BOMBARDIER

First quarterly report

THREE MONTHS ENDED APRIL 30, 2000

Report to shareholders

For the first quarter ended April 30, 2000, the consolidated revenues of Bombardier Inc. totalled $3.3 billion, a 15% increase over the revenues of $2.9 billion for the quarter ended April 30, 1999. Net income for the first quarter, before a special charge, reached $195.1 million, an increase of 35% compared to a net income of $144.5 million for the same period last year. Earnings per share, before a special charge, rose to $0.28 from $0.20 the previous year, a 40% increase over last year. After a special charge of $79.5 million ($47.7 million after tax), net income for the quarter amounted to $147.4 million, or $0.21 per share.

The special charge results from additional provision for bad debt related to the smaller item portfolio of Bombardier Capital, a portfolio which is being wound down. On May 12, 2000, involuntary bankruptcy proceedings were filed under Chapter 7 of the US Bankruptcy Code against the principal recourse lessor providing credit support for a significant portion of this portfolio. As a result of this development as well as defaults from other recourse lessors and the deterioration of the credit quality of this portfolio, a special charge of $79.5 million ($47.7 million after tax) has been provided for in the quarter.

Improved revenues are mainly attributable to increased aircraft deliveries while improved net income is due to the excellent performance of the aerospace segment and to the return to profitability of the recreational products segment. In the transportation segment, revenues decreased mainly due to the weaker euro in relation to the Canadian dollar.

Bombardier's order backlog at April 30, 2000 reached $28.3 billion, an 11% increase over the $25.5 billion backlog at the end of the first quarter last year. In aerospace, the backlog increased to $20.0 billion at April 30, 2000 from $17.6 billion at the end of the same quarter the previous year and in transportation, it totalled $8.3 billion compared to $7.9 billion at April 30, 1999.

During the first quarter Bombardier Aerospace received firm orders for 18 Canadair Regional Jet* Series 200 aircraft and for 29 Q300* Dash 8* turboprops.

Letters of intent were also signed during the quarter with Delta Connection, Inc. carriers Comair and Atlantic Southeast Airlines for up to 500 CRJ* jets. Once a definitive agreement is finalized, the transaction will include firm orders for 69 CRJ200* aircraft and 25 CRJ700* aircraft, as well as options for an additional 406 CRJ aircraft. These firm orders valued at $2.9 billion have not been included in the total backlog at April 30, 2000. The backlog would then have reached $31.2 billion.

Since the end of the quarter, firm orders were received for three CRJ200 aircraft.

First quarter orders for Bombardier Transportation totalled $783 million including orders for 55 city-trams for the City of Cologne in Germany and for 252 vehicles for the Netherlands Railways.

Since the end of the quarter, Bombardier Transportation was awarded a contract by GO Transit, of Toronto, for the supply of 16 passenger coaches for a total value of $43 million.

In May, Bombardier Recreational Products' second all-terrain vehicle, the DS 650* was named *ATV of the year* for 2000 by the publishers of *4-Wheel ATV Action* magazine.

On May 9, 2000, Bombardier welcomed the ruling of the Compliance Panel of the World Trade Organization (WTO) confirming that Brazil's ProEx subsidy program is illegal and must be withdrawn on all Embraer aircraft delivered after November 18, 1999. Bombardier is still hoping that governments will reach a negotiated settlement.

On May 19, 2000, Bombardier Services (UK) Limited signed a contract to sell its defence services business in the UK, including its wholly owned subsidiary Airwork Ltd, to subsidiaries of Vosper Thornycroft (UK) Limited, for a consideration of $66.7 million. The transaction, which is subject to certain conditions, is scheduled to be completed at the end of May 2000.

On April 18, 2000, the Board of Directors approved an increase of the dividend on the common shares of the Corporation. The quarterly dividend will rise from $0.055 to $0.0675 per share. The dividend is payable on May 31, 2000 to the shareholders of record at the close of business on May 19, 2000.

At the annual meeting on Tuesday, June 20, 2000, the shareholders of Bombardier Inc. will be asked to approve a split of both Class A and Class B shares on a two-for-one basis. Upon shareholders' approval, the split will be effective for shareholders of record at the close of business, Montréal time, on Friday, July 7, 2000 and shareholders will later be getting the certificates representing the additional shares.

Robert E. Brown
President and Chief Executive Officer

May 23, 2000

FORWARD LOOKING STATEMENTS
This report includes "forward looking statements" that are subject to risks and uncertainties. For information identifying legislative or regulatory, economic, climatic, currency, technological, competitive and other important factors that could cause actual results to differ materially from those anticipated in the forward looking statements, see Bombardier's Annual Report under the heading Risks and Uncertainties in the Management's Discussion and Analysis section.

All amounts mentioned in this report are in Canadian dollars, unless otherwise stated.

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BOMBARDIER INC.

Consolidated Balance Sheets

(millions of Canadian dollars)

	Bombardier Inc. consolidated		*Bombardier*		*BC*	
	April 30 2000	January 31 2000	**April 30 2000**	January 31 2000	**April 30 2000**	January 31 2000
	(Unaudited)		**(Unaudited)**		**(Unaudited)**	
Assets						
Cash and cash equivalents	**$ 718.9**	$ 1,664.0	**$ 701.5**	$ 1,548.7	**$ 17.4**	$ 115.3
Accounts receivable	**660.3**	570.7	**660.3**	570.7	**---**	---
Asset-based financing items	**7,942.6**	7,194.9	**59.0**	57.1	**7,883.6**	7,137.8
Inventories	**5,949.0**	5,361.5	**5,949.0**	5,361.5	**---**	---
Fixed assets	**1,926.2**	1,898.7	**1,803.5**	1,776.4	**122.7**	122.3
Investment in and advances to BC	**---**	---	**1,630.5**	1,531.2	**---**	---
Other assets	**342.5**	344.3	**148.9**	146.3	**193.6**	198.0
	$ 17,539.5	$ 17,034.1	**$ 10,952.7**	$ 10,991.9	**$ 8,217.3**	$ 7,573.4
Liabilities						
Short-term borrowings	**$ 2,581.4**	$ 2,002.7	**$ 86.6**	$ ---	**$ 2,494.8**	$ 2,002.7
Advances from Bombardier	**---**	---	**---**	---	**578.0**	459.8
Accounts payable and accrued liabilities	**3,506.0**	3,335.2	**3,268.1**	3,125.2	**237.9**	210.0
Advances and progress billings in excess of related costs	**2,255.1**	2,636.8	**2,255.1**	2,636.8	**---**	---
Long-term debt	**4,832.4**	4,795.0	**978.3**	971.4	**3,854.1**	3,823.6
Other liabilities	**931.6**	652.6	**931.6**	646.7	**---**	5.9
	14,106.5	13,422.3	**7,519.7**	7,380.1	**7,164.8**	6,502.0
Shareholders' equity						
Preferred shares						
Issued and outstanding: Series 2: 12,000,000	**300.0**	300.0	**300.0**	300.0	**---**	---
Common shares						
Issued and outstanding:						
Class A: 175,685,870						
(175,797,064 as at January 31, 2000)	**48.6**	48.6	**48.6**	48.6	**---**	---
Class B: 511,427,728						
(513,011,944 as at January 31, 2000)	**815.5**	813.7	**815.5**	813.7	**---**	---
Other equity accounts (Investment in BC)	**2,268.9**	2,449.5	**2,268.9**	2,449.5	**1,052.5**	1,071.4
	3,433.0	3,611.8	**3,433.0**	3,611.8	**1,052.5**	1,071.4
	$ 17,539.5	$ 17,034.1	**$ 10,952.7**	$ 10,991.9	**$ 8,217.3**	$ 7,573.4

Notes to these consolidated financial statements provide information on the financial statement presentation.

BOMBARDIER INC.
Consolidated Statements of Income

(Unaudited)

(millions of Canadian dollars except per share amounts)

		Three months ended April 30		
		2000		1999
Revenues				
Aerospace	**$**	**2,011.0**	$	1,571.0
Recreational Products		**315.4**		316.0
Transportation		**763.1**		841.4
BC		**222.0**		155.8
Intersegment eliminations		**(44.8)**		(33.6)
External revenues	**$**	**3,266.7**	$	2,850.6
Income before special charge and income taxes				
Aerospace	**$**	**234.0**	$	166.5
Recreational Products		**9.1**		---
Transportation		**39.1**		43.8
BC		**10.0**		5.4
		292.2		215.7
Special charge - BC		**79.5**		---
Income before income taxes		**212.7**		215.7
Income taxes		**65.3**		71.2
Net income	**$**	**147.4**	$	144.5
Earnings per share:				
Basic	**$**	**0.21**	$	0.20
Fully diluted	**$**	**0.21**	$	0.20
Average number of common shares outstanding during the period (millions)		**687.7**		683.4

Notes to these consolidated financial statements provide information on the financial statement presentation.

BOMBARDIER INC.
Consolidated Statements of Cash Flows

(Unaudited)

For the three months ended April 30 (millions of Canadian dollars)

	Bombardier Inc. consolidated		Bombardier		BC	
	2000	1999	**2000**	1999	**2000**	1999
Operating activities						
Net income (loss)	**$ 147.4**	$ 144.5	**$ 147.4**	$ 144.5	**$ (41.8)**	$ 3.2
Non-cash items:						
Depreciation and amortization	**53.5**	54.8	**51.0**	53.0	**2.5**	1.8
Net loss (income) from BC	**---**	---	**41.8**	(3.2)	**---**	---
Provision for credit losses - BC	**13.5**	15.8	**---**	---	**13.5**	15.8
Future income taxes	**55.9**	65.7	**82.9**	69.6	**(27.0)**	(3.9)
Special charge - BC	**79.5**	---	**---**	---	**79.5**	---
Net changes in non-cash balances related to operations	**(931.5)**	(967.5)	**(965.0)**	(957.0)	**33.5**	(10.5)
Cash flows from operating activities	**(581.7)**	(686.7)	**(641.9)**	(693.1)	**60.2**	6.4
Investing activities						
Additions to fixed assets	**(97.1)**	(48.9)	**(95.0)**	(46.0)	**(2.1)**	(2.9)
Net investment in asset-based financing items	**(711.9)**	(526.6)	**(1.7)**	(29.1)	**(710.2)**	(497.5)
Investment in and advances to BC	**---**	---	**(122.6)**	(195.6)	**122.6**	195.6
Other	**17.7**	59.4	**(2.0)**	7.6	**19.7**	51.8
Cash flows from investing activities	**(791.3)**	(516.1)	**(221.3)**	(263.1)	**(570.0)**	(253.0)
Financing activities						
Net variation in short-term borrowings	**542.3**	284.2	**85.4**	(18.6)	**456.9**	302.8
Net variation in long-term debt	**(29.7)**	(99.3)	**8.4**	(20.3)	**(38.1)**	(79.0)
Redemption of common shares	**(67.6)**	---	**(67.6)**	---	**---**	---
Issuance of shares, net of related costs	**5.4**	1.5	**5.4**	1.5	**---**	---
Dividends paid	**(0.4)**	(4.1)	**(0.4)**	(4.1)	**---**	---
Cash flows from financing activities	**450.0**	182.3	**31.2**	(41.5)	**418.8**	223.8
Effect of exchange rate changes on cash and cash equivalents	**(22.1)**	(3.1)	**(15.2)**	(30.7)	**(6.9)**	27.6
Net increase (decrease) in cash and cash equivalents	**(945.1)**	(1,023.6)	**(847.2)**	(1,028.4)	**(97.9)**	4.8
Cash and cash equivalents at beginning of year	**1,664.0**	1,738.7	**1,548.7**	1,706.3	**115.3**	32.4
Cash and cash equivalents as at April 30	**$ 718.9**	$ 715.1	$ **701.5**	$ 677.9	**$ 17.4**	$ 37.2

Supplemental Information

	2000	1999
Cash paid for - interest	**$ 85.4**	$ 54.4
- income taxes	**$ 24.1**	$ 11.7

Notes to these consolidated financial statements provide information on the financial statement presentation.

CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The accompanying consolidated financial statements include the accounts of Bombardier Inc. and its subsidiaries (the "Corporation"), substantially all of which are wholly owned. They also include the Corporation's proportionate share of its joint ventures. The descriptions of the columns shown in these financial statements are as follows:

Bombardier Inc. consolidated
This column represents all of the activities of the Corporation on a consolidated basis, after elimination of balances and transactions between Bombardier and BC.

Bombardier
This column represents the activities of the Corporation's three manufacturing segments. Each reportable segment offers different products and services, requires different technology and marketing strategies and is headed by a President and Chief Operating Officer. These segments are grouped and referred to as "Bombardier" and the intercompany transactions within this column have been eliminated. "Investment in BC" is accounted for under the equity method and comprises BC's equity and subordinated debt of Bombardier in BC.

The aerospace segment is engaged in the design, manufacture and sale of business and regional aircraft for individuals, corporations as well as commercial airline customers. It is also engaged in the manufacture of major airframe components for aircraft designed and built by other American and European aircraft manufacturers. In addition, it provides commercial and military aviation services, including technical services and pilot training.

The recreational products segment is involved in the development, manufacturing and marketing of snowmobiles, watercraft, boats, all-terrain vehicles, utility vehicles and engines.

The transportation segment carries on all activities related to rail transportation equipment. It offers a full range of vehicles for urban, suburban, intercity rail-passenger transportation, freight cars, as well as integrated rail transit systems for turnkey projects. In addition, the transportation segment provides operations and maintenance services.

BC
Bombardier Capital ("BC") includes financial services and real estate activities. The financial services are all asset-based and cover five specific markets: inventory financing; financing to commercial customers with respect to various commercial and industrial equipment, new or trade-in aircraft and open accounts receivable; consumer finance operations; mortgage financing to purchasers of manufactured homes; and leasing and technology management services. The real estate activities of this segment consist in selling land to real estate developers and renting office buildings to Bombardier. The intercompany transactions within this column have been eliminated.

SPECIAL CHARGE - BC

On May 12, 2000 involuntary bankruptcy proceedings were filed under Chapter 7 of the US Bankruptcy Code against the principal recourse lessor providing credit support for a significant portion of the smaller item portfolio of BC, which is in the process of being wound down. As a result of this development as well as defaults from other recourse lessors and the deterioration of the credit quality of this portfolio, a special charge of $79.5 million ($47.7 million after tax) has been provided for in the first quarter of fiscal year 2001, related to additional provision for bad debt.

SEGMENT DISCLOSURE

The Corporation evaluates performance based on income or loss before special charges and income taxes. Intersegment services are accounted for as if the services were provided to third parties, at current market prices. For all segments, interest costs are allocated to each segment based on its net assets. Most corporate office charges are allocated based on their respective revenues. For the manufacturing segments, net segmented assets are comprised of the assets of each segment except for investment in and advances to BC and cash and cash equivalents, less accounts payable and accrued liabilities and advances and progress billings in excess of related costs. For BC, the net segmented assets correspond to the combined amount of BC's equity and subordinated debt which is maintained at a level to produce a debt to equity ratio, including subordinated debt, which approximates 9 to 1. Consequently, this amount is shown as net segmented assets for BC.

CHANGES IN ACCOUNTING PRINCIPLES

Effective February 1, 2000, the Corporation adopted two new accounting recommendations from the Canadian Institute of Chartered Accountants (CICA).

The Corporation adopted retroactively the new accounting recommendations for income taxes, without restatement of prior periods. The new income tax recommendations are based on the asset and liability method which requires the recognition of future income tax assets and liabilities for the differences between the carrying value of assets and liabilities and their related tax basis. Future income tax assets and liabilities are measured using enacted income tax rates expected to apply in the year in which timing differences are expected to be recovered or settled. They also establish criteria for recognition of future income tax benefits related to tax losses carried forward based on a more likely than not test of recovery. Previously, the Corporation used the deferral method of accounting for income taxes. The cumulative effect of adopting the new recommendations on opening retained earnings as at February 1, 2000 and on the Corporation's consolidated statement of income, financial position and cash flows for the quarter ended April 30, 2000 or for the year ending January 31, 2001 is not significant.

The Corporation adopted retroactively the new CICA recommendations on accounting for employee future benefits with no restatement of prior periods. These new requirements modify the current accounting rules for pension costs and obligations and extend these requirements to non-pension benefits. The cumulative after tax adjustments as at February 1, 2000 reduced other equity accounts (retained earnings) by $210.6 million. In addition, liabilities for employee future benefits have increased by $303.1 million, the remaining adjustment of $92.5 million being posted to future income taxes. This change of accounting principle does not have a significant impact on the consolidated statement of income, financial position and cash flows of the Corporation for the quarter ended April 30, 2000 or for the year ending January 31, 2001.

BOMBARDIER INC.

Net Segmented Assets

(millions of Canadian dollars)

		April 30 2000 (Unaudited)		January 31 2000
Aerospace	**$**	**3,702.3**	$	2,938.0
Recreational Products		**167.0**		103.2
Transportation		**(771.8)**		(891.2)
BC		**1,052.5**		1,071.4
		4,150.0		3,221.4
Accounts payable and accrued liabilities		**3,268.1**		3,125.2
Advances and progress billings in excess of related costs		**2,255.1**		2,636.8
Advances to BC		**578.0**		459.8
Cash and cash equivalents		**701.5**		1,548.7
Total assets - Bombardier		**10,952.7**		10,991.9
Investment in and advances to BC		**(1,630.5)**		(1,531.2)
Total assets - BC		**8,217.3**		7,573.4
Total assets - Bombardier Inc. consolidated	**$**	**17,539.5**	$	17,034.1

BC total assets under management, including those off-balance sheet, amount to $11,500.4 million (unaudited) as at April 30, 2000 and to $10,847.6 million as at January 31, 2000.

Additional Information

(Unaudited)

(millions of Canadian dollars)

		Three months ended April 30 2000		1999
Depreciation and amortization				
Aerospace	**$**	**27.0**	$	29.4
Recreational Products		**8.6**		7.7
Transportation		**15.4**		15.9
BC		**2.5**		1.8
	$	**53.5**	$	54.8
Interest expense				
Aerospace	**$**	**36.3**	$	33.8
Recreational Products		**2.8**		4.3
Transportation		**(42.9)**		(44.3)
BC		**8.9**		8.4
	$	**5.1**	**$**	2.2