- higher revenues for commercial aircraft mainly due to higher deliveries ($107 million).

The $451-million decrease for the nine-month period is mainly due to:

- lower deliveries and selling prices for business aircraft, partially offset by a higher percentage of wide-body aircraft deliveries ($781 million).

Partially offset by:

- higher revenues for commercial aircraft mainly due to higher deliveries, as well as the sale of an additional amphibious aircraft ($332 million).

Services revenues

The $48-million and $219-million decreases for the three- and nine-month periods are mainly due to:

- lower fractional share and hourly flight entitlement programs’ service activities, mainly resulting from fewer hours flown by customers ($25 million for the three-month period, $133 million for the nine-month period);
- lower business aircraft maintenance revenues and volume for spare parts resulting from lower flight activity due to the current economic environment ($82 million for the nine-month period); and
- lower product support activities mainly related to amphibious aircraft ($24 million for the three-month period, $25 million for the nine-month period).

Other revenues

The $89-million and $164-million increases for the three- and nine-month periods are mainly due to:

- higher deliveries of pre-owned business aircraft, mainly as a result of a higher level of pre-owned aircraft inventory ($99 million for the three-month period, $208 million for the nine-month period).

Partially offset by:

- different mix of pre-owned commercial aircraft deliveries ($41 million for the nine-month period).

EBIT margin

The 2.7 and 3.2 percentage-point decreases for the three- and nine-month periods are mainly due to:

- lower selling prices for business aircraft;
- higher cost of sales per unit, mainly due to price escalations of materials and, for the nine-month period, disruption costs in connection with changes in production rates;
- the mix between business and commercial aircraft deliveries;
- lower margins for services activities;
- a provision for write-down of inventories mainly due to lower market values for pre-owned aircraft; and
- the net negative impact in other expense (income) from the revaluation at the balance sheet date of certain balance sheet accounts in foreign currencies.

Partially offset by:

- liquidated damages from customers, mainly as a result of business aircraft order cancellations;
- a net positive variance on certain financial instruments carried at fair value;
- lower SG&A expenses, mainly due to lower business aircraft deliveries; and
- lower amortization expense, due to aerospace program tooling on some aircraft models being fully amortized.

The EBIT margin for the nine-month period ended October 31, 2009 was also impacted by the following non-recurring items:

- severance and other involuntary termination costs of $32 million recorded in other expense (income), resulting from the decisions in February and April 2009 to reduce our workforce and production rates;
- $28 million recorded as a reduction in R&D expenses, following the receipt of contingently repayable government investments in connection with previously expensed R&D costs for the *CSeries* family of aircraft; and
- a gain of $10 million recorded in other expense (income), resulting from the sale of a building.

The EBIT margin for the nine-month period ended October 31, 2008 was also impacted by the following non-recurring items recorded in other expense (income):

- a gain of $28 million, arising from the settlement with a supplier with respect to the transfer of production of certain components for the *CRJ* family of aircraft to another third-party supplier; and
- a loss of $23 million, related to accumulated foreign exchange losses in connection with the sale of Skyjet International.

FREE CASH FLOW

Free cash flow

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008 [1]	**2009**	2008 [1]
EBIT	**$ 103**	$ 176	**$ 367**	$ 625
Non-cash items:				
Amortization				
Program tooling	**66**	80	**195**	234
Other	**28**	32	**86**	88
Loss (gain) on disposals of property, plant and equipment	**1**	-	**(10)**	4
Stock-based compensation	**6**	6	**17**	18
Net change in non-cash balances related to operations	**(2)**	(166)	**(756)**	(297)
Net additions to property, plant and equipment and intangible assets	**(141)**	(119)	**(378)**	(273)
Free cash flow	**$ 61**	$ 9	**$ (479)**	$ 399

[1] Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).

The $52-million increase for the three-month period is mainly due to:

- a positive period-over-period variation in net change in non-cash balances related to operations ($164 million) (see explanation below).

Partially offset by:

- lower profitability ($73 million); and
- higher net additions to property, plant and equipment and intangible assets ($22 million).

The $878-million decrease for the nine-month period is mainly due to:

- a negative period-over-period variation in net change in non-cash balances related to operations ($459 million) (see explanation below);
- lower profitability ($258 million); and
- higher net additions to property, plant and equipment and intangible assets ($105 million).

Net change in non-cash balances related to operations
For the three-month period ended October 31, 2009, the $2-million cash outflow is mainly due to:

- a decrease in advances on aerospace programs, resulting from low net order intake for business and commercial aircraft; and
- an increase in accounts receivable.

Partially offset by:

- an increase in accounts payable and accrued liabilities.

For the three-month period ended October 31, 2008, the $166-million cash outflow is mainly due to the increase in inventories, partially offset by an increase in accounts payable and accrued liabilities and advances on aerospace programs.

For the nine-month period ended October 31, 2009, the $756-million cash outflow is mainly due to a decrease in advances on aerospace programs, resulting mainly from a negative net order intake for business aircraft.

For the nine-month period ended October 31, 2008, the $297-million cash outflow is mainly due to an increase in inventories and receivables, partially offset by an increase in advances on aerospace programs and accounts payable and accrued liabilities.

PRODUCT DEVELOPMENT

Product development costs

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Program tooling additions[1]	**$ 111**	$ 96	**$ 335**	$ 215
Program change and engineering[2]	**26**	34	**79**	90
R&D expenses	**10**	8	**(4)**	38
	$ 147	$ 138	**$ 410**	$ 343
As a percentage of manufacturing revenues	**9.4%**	7.5%	**7.7%**	5.9%

(1) Capitalized in intangible assets.
(2) Included in cost of sales.

The program tooling additions are mainly due to the development of the *CSeries* family of aircraft, the *CRJ1000 NextGen* aircraft, as well as the *Learjet 85* aircraft programs.

The decrease in R&D expenses for the nine-month period is mainly due to a reduction in R&D expenses following the receipt of contingently repayable investments from the governments of Canada, Québec and the U.K. in connection with previously expensed R&D costs for the *CSeries* aircraft program ($37 million less a reversal of investment tax credits of $9 million, for a net of $28 million). In addition, R&D costs related to the *CSeries* aircraft program amounting to $16 million were expensed in the prior fiscal year up to the July 2008 launch date of the program. Subsequent to July 2008, development costs related to the *CSeries* aircraft program were capitalized in program tooling.

Commercial aircraft

CRJ1000 NextGen
Development testing of the *CRJ1000 NextGen* aircraft is progressing. The prototype aircraft has met or exceeded predicted performance levels and the aircraft weight is consistent with our expectations. The first production aircraft completed its first flight in July 2009. As well, the *CRJ1000 NextGen* simulator was certified by Transport Canada, the Federal Aviation Administration (“FAA”) and the European Aviation Safety Agency (“EASA”) in July 2009. Since the second quarter of fiscal year 2010, flight testing has been suspended, pending software updates to the rudder control-by-wire system. Given the delay, flight testing will be completed later than anticipated and the type certification and first aircraft deliveries will be delayed to the second half of fiscal year 2011.

CSeries
The Joint Conceptual Definition Phase (“JCDP”) is where Bombardier and collaborators/suppliers co-operate together and coordinate their efforts to refine the aircraft configuration, define systems architectures and functionality, and outline the technical requirements. The Joint Definition Phase (“JDP”) is where the supplier base is co-located with the Bombardier program team to define the overall configuration of the aircraft and interface, before the suppliers return to their home base to complete their respective component design in the Detail Design Phase (DDP). The JDP brings greater product definition and concludes with the preliminary design freeze. All major suppliers have now successfully completed the JCDP of the development program. The *CSeries* aircraft program officially transitioned from the JCDP to the JDP.

Shenyang Aircraft Corporation, a subsidiary of the state-owned aviation industrial entity China Aviation Industry Corporation, has successfully completed and delivered the centre fuselage test barrel that will be used as a technology test demonstrator. Extensive testing on the demonstrator barrel has started.

The composite wing development program, which is underway at our Belfast, Northern Ireland site, is on schedule. The Belfast site has successfully assembled a pre-production demonstrator wing using its innovative Resin Transfer Infusion advanced composites process, and is on track to begin testing in early fiscal year 2011. In November 2009, we announced that construction had begun on our new wing manufacturing and assembly facility in Belfast.

Groundbreaking for the Complete Integrated Aircraft Systems Test Area (“CIASTA”) facility took place in September 2009 at Mirabel, Québec. The CIASTA is one of several buildings that will be used in the *CSeries* aircraft test program. The CIASTA will house a complete *CSeries* aircraft test rig for functionality and reliability tests of aircraft systems and software. Tests will be conducted for one year before the first test aircraft flies, thus mitigating potential risks and providing opportunities for improvements in the *CSeries* leading-edge technologies and processes. The design and construction of the CIASTA is on track and the first building is expected to be ready for test-rig assembly by the end of the first quarter of next fiscal year.

Another recent achievement for the *CSeries* aircraft program includes the completion of a series of wind tunnel tests, which have confirmed the *CSeries* aircraft overall performance benefits.

Q400 NextGen
In May 2009, the first *Q400 NextGen* aircraft was delivered to Norwegian regional carrier Widerøe Flyveselskap A/S, a subsidiary of SAS Scandinavian Airlines.

Business aircraft

Global Vision
On August 3, 2009, a *Global Express XRS* aircraft equipped with a *Global Vision* flight deck had a successful first test flight. The aircraft was ferried to the Bombardier Flight Test Center in Wichita, Kansas, to begin a rigorous flight test program, which will set the stage for type certification by Transport Canada, the FAA and the EASA. The *Global Vision* flight deck, scheduled for certification in the third quarter of fiscal year 2011 and entry into service in fiscal year 2012, will provide increased situational awareness and comfort to pilots of the *Global* family of aircraft.

Learjet 85
We are currently in the JDP and have agreements with all major suppliers on the program, including propulsion, air systems, avionics, electrical, hydro-mechanics, structures and interiors. We are also progressing through our Composite Technology Readiness Phase. As part of this activity, we have built two proof-of-concept composite fuselages. As well, wind tunnel testing has been completed. We have started composite manufacturing on additional prototype parts in Querétaro, Mexico.

Learjet 40 XR
In May 2009, we introduced an extended range option for the *Learjet 40 XR* aircraft. The 268-nautical mile (496-km) range extension on the *Learjet 40 XR* aircraft is now available as an option on all new *Learjet 40 XR* aircraft orders. In addition, the aircraft now has enhanced navigational capabilities.

Carrying amount of program tooling

	October 31, 2009	January 31, 2009
Business aircraft		
Learjet Series	**$ 189**	$ 116
Challenger Series	**257**	313
Global Series	**139**	143
Commercial aircraft		
CRJ Series	**487**	471
Q-Series	**41**	60
CSeries	**199**	72
	$ 1,312	$ 1,175

CUSTOMER SUPPORT AND SERVICES

In October 2009, we announced that we will open in early calendar year 2010 our first wholly owned European aircraft service center, Bombardier Aerospace Netherlands B.V., at Schiphol Airport in Amsterdam, Netherlands. This new addition to our company-owned aircraft service center network, currently consisting of six facilities in North America, will enable us to better support our growing fleet of *Learjet, Challenger and Global* aircraft in the region.

In November 2009, we announced that we will offer our commercial aircraft customers in the Middle East ready access to parts through our existing parts depot at Dubai International Airport. The facility, which currently services *Learjet*, *Challenger* and *Global* aircraft customers, will be equipped in the coming months to meet the parts requirements of the *CRJ* Series, *Q-Series* and eventually the *CSeries* aircraft customers in the region.

AIRCRAFT DELIVERIES

Business aircraft deliveries
According to the latest General Aviation Manufacturers Association (“GAMA”) report dated November 4, 2009, for the third quarter of the current calendar year, we continue to be the business aircraft industry leader in terms of revenues and units delivered in the business aircraft market categories in which we compete. Based on delivery data submitted to GAMA for these market categories, we increased our business aircraft market share in units delivered from 26% for calendar year 2008, to 32% for the nine-month period ended September 30, 2009. However, the aviation industry continues to experience difficulties as a result of the weak economy, with overall business jet deliveries declining by 38% in the first three quarters of calendar 2009 compared to the same period last year.

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2009**	2008	**2009**	2008
Narrow-body business jets				
Learjet 40/40 XR/Learjet 45/45 XR	**4**	11	**26**	37
Learjet 60 XR	**4**	7	**8**	22
Wide-body business jets				
Challenger 300	**7**	13	**28**	41
Challenger 605	**9**	12	**22**	30
Global 5000/Global Express XRS	**8**	12	**38**	38
Challenger 800 Series	**1**	2	**5**	13
	33	57	**127**	181

The economic downturn and credit scarcity have created a significant challenge for our business aircraft customers. This has led several customers to either defer or cancel their aircraft deliveries and has also resulted in a decline in the fractional aircraft shares sold to external customers by *Flexjet*. Although credit conditions have generally improved, credit availability continued to be an issue in the three-month period ended October 31, 2009, which resulted in delays in the recognition of aircraft deliveries as some customers experienced difficulties in obtaining financing for their aircraft. In response to the current market demand, we have reduced production rates for all business aircraft, as previously announced on February 5, 2009 and April 2, 2009.

Commercial aircraft deliveries

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2009**	2008	**2009**	2008
Regional jets				
CRJ700 NextGen	**7**	2	**17**	2
CRJ900 NextGen	**5**	8	**25**	35
Turboprops				
Q200	**-**	1	**-**	2
Q300	**1**	2	**6**	5
Q400/Q400 NextGen	**14**	9	**38**	29
	27	22	**86**	73

BACKLOG AND ORDERS

Total order backlog

(in billions of dollars)	**October 31, 2009**	January 31, 2009
Aircraft programs	**$ 17.3**	$ 22.7
MAT	**0.8**	0.8
	$ 18.1	$ 23.5

The decrease in the order backlog reflects the significantly higher business aircraft order cancellations, as well as an overall level of new orders lower than revenues in business aircraft and regional jets, partially offset by orders received for the *CSeries* family of aircraft in the first quarter of the current fiscal year.

We manage our order backlog by reviewing the production horizon of our products, including the establishment of production rates and the assessment of our supply base capacity. We also perform regular reviews of our order backlog to align delivery schedules. Following the lower level of orders and the higher-than-usual level of cancellations and deferrals, we decided to reduce our production rates for all business aircraft in the first quarter of fiscal year 2010, and to do the same for all our regional jets in the fourth quarter of fiscal year 2010.

Total aircraft net orders and book-to-bill ratio

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Aircraft net orders (in units)				
Business aircraft (including those of the fractional ownership program)	**2** [(1)]	48	**(92)** [(2)]	270
Commercial aircraft	**1**	20	**66**	89
Amphibious aircraft	**4**	-	**4**	2
	7	68	**(22)**	361
Book-to-bill ratio[(3)]				
Business aircraft	**0.1**	0.8	**(0.7)**	1.5
Commercial aircraft	**-**	0.9	**0.8**	1.2
	0.1	0.9	**(0.1)**	1.4

(1) 26 new orders, net of 24 cancellations. In addition, there were nine firm order conversions to other business aircraft models.
(2) 68 new orders, net of 160 cancellations. In addition, there were 31 firm order conversions to other business aircraft models.
(3) Defined as net orders received over aircraft deliveries, in units.

Business aircraft

Although the business aircraft market is still experiencing difficulties, it is starting to show signs of stability with the aircraft net orders for the three-month period ended October 31, 2009 returning to a positive position for the first time since the third quarter of fiscal year 2009. The negative net order intake during the nine-month period ended October 31, 2009 reflects significant order cancellations and a reduction in demand for business aircraft due to the current worldwide economic environment.

On August 20, 2009, we announced the termination of a purchase agreement with Jet Republic consisting of 25 firm orders and 85 conditional orders for the *Learjet 60 XR* aircraft, which was originally announced in the three-month period ended July 31, 2008. As a result of this termination, 25 *Learjet 60 XR* aircraft orders were removed from the order backlog as at July 31, 2009.

Commercial aircraft net orders

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2009**	2008	**2009**	2008
Regional jets				
CRJ700 NextGen	**-**	-	**-**	18
CRJ900 NextGen	**-**	2	**(4)**	23
CRJ1000 NextGen	**-**	6	**4**	6
Commercial jets				
CS100	**-**	-	**33**	-
CS300	**-**	-	**17**	-
Turboprops				
Q400/Q400 NextGen	**1**	12	**16**	42
	1	20	**66**	89

In the three-month period ended July 31, 2009, we received a firm order for 15 *CRJ1000 NextGen* aircraft from Air Nostrum of Spain, valued at $793 million based on the list price. Air Nostrum has now placed firm orders for a total of 35 *CRJ1000 NextGen* aircraft worth $1.75 billion. In the same period, Air Nostrum also converted a firm order for five *CRJ900 NextGen* aircraft to a firm order for five *CRJ1000 NextGen* aircraft.

On August 11, 2009, we announced the termination of a firm order with MyAir.com of Italy regarding the remaining 15 undelivered *CRJ1000 NextGen* aircraft. As a result of this termination, 15 *CRJ1000 NextGen* aircraft orders were removed from the order backlog as at July 31, 2009.

In December 2009, we announced that AMR Eagle Holding Corporation, the parent company of American Eagle Airlines Inc., signed a firm order agreement for 22 *CRJ700* regional jets. The transaction represents the conversion of 22 options held by the airline. Based on list price, the contract is valued at $779 million.

The low level of order intake for commercial aircraft during the three- and nine-month periods ended October 31, 2009 reflects the significantly reduced demand for commercial aircraft, consistent with the current worldwide economic environment. According to IATA, airlines in most regions of the world are experiencing lower passenger traffic demand and have had to reduce their aircraft utilization and adjust their capacity to match this demand.

Commercial aircraft significant orders

	Nine-month period ended October 31, 2009
(in units)	
CRJ1000 NextGen	
Air Nostrum	15
CS100	
Deutsche Lufthansa AG	30 [1]
Lease Corporation International Aviation (New Buildings) Limited	3
CS300	
Lease Corporation International Aviation (New Buildings) Limited	17
Q400/Q400 NextGen	
MIG Aviation 3 Limited[2]	8
Undisclosed customer	5

[1] These aircraft will be operated by Lufthansa's subsidiary, Swiss International Air Lines Ltd.
[2] A subsidiary of Marfin Investment Group Holdings S.A. of Greece.

Commercial aircraft order backlog and options and conditional orders

	October 31, 2009		January 31, 2009	
	Aircraft on firm order	**Options and conditional orders**	Aircraft on firm order	Options and conditional orders
Regional jets				
CRJ700 NextGen	**29**	**30**	46	38
CRJ900 NextGen	**26**	**118**	55	184
CRJ1000 NextGen	**49**	**4**	45	20
Commercial jets				
CS100	**33** [1]	**33**	-	-
CS300	**17** [1]	**17**	-	-
Turboprops				
Q300	**-**	**-**	6	-
Q400/Q400 NextGen	**92**	**125**	114	129
	246	**327**	266	371

[1] Includes 20 firm orders with conversion rights to the other *CSeries* aircraft model.

Specialized and amphibious aircraft
On October 28, 2009, the Government of Newfoundland and Labrador purchased four *Bombardier 415* amphibious aircraft to replace a portion of its aging fleet. Based on list price, the contract is worth $120 million and includes aircraft modifications, spare parts provisioning, training and technical support. Aircraft deliveries will begin in the second quarter of fiscal year 2011 and continue through fiscal year 2012.

WORKFORCE

Total number of employees

	October 31, 2009	January 31, 2009
Permanent	**27,800**	30,000
Contractual	**1,400**	2,500
	29,200	32,500

In February and April 2009, we announced a reduction in the production rates for all business aircraft and regional jets to reflect current market conditions, which would result in a total workforce reduction of 4,360 employees. Severance and other involuntary termination costs of $32 million associated with these layoffs were recorded during the first quarter of fiscal year 2010. The workforce reductions, which took place at all of our manufacturing sites, began in February 2009. The reduction of permanent employees includes unionized, salaried and management personnel. As at October 31, 2009, most of the 4,360 previously announced layoffs have taken place.

The current economic and airline industry environment continues to make it difficult to gain new aircraft orders, particularly for the *CRJ* aircraft family. Consequently, as we had previously indicated, we will reduce our *CRJ* aircraft production rates. The adjustment to the *CRJ* aircraft production rates will result in the layoff of approximately 715 employees throughout Bombardier's facilities in the Montréal area, starting January 2010 through the first two quarters of the next fiscal year. Severance costs associated with this latest reduction in the workforce level are approximately $10 million. This adjustment to the workforce level also includes a small number of layoffs related to a decrease in the *Bombardier 415* amphibious aircraft production rate.

Collective agreements

The International Association of Machinists and Aerospace Workers 639, covering approximately 900 employees in Wichita, expired on October 5, 2009. A three-year agreement was reached, which became effective October 3, 2009 and which will expire on October 8, 2012.

The agreements with Unite the Union and the General Machinists & Boilermakers (GMB), covering approximately 4,300 employees in Belfast, will expire on January 25, 2010.

TRANSPORTATION

HIGHLIGHTS

- Revenues of $2.5 billion, an increase of $254 million compared to the same period last fiscal year.
- EBIT of $159 million, or 6.3% of revenues, compared to $120 million, or 5.3%, for the same period last fiscal year.
- Free cash flow of $32 million, compared to a usage of $243 million for the same period last fiscal year.
- $3.6 billion in new orders (book-to-bill[1] ratio of 1.4), compared to $2.8 billion (book-to-bill ratio of 1.2) for the same period last fiscal year.
- Order backlog of $29.3 billion as at October 31, 2009, compared to $24.7 billion as at January 31, 2009, mainly due to a positive currency impact of $4.1 billion.
- Signing of a $4.0 billion landmark order to supply 80 very high speed trains to the Ministry of Railways of China, of which our share is $2.0 billion.

(1) Ratio of new orders over revenues.

ANALYSIS OF RESULTS

Results of operations[1]

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008 [2]	**2009**	2008 [2]
Revenues				
Rolling stock[3]	**$ 1,827**	$ 1,577	**$ 5,325**	$ 4,741
Services[4]	**352**	366	**1,051**	1,164
System and signalling[5] [6]	**354**	336	**956**	1,199
Total revenues	**2,533**	2,279	**7,332**	7,104
Cost of sales	**2,086**	1,901	**6,066**	5,980
Margin	**447**	378	**1,266**	1,124
Selling, general and administrative	**213**	215	**620**	636
Research and development	**28**	26	**91**	83
Other expense (income)[7]	**15**	(10)	**24**	(55)
EBITDA	**191**	147	**531**	460
Amortization	**32**	27	**88**	94
EBIT	**$ 159**	$ 120	**$ 443**	$ 366
(as a percentage of total revenues)				
Margin	**17.6%**	16.6%	**17.3%**	15.8%
EBITDA	**7.5%**	6.5%	**7.2%**	6.5%
EBIT	**6.3%**	5.3%	**6.0%**	5.2%

(1) The results of operations of entities using functional currencies other than the U.S. dollar (mainly the euro, pound sterling and other Western European currencies) are translated into U.S. dollars using the average exchange rates for the relevant periods. The impact of lower exchange rates of the euro and other European currencies compared to the U.S. dollar negatively affects revenues and positively affects expenses, while higher exchange rates would have the opposite impact (defined as "negative currency impact" and "positive currency impact"). See Foreign exchange rates section in Other for the average exchange rates used to translate revenues and expenses.
(2) Effective February 1, 2009, the Corporation elected to early adopt Section 1602 "Non-controlling interests" (see Accounting and reporting developments section in Other for further details). Comparative figures include a reclassification of non-controlling interests of $4 million for the three-month period and $15 million for the nine-month period from other expense (income) to net income attributable to non-controlling interests.
(3) Comprised of light rail vehicles, metro cars, commuter and regional trains, intercity trains, high speed and very high speed trains, locomotives, propulsion and controls, as well as bogies revenues, presented in the caption manufacturing revenues in the interim consolidated statements of income.
(4) Comprised of fleet maintenance, refurbishment and overhaul, as well as material solutions revenues.
(5) The revenues of system and signalling are presented in the caption other revenues in the interim consolidated statements of income.
(6) Excluding the rolling stock portion of system orders manufactured by our other divisions.
(7) Includes net loss (gain) on certain financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates), losses (gains) from equity accounted investees, losses (gains) on disposals of property, plant and equipment and intangible assets.

Revenues by geographic region

	Three-month periods ended October 31				Nine-month periods ended October 31			
	2009		2008		**2009**		2008	
Europe	**$ 1,712**	**68%**	$ 1,687	74%	**$ 5,217** [(1)]	**71%**	$ 5,453	77%
Asia-Pacific	**446**	**18%**	277	12%	**1,100**	**15%**	712	10%
North America	**267**	**10%**	236	10%	**749**	**10%**	731	10%
Other	**108**	**4%**	79	4%	**266**	**4%**	208	3%
	$ 2,533		$ 2,279		**$ 7,332**		$ 7,104	

[(1)] In currencies of origin, revenues increased by $445 million in the nine-month periods, but this increase was more than offset by a negative currency impact.

Rolling stock revenues

The $250-million increase for the three-month period is mainly due to increased activities:

- in the commuter and regional trains segment and in the metro segment, mainly in France, Germany, India, Sweden and Denmark ($258 million);
- in the intercity, high speed and very high speed segment in China ($104 million); and
- in the propulsion and controls segment in China ($36 million).

Partially offset by:

- the completion of an intercity contract in the Netherlands ($122 million); and
- lower activities in the locomotive segment ($79 million).

The increase also reflects a positive currency impact ($23 million).

The $584-million increase for the nine-month period is mainly due to increased activities:

- in the commuter and regional trains segment and in the metro segment, mainly in France, Germany, India, the U.K., Denmark and Sweden ($599 million);
- in the intercity, high speed and very high speed segment in China ($297 million);
- in the locomotive segment in Germany and Spain ($212 million); and
- in the propulsion and controls segment in China ($69 million).

The increase was partially offset by a negative currency impact ($491 million).

Services revenues

The $14-million decrease for the three-month period is mainly due to a negative currency impact ($6 million).

The $113-million decrease for the nine-month period is mainly due to:

- a negative currency impact ($148 million).

Partially offset by:

- an increase in activities in Europe, mainly in Germany and Norway ($49 million).

System and signalling revenues

The $18-million increase for the three-month period is mainly due to:

- an increase in activities in signalling in Europe and Asia ($34 million); and
- the ramp-up of a system project in South Africa ($14 million).

Partially offset by:

- lower activities in systems in Europe and Asia ($35 million).

The $243-million decrease for the nine-month period is mainly due to:

- last year’s payment of £95 million ($189 million) to Westinghouse Rail Systems Limited (“WRSL”) regarding the de-scoping of the Metronet Sub-Surface Lines signalling sub-contract, which under contract accounting led to an increase in costs and revenues by the same amount (no margin);
- a negative currency impact ($85 million);
- the reduced scope of the Metronet Sub-Surface Lines signalling contract ($46 million); and
- lower activities in systems in Europe and Asia ($39 million).

Partially offset by:

- an increase in activities in signalling in Europe and Asia ($108 million); and

- the ramp-up of a system project in South Africa ($53 million).

EBIT margin
The 1.0 and 0.8 percentage-point increases for the three- and nine-month periods are mainly due to:
- better contract execution, mainly in North America; and
- better absorption of fixed costs as a result of the ramp-up in production.

Partially offset by:
- a lower net gain compared to the same period last fiscal year related to foreign exchange fluctuations and certain financial instruments carried at fair value.

The EBIT margin for the three- and nine-month periods ended October 31, 2009 was also impacted by 1.0% ($25 million) and 0.4% ($27 million) for provisions recorded in other expense (income) related to planned capacity adjustments, to reflect the impact of timing of new orders in some market segments and to sustain our competitiveness.

The EBIT margin for the nine-month period ended October 31, 2008 was also impacted by:
- the above-mentioned payment on the Metronet Sub-Surface Lines signalling sub-contract, where BT recognized £95 million ($189 million) of revenues at no margin, which generated a negative impact of 0.4% on margin and 0.1% on EBIT margin; and
- a gain on the sale of properties in fiscal year 2009 recorded in other expense (income), impacting EBIT margin by 0.3%.

FREE CASH FLOW

Free cash flow

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008 [(1)]	**2009**	2008 [(1)]
EBIT	**$ 159**	$ 120	**$ 443**	$ 366
Non-cash items:				
Amortization	**32**	27	**88**	94
Gain on disposals of property, plant and equipment	**(1)**	-	**(1)**	(21)
Stock-based compensation	**6**	8	**17**	19
Net change in non-cash balances related to operations	**(119)**	(359)	**(509)**	(267)
Net additions to property, plant and equipment and intangible assets	**(45)**	(39)	**(117)**	(71)
Free cash flow	**$ 32**	$ (243)	**$ (79)**	$ 120

(1) Restated following a change in accounting policy related to a new accounting principle on fair value measurement (see the Accounting and reporting developments section in Other for further details).

The $275-million increase for the three-month period is mainly due to a positive period-over-period variation in net change in non-cash balances related to operations ($240 million) (see explanations below) and higher profitability ($39 million).

The $199-million decrease for the nine-month period is mainly due to a negative period-over-period variation in net change in non-cash balances related to operations ($242 million) (see explanations below), partially offset by higher profitability ($77 million).

Net change in non-cash balances related to operations
For the three-month period ended October 31, 2009, the $119-million cash outflow is mainly due to a decrease in advances and progress billings, as the positive impact of the strong book-to-bill ratio is not yet entirely reflected in our level of advances. For instance, we only received the $2.0 billion order on *ZEFIRO* 380 at the end of the quarter, and have not yet received the related advanced payments.

For the three-month period ended October 31, 2008, the $359-million cash outflow was mainly due to a decrease in advances and progress billings in excess of related long-term contract costs.

For the nine-month period ended October 31, 2009, the $509-million cash outflow is mainly due to higher activities in rolling stock leading to an increase in inventories, partially offset by an increase in accounts payable and accrued liabilities, and a decrease in accounts receivable.

For the nine-month period ended October 31, 2008, the $267-million cash outflow was mainly due to the above-mentioned settlement of £95 million ($189 million) to WRSL and an increase in inventories, partially offset by an increase in advances and progress billings in excess of related long-term contract costs.

BACKLOG AND ORDERS

Order backlog

(in billions of dollars)		**October 31, 2009**		January 31, 2009
Rolling stock	**$**	**20.3**	$	16.8
Services		**6.0**		5.4
System and signalling		**3.0**		2.5
	$	**29.3**	$	24.7

The increase is due to:

- the strengthening of foreign currencies as at October 31, 2009 compared to January 31, 2009, mainly the euro and pound sterling compared to the U.S. dollar ($4.1 billion); and
- order intake being higher than revenues recorded ($0.5 billion).

Order intake and book-to-bill ratio

	Three-month periods ended October 31				Nine-month periods ended October 31			
(in billions of dollars)		**2009**		2008		**2009**		2008
Rolling stock	**$**	**3.1**	$	1.6	**$**	**6.3**	$	4.2
Services		**0.1**		1.0		**0.6**		2.0
System and signalling		**0.4**		0.2		**0.9**		1.1
	$	**3.6**	$	2.8	**$**	**7.8**	$	7.3
Book-to-bill ratio		**1.4**		1.2		**1.1**		1.0

The increase in order intake for the three-month period is mainly due to:

- higher order intake in rolling stock in Asia, and in system and signalling in North America.

Partially offset by:

- fewer large orders received in services in Europe as some customers are postponing orders, given the current economic situation; and
- a negative currency impact ($204 million).

The increase in order intake for the nine-month period is mainly due to:

- higher order intake in rolling stock in Asia.

Partially offset by:

- fewer large orders received in services in Europe as some customers are postponing orders, given the current economic situation;
- a negative currency impact ($484 million); and
- lower order intake in system and signalling in Europe.

For the nine-month period ended October 31, 2009, we achieved a book-to-bill ratio of 1.1. This highlights BT's ability to capture market opportunities in a more challenging environment.

We received the following major orders during the first nine months of fiscal year 2010:

Customer	Product or service	Number of cars	Rolling stock	Services	System and signalling
Ministry of Railways of China, China	*ZEFIRO* 380 very high speed trains	1,120	$ 2,000[2]	$ -	$ -
Toronto Transit Commission (TTC), Canada	*FLEXITY* trams	204	735	-	-
Deutsche Bahn AG (DB), Germany	ET 430 series electrical multiple units ("EMUs")	332	605	-	-
Berliner Verkehrsbetriebe (BVG), Germany	*FLEXITY* trams	99	431	-	-
Régie Autonome des Transports Parisiens (RATP), France	Double-deck commuter trains	180[1]	386[3]	-	-
Phoenix Sky Harbor International Airport, U.S.	*INNOVIA* Automated People Mover (APM) System and operations and maintenance	-	-	-	255
London Eastern Railways (National Express), U.K.	*ELECTROSTAR* EMUs and three-year maintenance contract	120	249	-	-
Verkehrsbetriebe Karlsruhe GmbH (VBK), Germany	*FLEXITY* Swift trams	30	190	-	-
Deutsche Bahn AG (DB), Germany, for use in Bavaria and Thuringia	*TALENT* 2 trains	91	140	-	-
Deutsche Bahn AG (DB), Germany, for use in Central Hesse	*TALENT* 2 trains	82	131	-	-
Companhia do Metropolitano de São Paulo (CMSP), Brazil	Modernization services on the 30-year-old EMUs	-	-	120[3]	-
Undisclosed	EMUs	64[1]	108[3]	-	-

(1) Contract includes consortium partner. Only the number of cars in our share is stated.
(2) Contract performed through a joint venture. Only the value of our proportionate share is stated.
(3) Contract includes consortium partner. Only the value of our share is stated.

In September 2009, BT's Chinese joint venture Bombardier Sifang (Qingdao) Transportation Ltd. has been selected by the Ministry of Railways of China to supply 80 *ZEFIRO* 380 very high speed trains for the country's rapidly growing high speed rail network. The total value of the contract is $4.0 billion (including China's value-added tax), of which our share is $2.0 billion (excluding taxes).

The trains, with maximum operating speeds of 380 km/h, are based on our next-generation *ZEFIRO* high speed rail technology, and powered by a highly energy efficient *MITRAC* propulsion and control system. The *ZEFIRO* 380 trainsets will also incorporate our advanced *ECO4* energy saving technologies to create best-in-class energy and operating efficiencies.

The *ZEFIRO* 380 trains will be manufactured at Bombardier Sifang (Qingdao) Transportation Ltd. production facilities in Qingdao, China. Engineering will take place in Qingdao and at our centres in Europe, with project management and components provided from sites in Europe and China.

Subsequent to the end of the third quarter of fiscal year 2010, we also received an order for the supply of 100 E464 locomotives to Trenitalia, Italian Railways, amounting to $383 million, which is not included in the order backlog as at October 31, 2009.

OTHER

ACCOUNTING AND REPORTING DEVELOPMENTS

CHANGES IN ACCOUNTING POLICIES

Business combinations, consolidated financial statements and non-controlling interests
In January 2009, the AcSB released Section 1582 “Business combinations”, Section 1601 “Consolidated financial statements” and Section 1602 “Non-controlling interests”, which replace Section 1581 “Business combinations” and Section 1600 “Consolidated financial statements”.

Section 1582 provides the Canadian equivalent to IFRS 3 "Business Combinations". The new recommendations require measuring business acquisitions at the fair value of the acquired business, including the measurement at fair value of items such as non-controlling interests and contingent payment considerations. Also, the previously unrecognized deferred tax assets related to the acquiree subsequent to the business combination are recognized in the consolidated statements of income rather than as a reduction in goodwill. In addition, business acquisition related costs are expensed as incurred.

The adoption of Section 1582 should have a material effect on the accounting for business combinations that occur subsequent to February 1, 2009. Past acquisitions are not restated.

Section 1601, together with Section 1602, replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements and is aligned with the corresponding provisions of Section 1600.

Section 1602 is aligned with the corresponding provisions of IAS 27, “Consolidated and Separate Financial Statements” and establishes standards for accounting for non-controlling interests in a subsidiary subsequent to a business combination. Section 1602 introduces a number of changes, for example:

- in the consolidated balance sheets and consolidated statements of shareholders’ equity, non-controlling interests are now presented as a separate component of shareholders’ equity rather than as a liability;
- non-controlling interests are no longer recorded as a deduction from net income and total comprehensive income as a result of their presentation in equity;
- for the purpose of computing EPS, net income is attributed between the shareholders of Bombardier Inc. and the non-controlling interests based on their respective economic interests. The components of OCI are attributed following the same logic; and
- changes in non-controlling ownership interests not resulting in a loss of control are accounted for as equity transactions, with no gains and losses recorded in the consolidated statements of income.

We have elected to early adopt these sections, effective February 1, 2009, in order to more closely align ourselves with IFRS and mitigate the impact of adopting IFRS at the changeover date. In accordance with the transitional provisions, these sections have been applied prospectively, except for the presentation requirements for non-controlling interests, which must be applied retrospectively. The adoption of these sections did not have a significant impact on our consolidated financial statements but gave rise to the above-mentioned reclassifications of non-controlling interests.

Fair value measurements
In January 2009, the Emerging Issues Committee issued EIC-173 “Credit risk and the fair value of financial assets and financial liabilities”, which requires that the fair value of financial instruments, including derivative financial instruments, take into account the counterparties’ credit risks for assets and our own credit risk for liabilities. This interpretation must be applied retrospectively without restatement of prior years. We adopted this interpretation effective February 1, 2008.

Accordingly, we have re-measured certain financial instruments carried at fair value as at February 1, 2008 to take such risks into account. The resulting adjustments were recorded to retained earnings, except for derivative financial instruments in a fair value hedging relationship for which the resulting adjustment was recorded to the carrying value of the hedged item, and except for derivative financial instruments in a net investment hedging relationship for which the resulting adjustment was recorded in AOCI. Refer to our fiscal year 2009 annual report for the quantitative effect of adopting this fair value measurement change in accounting policy as at February 1, 2008 and its effect on the nine-month period ended October 31, 2009.

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be converged with IFRS effective in calendar year 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB is expected to continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date.

First reporting under IFRS is required for our interim and annual financial statements beginning February 1, 2011. We have developed a plan anchored around four phases to convert our Consolidated Financial Statements to IFRS, as described in our fiscal year 2009 annual report. We have also set up IFRS dedicated teams at all levels of the organization.

Our IFRS project is progressing according to plan. We continue to monitor standards to be issued by the IASB, but it is difficult to predict the IFRS that will be in effect at the end of our first IFRS reporting period, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011. We also continue to provide training to key employees and to monitor the impact of the transition on our business practices, systems and internal controls over financial reporting. We will provide updates as further progress is achieved and conclusions are reached.

CONTROLS AND PROCEDURES

No changes were made to our internal controls over financial reporting during the three-month period ended October 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

FOREIGN EXCHANGE RATES

We are subject to currency fluctuations from the translation of revenues, expenses, assets and liabilities of our self-sustaining foreign operations using a functional currency other than the U.S. dollar, mainly the euro, pound sterling and other Western European currencies, and from transactions denominated in foreign currencies, mainly the Canadian dollar and pound sterling.

The period-end exchange rates used to translate assets and liabilities were as follows as at:

	October 31, 2009	January 31, 2009	Increase
Euro	**1.4754**	1.2803	15%
Canadian dollar	**0.9282**	0.8088	15%
Pound sterling	**1.6478**	1.4411	14%

The average exchange rates used to translate revenues and expenses were as follows for the three-month periods ended October 31:

	2009	2008	Increase (decrease)
Euro	**1.4580**	1.4206	3%
Canadian dollar	**0.9267**	0.9162	1%
Pound sterling	**1.6270**	1.7920	(9%)

The average exchange rates used to translate revenues and expenses were as follows for the nine-month periods ended October 31:

	2009	2008	Decrease
Euro	**1.3826**	1.5057	(8%)
Canadian dollar	**0.8722**	0.9674	(10%)
Pound sterling	**1.5610**	1.9161	(19%)

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information for the last eight quarters.

	Fiscal year 2010						Fiscal year 2009	Fiscal year 2008
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter [1]	Second quarter [1]	First quarter [1]	Fourth quarter
Revenues	**$ 4,597**	$ 4,946	$ 4,471	$ 5,429	$ 4,571	$ 4,932	$ 4,789	$ 5,270
Net income	**$ 168**	$ 202	$ 158	$ 312 [2]	$ 226 [2]	$ 259 [2]	$ 229 [2]	$ 222 [2]
EPS (in dollars):								
Basic	**$ 0.09**	$ 0.11	$ 0.09	$ 0.17	$ 0.12	$ 0.14	$ 0.13	$ 0.12
Diluted	**$ 0.09**	$ 0.11	$ 0.09	$ 0.17	$ 0.12	$ 0.14	$ 0.12	$ 0.12

(1) Restated following a change in accounting policy related to a new accounting principle on fair value measurements (see the Accounting and reporting developments section in Other for further details).

(2) Restated following our early adoption as of February 1, 2009 of Section 1602 "Non-controlling interests" (see the Accounting and reporting development section in Other for further details).

INVESTOR INFORMATION

Authorized, issued and outstanding share data as at November 30, 2009

	Authorized	Issued and outstanding
Class A Shares (Multiple Voting)[(1)]	1,892,000,000	316,335,237
Class B Shares (Subordinate Voting)[(2)]	1,892,000,000	1,413,147,369 [(3)]
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	9,464,920
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	2,535,080
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

(1) 10 votes each, convertible at the option of the holder into one Class B Share (Subordinate Voting).
(2) Convertible at the option of the holder into one Class A Share (Multiple Voting) under certain conditions.
(3) Net of 25,098,637 Class B Shares (Subordinate Voting) purchased and held in trust in connection with the PSU plan.

Share option, PSU and DSU data as at October 31, 2009

Options issued and outstanding under the share option plans	39,741,225
PSUs issued and outstanding under the PSU plan	15,987,084
DSUs issued and outstanding under the DSU plan	1,124,000
Class B Shares held in trust to satisfy PSU obligations	(25,098,637)

Expected issuance date of our financial reports for the next 12 months

Annual Report, for the fiscal year ended January 31, 2010	April 1, 2010
First Quarterly Report, for the period ended April 30, 2010	June 2, 2010
Second Quarterly Report, for the period ended July 31, 2010	September 1, 2010
Third Quarterly Report, for the period ended October 31, 2010	December 2, 2010

Information

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December 2, 2009

Additional information relating to Bombardier, including the Corporation's annual report and annual information form, can be found on SEDAR at www.sedar.com or on Bombardier's Web site at www.bombardier.com.

Printed on Rolland Enviro 100, a paper containing 100% post-consumer fibres, certified Eco-Logo, processed chlorine free and FSC recycled. Using this paper, instead of virgin paper, saves the equivalent of 21 mature trees, 597 kg of solid waste, 1,311 kg of atmospheric emissions (equivalent to 0.3 car per year) and 56,457 litres of water (equivalent to a shower of 2.6 days).

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Un exemplaire en français est disponible sur demande adressée auprès du Service des Affaires publiques ou sur notre site Internet à l'adresse www.bombardier.com sous Relations avec les investisseurs.

BOMBARDIER INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions of U.S. dollars, except number of shares)

	Notes	October 31, 2009	Restated [1] January 31, 2009
Assets			
Cash and cash equivalents		**$ 3,020**	$ 3,470
Invested collateral	7	**781**	777
Receivables		**1,974**	1,981
Aircraft financing		**458**	418
Inventories	5	**6,103**	5,522
Property, plant and equipment		**1,649**	1,568
Intangible assets		**1,607**	1,399
Fractional ownership deferred costs		**300**	444
Deferred income taxes		**1,073**	1,216
Accrued benefit assets		**1,021**	926
Derivative financial instruments	4	**654**	626
Goodwill		**2,369**	2,010
Other assets	6	**1,107**	949
		$ 22,116	$ 21,306
Liabilities			
Accounts payable and accrued liabilities	8	**$ 7,825**	$ 6,922
Advances and progress billings in excess of related long-term contract costs		**1,894**	2,072
Advances on aerospace programs		**2,412**	2,991
Fractional ownership deferred revenues		**395**	573
Long-term debt		**4,301**	3,952
Accrued benefit liabilities		**1,105**	992
Derivative financial instruments	4	**474**	1,194
		18,406	18,696
Shareholders' equity			
Preferred shares			
Issued and outstanding:			
Series 2: 9,464,920		**159**	159
Series 3: 2,535,080		**40**	40
Series 4: 9,400,000		**148**	148
Common shares			
Issued and outstanding:			
Class A: 316,344,637 (316,582,537 as at January 31, 2009)		**29**	29
Class B: 1,438,236,606 (1,437,520,360 as at January 31, 2009)		**1,429**	1,428
Purchased and held in trust under the PSU plan: 25,098,637 Class B (23,653,759 as at January 31, 2009)		**(135)**	(130)
Contributed surplus		**121**	104
Retained earnings		**1,957**	1,567
Accumulated other comprehensive income	10	**(110)**	(801)
Equity attributable to shareholders of Bombardier Inc.		**3,638**	2,544
Equity attributable to non-controlling interests		**72**	66
Shareholders' equity		**3,710**	2,610
		$ 22,116	$ 21,306
Commitments and contingencies	16		

[1] Refer to Note 2 for impact of new accounting policies.

The accompanying notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(In millions of U.S. dollars)

		Three-month periods ended October 31		Nine-month periods ended October 31	
		2009	2008	**2009**	2008
	Notes		Restated [1]		Restated [1]
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF BOMBARDIER INC.					
Preferred shares		**$ 347**	$ 347	**$ 347**	$ 347
Common shares					
Balance at beginning of period		**1,322**	1,326	**1,327**	1,359
Issuance of Class B shares		**1**	1	**1**	8
Class B shares - held in trust under the PSU plan					
Purchased		**-**	(1)	**(21)**	(54)
Distributed		**-**	-	**16**	13
Balance at end of period		**1,323**	1,326	**1,323**	1,326
Contributed surplus					
Balance at beginning of period		**110**	76	**104**	68
Stock-based compensation	9	**12**	14	**34**	37
Options exercised and shares distributed under the PSU plan		**(1)**	-	**(17)**	(15)
Balance at end of period		**121**	90	**121**	90
Retained earnings					
Balance at beginning of period		**1,836**	1,125	**1,567**	706
Net income attributable to shareholders of Bombardier Inc.		**167**	222	**521**	699
Dividends:					
Common shares		**(41)**	(41)	**(116)**	(84)
Preferred shares, net of tax		**(5)**	(7)	**(15)**	(22)
Balance at end of period		**1,957**	1,299	**1,957**	1,299
Accumulated other comprehensive income	10				
Balance at beginning of period		**(198)**	368	**(801)**	311
Other comprehensive income attributable to shareholders of Bombardier Inc.		**88**	(1,076)	**691**	(1,019)
Balance at end of period		**(110)**	(708)	**(110)**	(708)
		3,638	2,354	**3,638**	2,354
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS					
Balance at beginning of period		**76**	81	**66**	66
Foreign exchange re-evaluation		**-**	(12)	**8**	(9)
Net income attributable to non-controlling interests		**1**	4	**7**	15
Other comprehensive income attributable to non-controlling interests		**3**	9	**(1)**	10
Capital distribution		**(8)**	(9)	**(8)**	(9)
Balance at end of period		**72**	73	**72**	73
SHAREHOLDERS' EQUITY		**$ 3,710**	$ 2,427	**$ 3,710**	$ 2,427

[1] Refer to Note 2 for impact of new accounting policies.

The accompanying notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In millions of U.S. dollars, except per share amounts)

		Three-month periods ended October 31		Nine-month periods ended October 31	
		2009	2008	**2009**	2008
	Notes		Restated [1]		Restated [1]
Revenues					
Manufacturing		**$ 3,393**	$ 3,412	**$ 10,645**	$ 10,512
Services		**694**	756	**2,066**	2,398
Other		**510**	403	**1,303**	1,382
		4,597	4,571	**14,014**	14,292
Cost of sales		**3,825**	3,694	**11,713**	11,636
Selling, general and administrative		**357**	402	**1,065**	1,171
Research and development		**38**	34	**87**	121
Other expense (income)	11	**(11)**	6	**(30)**	(43)
Amortization		**126**	139	**369**	416
		4,335	4,275	**13,204**	13,301
Income before the following:		**262**	296	**810**	991
Financing income	12	**(29)**	(80)	**(87)**	(223)
Financing expense	12	**70**	105	**210**	305
Income before income taxes		**221**	271	**687**	909
Income taxes		**53**	45	**159**	195
Net income		**$ 168**	$ 226	**$ 528**	$ 714
Attributable to:					
Shareholders of Bombardier Inc.		**$ 167**	$ 222	**$ 521**	$ 699
Non-controlling interests		**$ 1**	$ 4	**$ 7**	$ 15
Basic and diluted EPS (in dollars):	13	**$ 0.09**	$ 0.12	**$ 0.29**	$ 0.39

[1] Refer to Note 2 for impact of new accounting policies.

The accompanying notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions of U.S. dollars)

	Notes	Three-month periods ended October 31 2009	Three-month periods ended October 31 2008 Restated [1]	Nine-month periods ended October 31 2009	Nine-month periods ended October 31 2008 Restated [1]
Net income		**$ 168**	$ 226	**$ 528**	$ 714
Other comprehensive income	10				
Net unrealized gain (loss) on financial assets available for sale, net of tax		**10**	(15)	**18**	(22)
Net change in cash flow hedges:					
Foreign exchange re-evaluation		**2**	(3)	**4**	(3)
Net gain (loss) on derivative financial instruments designated as cash flow hedges[2]		**45**	(794)	**515**	(740)
Reclassification to income or to the related non financial asset		**1**	58	**127**	(61)
Income tax recovery (expense)		**(20)**	211	**(198)**	236
		28	(528)	**448**	(568)
Cumulative translation adjustment:					
Net investments in self-sustaining foreign operations[3]		**163**	(933)	**607**	(722)
Net gain (loss) on related hedging items[4]		**(110)**	409	**(383)**	303
		53	(524)	**224**	(419)
Total Other comprehensive income		**91**	(1,067)	**690**	(1,009)
Total Comprehensive income		**$ 259**	$ (841)	**$ 1,218**	$ (295)
Attributable to:					
Shareholders of Bombardier Inc.		**$ 255**	$ (854)	**$ 1,212**	$ (320)
Non-controlling interests		**$ 4**	$ 13	**$ 6**	$ 25

(1) Refer to Note 2 for impact of new accounting policies.
(2) Includes a gain of $1 million and nil attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2009 (nil for the three- and nine-month periods ended October 31, 2008).
(3) Includes a gain of $2 million and a loss of $1 million attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2009 (a gain of $9 million and $10 million for the three- and nine-month periods ended October 31, 2008).
(4) Net of income taxes of nil for the three- and nine-month periods ended October 31, 2009 (nil and $2 million for the three- and nine-month periods ended October 31, 2008).

The accompanying notes are an integral part of these interim consolidated financial statements.

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions of U.S. dollars)

		Three-month periods ended October 31		Nine-month periods ended October 31	
		2009	2008	**2009**	2008
	Notes		Restated [1]		Restated [1]
Operating activities					
Net income		**$ 168**	$ 226	**$ 528**	$ 714
Non-cash items:					
Amortization		**126**	139	**369**	416
Deferred income taxes		**32**	31	**90**	138
Gain on disposals of property, plant and equipment		**-**	-	**(11)**	(17)
Stock-based compensation	9	**12**	14	**34**	37
Net change in non-cash balances related to operations	14	**(80)**	(478)	**(1,242)**	(511)
Cash flows from operating activities		**258**	(68)	**(232)**	777
Investing activities					
Additions to property, plant and equipment and intangible assets		**(189)**	(161)	**(520)**	(390)
Disposals of property, plant and equipment and intangible assets		**3**	3	**25**	46
Invested collateral		**-**	-	**81**	-
Other		**2**	11	**(85)**	(14)
Cash flows from investing activities		**(184)**	(147)	**(499)**	(358)
Financing activities					
Proceeds from issuance of long-term debt		**-**	-	**4**	-
Repayments of long-term debt		**(3)**	(49)	**(7)**	(112)
Purchase of Class B shares - held in trust under the PSU plan		**-**	(1)	**(21)**	(54)
Issuance of shares, net of related costs		**1**	1	**1**	6
Dividends paid		**(46)**	(48)	**(131)**	(106)
Capital distribution to non-controlling interests		**(8)**	(9)	**(8)**	(9)
Cash flows from financing activities		**(56)**	(106)	**(162)**	(275)
Effect of exchange rate changes on cash and cash equivalents		**198**	(705)	**443**	(495)
Net increase (decrease) in cash and cash equivalents		**216**	(1,026)	**(450)**	(351)
Cash and cash equivalents at beginning of period		**2,804**	4,277	**3,470**	3,602
Cash and cash equivalents at end of period		**$ 3,020**	$ 3,251	**$ 3,020**	$ 3,251
Supplemental information					
Cash paid for:					
Interest		**$ 17**	$ 36	**$ 162**	$ 215
Income taxes		**$ 16**	$ 13	**$ 58**	$ 56

[1] Refer to Note 2 for impact of new accounting policies.

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended October 31, 2009
(Unaudited)
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

Bombardier Inc. (“the Corporation”) is incorporated under the laws of Canada and is a manufacturer of transportation equipment, including business and commercial aircraft and rail transportation equipment and systems, and is a provider of related services.

1. BASIS OF PRESENTATION

The interim consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with Canadian GAAP applicable to interim consolidated financial statements, and follow the same accounting policies and methods in their application as the most recent annual Consolidated Financial Statements, except for the changes in accounting policies described in Note 2 – Changes in accounting policies. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim consolidated financial statements. Such adjustments are of a normal and recurring nature. The interim consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Corporation’s annual report for fiscal year 2009.

The results of operations for the interim periods are not necessarily indicative of the results of operations for the full fiscal year. The fourth quarter has historically been the strongest in terms of revenues and profitability.

Bombardier Inc. and its subsidiaries carry out their operations in two distinct segments, the aerospace segment (“BA”) and the transportation segment (“BT”), each one characterized by a specific operating cycle; therefore, the consolidated balance sheets are unclassified. Most legal entities of BT use a December 31 fiscal year-end. As a result, the Corporation consolidates the operations of BT with a one-month lag with the remainder of its operations. To the extent that significant transactions or events occur during the one-month lag period, the Corporation’s interim consolidated financial statements are adjusted accordingly.

2. CHANGES IN ACCOUNTING POLICIES

Business combinations, consolidated financial statements and non-controlling interests
In January 2009, the AcSB released Section 1582 “Business combinations”, Section 1601 “Consolidated financial statements” and Section 1602 “Non-controlling interests”, which replace Section 1581 “Business combinations” and Section 1600 “Consolidated financial statements”.

Section 1582 provides the Canadian equivalent to IFRS 3 "Business Combinations". The new recommendations require measuring business acquisitions at the fair value of the acquired business, including the measurement at fair value of items such as non-controlling interests and contingent payment considerations. Also, the previously unrecognized deferred tax assets related to the acquiree subsequent to the business combination are recognized in the consolidated statements of income rather than as a reduction in goodwill. In addition, business acquisition related costs are expensed as incurred.

The adoption of Section 1582 should have a material effect on the accounting for business combinations that occur subsequent to February 1, 2009. Past acquisitions are not restated.

Section 1601, together with Section 1602, replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements and is aligned with the corresponding provisions of Section 1600.

Section 1602 is aligned with the corresponding provisions of IAS 27, “Consolidated and Separate Financial Statements” and establishes standards for accounting for non-controlling interests in a subsidiary subsequent to a business combination. Section 1602 introduces a number of changes, for example:

- in the consolidated balance sheets and consolidated statements of shareholders’ equity, non-controlling interests are now presented as a separate component of shareholders’ equity rather than as a liability;
- non-controlling interests are no longer recorded as a deduction of net income and total comprehensive income as a result of their presentation in equity;
- for the purpose of computing EPS, net income is attributed between the shareholders of Bombardier Inc. and the non-controlling interests based on their respective economic interests. The components of OCI are attributed following the same logic; and

- changes in non-controlling ownership interests not resulting in a loss of control are accounted for as equity transactions, with no gains and losses recorded in the consolidated statements of income.

The Corporation has elected to early adopt these sections, effective February 1, 2009, in order to more closely align itself with IFRS and mitigate the impact of adopting IFRS at the changeover date. In accordance with the transitional provisions, these sections have been applied prospectively, except for the presentation requirements for non-controlling interests, which must be applied retrospectively. The adoption of these sections did not have a significant impact on the Corporation’s consolidated financial statements but gave rise to the above-mentioned reclassifications of non-controlling interests.

Fair value measurements
In January 2009, the Emerging Issues Committee issued EIC-173 “Credit risk and the fair value of financial assets and financial liabilities”, which requires that the fair value of financial instruments, including derivative financial instruments, take into account the counterparties’ credit risks for assets and the Corporation’s credit risk for liabilities. This interpretation must be applied retrospectively without restatement of prior years. The Corporation has adopted this interpretation effective February 1, 2008.

Accordingly, the Corporation has re-measured certain financial instruments carried at fair value as at February 1, 2008 to take such risks into account. The resulting adjustments were recorded to retained earnings, except for derivative financial instruments in a fair value hedging relationship for which the resulting adjustment was recorded to the carrying value of the hedged item, and for derivative financial instruments in a net investment or in a cash flow hedging relationship for which the resulting adjustment was recorded in AOCI. Refer to the Corporation’s fiscal year 2009 annual report for the quantitative effect of adopting this fair value measurement change in accounting policy as at February 1, 2008 and on the nine-month period ended October 31, 2008.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS
In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be converged with IFRS effective in calendar year 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB is expected to continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date.

First reporting under IFRS is required for the Corporation’s interim and annual financial statements beginning on February 1, 2011. The Corporation has developed a plan anchored around four phases to convert its Consolidated Financial Statements to IFRS, as described in its fiscal year 2009 annual report. The Corporation has also set up IFRS dedicated teams at all levels of its organization.

The Corporation’s IFRS project is progressing according to plan. The Corporation continues to monitor standards to be issued by the IASB, but it is difficult to predict the IFRS that will be effective at the end of the Corporation’s first IFRS reporting period, as the IASB work plan anticipates the completion of several projects in calendar years 2010 and 2011. The Corporation also continues to provide training to key employees and to monitor the impact of the transition on its business practices, systems and internal controls over financial reporting. The Corporation will provide updates as further progress is achieved and conclusions are reached.

4. FINANCIAL INSTRUMENTS

The classification of financial instruments as HFT, AFS, L&R and other than HFT, as well as their carrying amounts and fair values, were as follows as at:

	October 31, 2009				January 31, 2009			
	Carrying value				Carrying value			
	HFT	**AFS**	**Amortized cost** [1]	**Total** [2]	HFT	AFS	Amortized cost [1]	Total [2]
Financial assets								
Cash and cash equivalents	**$ 3,020**	**$ -**	**$ -**	**$ 3,020**	$ 3,470	$ -	$ -	$ 3,470
Invested collateral	**781** [3]	**-**	**-**	**781**	777 [3]	-	-	777
Receivables	**-**	**-**	**1,847** [4]	**1,847**	-	-	1,905 [4]	1,905
Aircraft financing	**275** [3] [5]	**-**	**97** [6]	**372** [7]	240 [3] [5]	-	104 [6]	344 [7]
Derivative financial instruments	**101** [8]	**-**	**-**	**101**	179 [8]	-	-	179
Other assets	**232** [3] [9]	**314** [10]	**189** [11]	**735**	231 [3] [9]	203 [10]	160 [11]	594
	$ 4,409	**$ 314**	**$ 2,133**	**$ 6,856**	$ 4,897	$ 203	$ 2,169	$ 7,269
Financial liabilities								
Accounts payable and accrued liabilities	**$ 202** [3] [12]	**n/a**	**$ 4,074** [13]	**$ 4,276**	$ 192 [3] [12]	n/a	$ 3,675 [13]	$ 3,867
Long-term debt	**-**	**n/a**	**4,301**	**4,301** [14]	-	n/a	3,952	3,952 [14]
Derivative financial instruments	**76** [8]	**n/a**	**-**	**76**	163 [8]	n/a	-	163
	$ 278	**n/a**	**$ 8,375**	**$ 8,653**	$ 355	n/a	$ 7,627	$ 7,982

(1) Financial assets are classified as L&R and financial liabilities as other than HFT.
(2) Represents only the carrying value of financial assets and financial liabilities included in the corresponding balance sheet caption.
(3) The Corporation has chosen to designate these financial assets and financial liabilities as HFT under the fair value option.
(4) Represents trade receivables and certain other receivables.
(5) Represents certain commercial aircraft loans and lease receivables.
(6) Represents certain commercial aircraft loans and lease receivables, investment in financing structures and business aircraft loans.
(7) The fair value is $370 million as at October 31, 2009 ($335 million as at January 31, 2009).
(8) Represents derivative financial instruments not designated in a hedging relationship but that are economic hedges, and embedded derivatives accounted for separately.
(9) Includes investment in VIEs, the prepayment under an exchange agreement and servicing fees.
(10) Represents investment in securities.
(11) Includes restricted cash.
(12) Represents related liabilities in connection with the sale of commercial aircraft.
(13) Includes trade accounts payable, interest, as well as certain accrued liabilities and payroll-related liabilities.
(14) The fair value is $4,067 million as at October 31, 2009 ($2,965 million as at January 31, 2009).
n/a: Not applicable

The net gain (loss) on HFT financial instruments recognized in income was as follows:

	Three-month periods ended October 31		**Nine-month periods ended October 31**	
	2009	2008	**2009**	2008
Financial instruments measured at fair value				
Designated as HFT[1]	**$ 11**	$ (15)	**$ 34**	$ (21)
Required to be classified as HFT[2] [3]	**$ (4)**	$ (30)	**$ 30**	$ 1

(1) Excludes the interest income portion related to the prepayment under an exchange agreement and invested collateral of $5 million and $13 million respectively for the three- and nine-month periods ended October 31, 2009 ($15 million and $45 million respectively for the three- and nine-month periods ended October 31, 2008).
(2) Excludes the interest income portion related to cash and cash equivalents of $4 million and $22 million respectively for the three- and nine-month periods ended October 31, 2009 ($41 million and $124 million respectively for the three- and nine-month periods ended October 31, 2008).
(3) Includes a net loss of $13 million and a net gain of $43 million in connection with economic hedges not designated in hedging relationships respectively for the three- and nine-month periods ended October 31, 2009 (a net loss of $26 million and $7 million respectively for the three- and nine-month periods ended October 31, 2008).

For the amounts of unrealized gains or losses on AFS financial assets recognized directly in OCI and the amounts removed from OCI and recognized in net income during the three- and nine-month periods ended October 31, 2009 and 2008, if any, see the consolidated statements of comprehensive income.

Derivative and certain non-derivative financial instruments

The carrying amounts of all derivative financial instruments and certain non-derivative financial instruments in a hedge relationship were as follows:

	October 31, 2009		January 31, 2009	
	Assets	**Liabilities**	Assets	Liabilities
Derivative financial instruments designated as fair value hedges				
Interest-rate swap	**$ 215**	**$ -**	$ 169	$ 3
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts[1] [2]	**338**	**336**	278	1,018
Derivative financial instruments designated as hedges of net investment				
Cross-currency interest-rate swap	**-**	**62**	-	10
Derivative financial instruments classified as HFT [3]				
Forward foreign exchange contracts	**25**	**54**	96	133
Cross-currency interest-rate swap	**22**	**-**	9	-
Embedded derivative financial instruments:				
Foreign exchange	**41**	**13**	73	25
Call options on long-term debt	**12**	**-**	-	-
Other	**1**	**9**	1	5
	101	**76**	179	163
Total derivative financial instruments	**$ 654**	**$ 474**	$ 626	$ 1,194
Non-derivative financial instruments designated as hedges of net investment				
Long-term debt	**$ -**	**$ 2,227**	$ -	$ 908
Intercompany loans	**-**	**636**	-	29
Total non-derivative financial instruments designated in a hedge relationship	**$ -**	**$ 2,863**	$ -	$ 937

(1) For the three- and nine-month periods ended October 31, 2009, the component of the hedging item's gain or loss excluded from the assessment of effectiveness amounted to a net loss of $2 million and a net gain of $8 million, respectively (net loss of $3 million and $11 million, respectively, for the three- and nine-month periods ended October 31, 2008).

(2) The maximum length of time of the derivative financial instruments hedging the Corporation's exposure to the variability in future cash flows for anticipated transactions is 36 months.

(3) Held as economic hedges, except for embedded derivative financial instruments.

5. INVENTORIES

Inventories were as follows as at:

	October 31, 2009	January 31, 2009
Long-term contracts		
Costs incurred and recorded margins	**$ 6,198**	$ 4,503
Less: advances and progress billings	**(4,419)**	(3,308)
	1,779	1,195
Aerospace programs	**2,938**	2,850
Finished products [1]	**1,386**	1,477
	$ 6,103	$ 5,522

(1) Finished products include 14 new aircraft not associated with a firm order and 25 pre-owned aircraft, totalling $401 million as at October 31, 2009 (19 new aircraft and 29 pre-owned aircraft, totalling $448 million as at January 31, 2009).

The amount of inventories recognized as cost of sales totalled $3,568 million and $10,931 million for the three- and nine-month periods ended October 31, 2009 ($3,398 million and $10,840 million for the three- and nine-month periods ended October 31, 2008). These amounts include $21 million and $74 million of write-down for the three- and nine-month periods ended October 31, 2009 ($9 million and $24 million for the three- and nine-month periods ended October 31, 2008).

6. OTHER ASSETS

Other assets were as follows as at:

	October 31, 2009	January 31, 2009
Investment in securities[1]	**$ 314**	$ 203
Prepaid expenses	**219**	257
Investment in VIEs	**176**	27
Restricted cash[2]	**115**	85
Deferred financing charges	**94**	65
Servicing fees	**56**	54
Investment in companies subject to significant influence[3]	**35**	30
Prepayment under an exchange agreement	**-**	150
Other	**98**	78
	$ 1,107	$ 949

(1) Includes an amount of $148 million held in an aircraft financing structure to support certain of its financing commitments as at October 31, 2009 ($64 million as at January 31, 2009).
(2) Includes $74 million related to consolidated VIEs as at October 31, 2009 ($59 million as at January 31, 2009).
(3) The Corporation has pledged shares in investees subject to significant influence, with a carrying value of $25 million as at October 31, 2009 ($20 million as at January 31, 2009), including $10 million of loans as at October 31, 2009 ($8 million as at January 31, 2009), mostly related to BT.

7. CREDIT FACILITIES

Letter of credit facilities
The letter of credit facilities and their maturities were as follows as at:

		Amount committed		Letters of credit issued		Amount available	Maturity (fiscal year)
October 31, 2009							
BT facility	**$**	**5,533** [(1)]	**$**	**4,372**	**$**	**1,161**	**2014** [(2)]
BA facility		**600**		**482**		**118**	**2012**
PSG facility		**900**		**491**		**409**	**2010** [(3)]
	$	**7,033**	**$**	**5,345**	**$**	**1,688**	
January 31, 2009							
BT facility	$	4,801 [(1)]	$	4,446	$	355	2014 [(2)]
Previous BA facility		840		655		185	2012
PSG facility		250		30		220	2010 [(3)]
	$	5,891	$	5,131	$	760	

(1) €3,750 million.
(2) In December 2011, the committed amount will be reduced to the notional amount of letters of credit outstanding at that time and will amortize thereafter as the outstanding letters of credit mature up to December 2013.
(3) The performance security guarantee facility (“PSG facilities”) is renewed and extended annually if mutually agreed. In December 2009, if the facility is not extended, the letters of credit issued under this facility will amortize over their maturity.

On June 30, 2009, a $600-million facility agreement was signed with a syndicate of first-quality financial institutions, mainly North American-based, available for the issuance of letters of credit to support BA's operations as well as the general needs of the Corporation excluding BT, in replacement of the previous BA facility.

Under the BA and BT facilities, the Corporation must maintain certain financial covenants, including a requirement to maintain a minimum BT liquidity of €600 million at the end of each calendar quarter and a requirement to maintain a minimum BA liquidity of $500 million at the end of each fiscal quarter. In addition, the Corporation must maintain €446 million ($658 million) of invested collateral under the BT facility and $121 million under the BA facility. These conditions were all met as at October 31, 2009.

In addition to the outstanding letters of credit shown in the above table, letters of credit of $502 million were outstanding under various bilateral agreements as at October 31, 2009 ($257 million as at January 31, 2009). One of these agreements is a €111 million ($164 million) revolving letter of credit facility available for a specific customer, which was fully drawn as at October 31, 2009 ($73 million as at January 31, 2009).

Revolving credit facility
On September 1, 2009, the Corporation’s Board of Directors approved a $500-million two-year unsecured revolving credit facility with a syndicate of commercial banks and other institutions. This facility is available for cash drawings for the general working capital needs of the Corporation, and was unused as at October 31, 2009.

Other facilities
In the normal course of its business, BT has set up factoring facilities in Europe to which it can sell, without recourse, qualifying trade receivables. Trade receivables of $169 million sold to such facilities were outstanding as at October 31, 2009 ($18 million as at January 31, 2009). Trade receivables of $174 million and $374 million were sold to these facilities during the three- and nine-month periods ended October 31, 2009.

In addition, BA has set up sale and leaseback facilities to which it can sell pre-owned business aircraft. An amount of $174 million sold to such facilities was outstanding as at October 31, 2009 ($54 million as at January 31, 2009), $71 million and $120 million of which were added during the three- and nine-month periods ended October 31, 2009.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were as follows as at:

	October 31, 2009	January 31, 2009
Trade accounts payable	**$ 2,512**	$ 2,243
Accrued liabilities	**1,349**	1,048
Product warranties	**1,057**	931
Sales incentives[1]	**1,008**	1,001
Payroll-related liabilities	**560**	438
Income and other taxes	**172**	113
Interest payable	**112**	61
Provision for repurchase obligations	**74**	59
Severance and other involuntary termination costs	**64**	43
Other	**917**	985
	$ 7,825	$ 6,922

[1] Comprised of provision for credit and residual value guarantees and trade-in commitments, as well as other related provisions and liabilities in connection with the sale of aircraft (see Note 16 – Commitments and contingencies).

9. SHARE-BASED PLANS

Share option plans

The share option plan was amended prospectively on June 3, 2009. Under the amended plan, options vest at the expiration of the third year following the grant date, terminate no later than seven years after the grant date, and there are no more performance targets. As at October 31, 2009, 2,620,000 options were issued and outstanding under the amended share option plan.

The number of options issued and outstanding to purchase Class B Shares (Subordinate Voting) has varied as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Balance at beginning of period	**41,695,821**	45,816,321	**44,305,821**	43,395,125
Granted	**6,000**	70,000	**2,630,000**	6,080,000
Exercised	**(478,346)**	(275,500)	**(478,346)**	(2,097,804)
Cancelled	**(662,250)**	(442,250)	**(1,750,000)**	(1,832,250)
Expired	**(820,000)**	(475,500)	**(4,966,250)**	(852,000)
Balance at end of period	**39,741,225**	44,693,071	**39,741,225**	44,693,071

The weighted-average grant date fair value was $1.70 and $1.15 for the three- and nine-month periods ended October 31, 2009 ($2.07 and $3.12 respectively for the three- and nine-month periods ended October 31, 2008). The fair value of each option granted was determined using an option pricing model and the following weighted-average assumptions:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Risk-free interest rate	**2.59%**	3.24%	**2.82%**	3.58%
Expected life	**5 years**	5 years	**5 years**	5 years
Expected volatility in market price of shares	**50.20%**	46.78%	**50.79%**	48.03%
Expected dividend yield	**2.57%**	1.58%	**2.10%**	1.66%

A compensation expense of $3 million and $8 million respectively was recorded in the three- and nine-month periods ended October 31, 2009 with respect to share option plans ($3 million and $10 million respectively in the three- and nine-month periods ended October 31, 2008).

Performance share unit plan
The number of PSUs issued and outstanding has varied as follows:

	Three-month periods ended October 31		**Nine-month periods ended October 31**	
	2009	2008	**2009**	2008
Balance at beginning of period	**16,100,495**	15,267,775	**15,006,293**	13,696,996
Granted	**10,000**	45,000	**6,934,074**	5,679,000
Exercised	**-**	-	**(5,623,122)**	(3,591,526)
Cancelled	**(123,411)**	(113,878)	**(330,161)**	(585,573)
Balance at end of period	**15,987,084**	15,198,897	**15,987,084**	15,198,897

Compensation expense of $9 million and $26 million was recorded in the three- and nine-month periods ended October 31, 2009 with respect to the PSUs plan ($11 million and $27 million in the three- and nine-month periods ended October 31, 2008).

Deferred share unit plan
On June 3, 2009, the Board of Directors of the Corporation approved a DSU plan under which DSUs may be granted to senior officers (“beneficiaries”). The DSU plan is similar to the PSU plan, except that their exercise can only occur upon retirement or termination of employment.

The number of DSUs granted during the three- and nine-month periods ended October 31, 2009 was 15,000 and 1,164,000. The number of DSUs cancelled during the three- and nine-month periods ended October 31, 2009 was 40,000.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in AOCI were as follows for the three- and nine-month periods ended October 31, 2009:

	AFS financial assets	**Cash flow hedges**	**CTA**	**Total**
Balance as at January 31, 2009	**$ (17)**	**$ (455)**	**$ (329)**	**$ (801)**
Change during the period	**8**	**421** [(1)]	**174** [(2)]	**603**
Balance as at July 31, 2009	**(9)**	**(34)**	**(155)**	**(198)**
Change during the period	**10**	**27** [(1)]	**51** [(2)]	**88**
Balance as at October 31, 2009	**$ 1**	**$ (7)**	**$ (104)**	**$ (110)**

(1) Excludes a gain of $1 million and nil attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2009.
(2) Excludes a gain of $2 million and a loss of $1 million attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2009.

Changes in AOCI were as follows for the three- and nine-month periods ended October 31, 2008:

	AFS financial assets	Cash flow hedges	CTA	Total
Balance as at January 31, 2008	$ 3	$ 111	$ 197	$ 311
Change during the period	(7)	(40)	104 [(1)]	57
Balance as at July 31, 2008	(4)	71	301	368
Change during the period	(15)	(528)	(533) [(1)]	(1,076)
Balance as at October 31, 2008	$ (19)	$ (457)	$ (232)	$ (708)

(1) Excludes a gain of $9 million and $10 million attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2008.

11. OTHER EXPENSE (INCOME)

Other expense (income) was as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Net loss (gain) on financial instruments[1]	**$ (26)**	$ 28	**$ (80)**	$ 12
Severance and other involuntary termination costs (including changes in estimates)	**24**	6	**59**	13
Gain on disposal of property, plant and equipment	**-**	-	**(11)**	(17)
Gain from equity accounted investees	**(3)**	(2)	**(3)**	-
Foreign exchange losses (gains)	**(10)**	(31)	**1**	(49)
Settlement of claims	**-**	-	**-**	(28)
Loss related to disposal of businesses	**-**	-	**-**	23
Other	**4**	5	**4**	3
	$ (11)	$ 6	**$ (30)**	$ (43)

[1] Net loss (gain) on certain financial instruments classified as HFT, including foreign exchange embedded derivatives and financing rate commitments.

12. FINANCING INCOME AND FINANCING EXPENSE

Financing income and financing expense were as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Financing income				
Loans and lease receivables – after effect of hedges	**$ (11)**	$ (16)	**$ (27)**	$ (37)
Cash and cash equivalents	**(4)**	(41)	**(22)**	(124)
Net gain on financial instruments[1]	**(9)**	-	**(20)**	-
Invested collateral	**(5)**	(14)	**(12)**	(41)
Gain on long-term debt repayment	**-**	(9)	**-**	(12)
Other	**-**	-	**(6)**	(9)
	$ (29) [2]	$ (80) [2]	**$ (87)** [2]	$ (223) [2]
Financing expense				
Interest on long-term debt – after effect of hedges	**$ 57**	$ 80	**$ 170**	$ 241
Accretion expense on certain sales incentives	**8**	14	**27**	34
Net loss on financial instruments[1]	**-**	8	**-**	19
Other	**5**	3	**13**	11
	$ 70 [3]	$ 105 [3]	**$ 210** [3]	$ 305 [3]

[1] Net gains/losses on certain financial instruments required to be classified as HFT, including certain call options on long-term debt.
[2] Of which $6 million and $16 million represent the interest income calculated using the effective interest method for financial assets classified as L&R for the three- and nine-month periods ended October 31, 2009, respectively ($4 million and $20 million for the three- and nine-month periods ended October 31, 2008, respectively).
[3] Of which $61 million and $182 million represent the interest expense calculated using the effective interest method for financial liabilities classified as other than HFT for the three- and nine-month periods ended October 31, 2009, respectively ($87 million and $255 million for the three- and nine-month periods ended October 31, 2008, respectively).

13. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
(Number of shares, stock options, PSUs and DSUs, in thousands)	**2009**	2008 [(1)]	**2009**	2008 [(1)]
Net income attributable to shareholders of Bombardier Inc.	**$ 167**	$ 222	**$ 521**	$ 699
Preferred share dividends, net of tax	**(5)**	(7)	**(15)**	(22)
Net income attributable to common shareholders of Bombardier Inc.	**$ 162**	$ 215	**$ 506**	$ 677
Weighted-average basic number of common shares outstanding	**1,729,213**	1,730,426	**1,729,891**	1,730,586
Net effect of stock options, PSUs and DSUs	**27,368**	20,337	**25,114**	22,111
Weighted-average diluted number of common shares outstanding	**1,756,581**	1,750,763	**1,755,005**	1,752,697
Basic and diluted EPS	**$ 0.09**	$ 0.12	**$ 0.29**	$ 0.39

(1) Restated following the change in accounting policy on fair value measurements (see Note 2 – Changes in accounting policies), resulting in a change in EPS from $0.14 to $0.12 and from $0.40 to $0.39, respectively, for the three- and nine-month periods ended October 31, 2008.

The effect of the exercise of stock options, PSUs and DSUs was included in the calculation of diluted EPS in the above table, except for 31,832,275 and 32,631,690 stock options for the three- and nine-month periods ended October 31, 2009 (26,417,500 and 25,040,900 for the three- and nine-month periods ended October 31, 2008), respectively, since the average market value of the underlying shares was lower than the exercise price, or because the predetermined target market price thresholds for the Corporation’s Class B Shares (Subordinate Voting) had not been met.

14. NET CHANGE IN NON-CASH BALANCES RELATED TO OPERATIONS

Net change in non-cash balances related to operations was as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2009	2008	**2009**	2008
Receivables	**$ (80)**	$ 22	**$ 126**	$ (244)
Aircraft financing	**(28)**	25	**(44)**	48
Inventories	**60**	(540)	**(308)**	(1,046)
Fractional ownership deferred costs and revenues, net	**(20)**	(5)	**(45)**	9
Derivative financial instruments, net	**(31)**	(37)	**(101)**	50
Accounts payable and accrued liabilities	**268**	198	**258**	347
Advances and progress billings in excess of related long-term contract costs	**(79)**	(253)	**(497)**	(174)
Advances on aerospace programs	**(176)**	78	**(579)**	552
Accrued benefit liabilities, net	**(29)**	(18)	**(30)**	(60)
Other	**35**	52	**(22)**	7
	$ (80)	$ (478)	**$ (1,242)**	$ (511)

15. EMPLOYEE FUTURE BENEFITS

The components of the benefit cost were as follows:

	Three-month period ended October 31, 2009		Three-month period ended October 31, 2008	
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Current service cost	**$ 44**	**$ 2**	$ 54	$ 3
Interest cost	**94**	**5**	92	5
Expected return on plan assets	**(94)**	**-**	(102)	-
Amortization of actuarial losses	**14**	**3**	15	5
Amortization of past service costs (credits)	**2**	**(1)**	1	(2)
Curtailment gains	**(1)**	**-**	(2)	-
Settlement loss	**-**	**-**	2	-
	$ 59	**$ 9**	$ 60	$ 11

	Nine-month period ended October 31, 2009		Nine-month period ended October 31, 2008	
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Current service cost	**$ 127**	**$ 6**	$ 170	$ 9
Interest cost	**268**	**14**	291	16
Expected return on plan assets	**(268)**	**-**	(322)	-
Amortization of actuarial losses	**40**	**8**	45	15
Amortization of past service costs (credits)	**5**	**(3)**	3	(4)
Curtailment losses (gains)	**1**	**(3)**	-	-
Settlement loss	**-**	**-**	2	-
	$ 173	**$ 22**	$ 189	$ 36

16. COMMITMENTS AND CONTINGENCIES

The table below presents the maximum potential exposure for each major group of exposure, as at:

	October 31, 2009	January 31, 2009
Aircraft sales		
Credit	**$ 1,530**	$ 1,572
Residual value	**2,439**	2,606
Mutually exclusive exposure[1]	**(897)**	(954)
Total credit and residual value exposure	**$ 3,072**	$ 3,224
Trade-in commitments	**$ 845**	$ 1,095
Conditional repurchase obligations	**$ 597**	$ 698
Other		
Credit and residual value	**$ 160**	$ 150
Repurchase obligations	**$ 153**	$ 134
Performance guarantees	**$ 47**	$ 60

(1) Some of the RVGs can only be exercised once the credit guarantees have expired without exercise and, therefore, the guarantees must not be added together to calculate the combined maximum exposure for the Corporation.

Provisions for anticipated losses on credit guarantees and RVGs related to the sale of aircraft amounted to $537 million as at October 31, 2009 ($538 million as at January 31, 2009). In addition, related liabilities, which would be extinguished in the event of credit default by certain customers, amounted to $201 million as at October 31, 2009 ($190 million as at January 31, 2009).

Litigations
The Corporation is a defendant in certain legal proceedings currently pending before various courts in relation to product liability and contract disputes with customers and other third parties. The Corporation intends to vigorously defend its position in these matters.

While the Corporation cannot predict the final outcome of legal proceedings pending as at October 31, 2009, based on information currently available, management believes that the resolution of these legal proceedings will not have a material adverse effect on its financial position.

Other
In connection with the *CSeries* family of aircraft program, $15 million and $99 million of contingently repayable investments were received for the three- and nine-month periods ended October 31, 2009. Of these amounts, nil and $37 million were recorded as a reduction of R&D expense for the three- and nine-month periods ended October 31, 2009, with the remaining $15 million and $62 million recorded against intangible assets.

17. SEGMENT DISCLOSURE

The Corporation has two reportable segments: BA and BT. Each reportable segment offers different products and services and requires different technology and marketing strategies.

BA	BT
BA is a world leader in the design and manufacture of innovative aviation products and is a provider of related services. BA's aircraft portfolio includes a comprehensive line of business aircraft, commercial aircraft including regional jets, turboprops and single-aisle mainline jets and amphibious aircraft. BA also offers aftermarket services as well as fractional ownership and flight entitlement programs.	BT is the global leader in the rail equipment and system manufacturing and a provider of related services, offering a full range of passenger railcars, locomotives, light rail vehicles and automated people movers. It also provides bogies, electric propulsion, control equipment and maintenance services, as well as complete rail transportation systems and rail control solutions.

The accounting policies of the segments are the same as those described in the Corporation's annual report for the fiscal year ended January 31, 2009, except for changes in accounting policies described in Note 2 – Changes in accounting policies. Management assesses segment performance based on income before financing income, financing expense and income taxes. Corporate charges are allocated to segments mostly based on each segment's revenues.

Net segmented assets exclude cash and cash equivalents, invested collateral and deferred income taxes, and are net of accounts payable and accrued liabilities (excluding interest and income taxes payable), advances and progress billings in excess of related long-term contract costs, advances on aerospace programs, fractional ownership deferred revenues, accrued benefit liabilities and derivative financial instruments.

The tables containing the detailed segmented data are shown hereafter.

18. RECLASSIFICATIONS

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

SEGMENTED INFORMATION

INDUSTRY SEGMENTS	**Bombardier Inc. consolidated**		**BA**		**BT**	
		Restated [1]		Restated [1]		Restated [1]
For the three-month periods ended October 31	**2009**	2008	**2009**	2008	**2009**	2008
Revenues						
Manufacturing	**$ 3,393**	$ 3,412	**$ 1,566**	$ 1,835	**$ 1,827**	$ 1,577
Services	**694**	756	**342**	390	**352**	366
Other	**510**	403	**156**	67	**354**	336
	4,597	4,571	**2,064**	2,292	**2,533**	2,279
Cost of sales	**3,825**	3,694	**1,739**	1,793	**2,086**	1,901
Selling, general and administrative	**357**	402	**144**	187	**213**	215
Research and development	**38**	34	**10**	8	**28**	26
Other expense (income)	**(11)**	6	**(26)**	16	**15**	(10)
Amortization	**126**	139	**94**	112	**32**	27
	4,335	4,275	**1,961**	2,116	**2,374**	2,159
Income before financing income and expense and income taxes	**$ 262**	$ 296	**$ 103**	$ 176	**$ 159**	$ 120
Additions to property, plant and equipment and intangible assets	**$ 189**	$ 161	**$ 144**	$ 119	**$ 45**	$ 42

[1] Refer to Note 2 for impact of new accounting policies.

SEGMENTED INFORMATION

INDUSTRY SEGMENTS	Bombardier Inc. consolidated		BA		BT	
For the nine-month periods ended October 31	**2009**	Restated [1] 2008	**2009**	Restated [1] 2008	**2009**	Restated [1] 2008
Revenues						
Manufacturing	**$ 10,645**	$ 10,512	**$ 5,320**	$ 5,771	**$ 5,325**	$ 4,741
Services	**2,066**	2,398	**1,015**	1,234	**1,051**	1,164
Other	**1,303**	1,382	**347**	183	**956**	1,199
	14,014	14,292	**6,682**	7,188	**7,332**	7,104
Cost of sales	**11,713**	11,636	**5,647**	5,656	**6,066**	5,980
Selling, general and administrative	**1,065**	1,171	**445**	535	**620**	636
Research and development	**87**	121	**(4)**	38	**91**	83
Other expense (income)	**(30)**	(43)	**(54)**	12	**24**	(55)
Amortization	**369**	416	**281**	322	**88**	94
	13,204	13,301	**6,315**	6,563	**6,889**	6,738
Income before financing income and expense and income taxes	**$ 810**	$ 991	**$ 367**	$ 625	**$ 443**	$ 366
Additions to property, plant and equipment and intangible assets	**$ 520**	$ 390	**$ 400**	$ 278	**$ 120**	$ 112

As at	**October 31 2009**	January 31 2009 [1]	**October 31 2009**	January 31 2009 [1]	**October 31 2009**	January 31 2009 [1]
Net segmented assets	**$ 3,341**	$ 1,230	**$ 2,914**	$ 1,296	**$ 427**	$ (66)
Liabilities allocated to segments:						
Accounts payable and accrued liabilities [2]	**7,621**	6,791				
Advances and progress billings in excess of related long-term contract costs	**1,894**	2,072				
Advances on aerospace programs	**2,412**	2,991				
Fractional ownership deferred revenues	**395**	573				
Accrued benefit liabilities	**1,105**	992				
Derivative financial instruments	**474**	1,194				
Assets not allocated to segments:						
Cash and cash equivalents	**3,020**	3,470				
Invested collateral	**781**	777				
Deferred income taxes	**1,073**	1,216				
Total consolidated assets	**$ 22,116**	$ 21,306				

[1] Refer to Note 2 for impact of new accounting policies.
[2] Excluding interest and income taxes payable amounting to $112 million and $92 million respectively as at October 31, 2009 ($61 million and $70 million as at January 31, 2009), which were not allocated to segments.