First quarterly report

THREE MONTHS ENDED APRIL 30, 2001

Report to Shareholders

CONSOLIDATED RESULTS

For the first quarter ended April 30, 2001, the consolidated revenues of Bombardier Inc. amounted to $4.0 billion, compared to $3.3 billion for the same period of the previous year, an increase of 23% mainly resulting from growth in the aerospace segment. Income before special item and income taxes increased by 23% for the first quarter to $358.6 million compared to $292.2 million for the same period last year. This performance was mainly the result of growth in aircraft deliveries and of improved pre-tax margins in the aerospace and recreational products segments.

The Corporation's income taxes totalled $117.6 million for the first quarter, against $65.3 million for the same period last year. The effective consolidated income tax rate for the Corporation's worldwide operations was 32.8% compared to 33.2% before special item for the corresponding period of the previous year (30.7% after special item).

Net income increased by 24% reaching $241.0 million for the first quarter ended April 30, 2001 or $0.17 per share. This compares to net income before special item of $195.1 million or $0.13 per share for the same period of last year. After special item, net income was $147.4 million or $0.10 per share for the period ended April 30, 2000.

BOMBARDIER AEROSPACE

For the first quarter ended April 30, 2001, Bombardier Aerospace's revenues before intersegment eliminations were $2.6 billion, compared with $2.0 billion for the quarter ended April 30, 2000**.** This 30% rise in revenues is attributable to an increase in new aircraft deliveries, higher activities in aviation support and services, as well as increases in used aircraft sales.

Reflecting growth in revenues, income before income taxes reached $310.2 million for the first quarter of fiscal year 2002, a 33% increase over the $234.0 million recorded for the same period last year. Bombardier Aerospace's income before income tax margin was 11.8% for the first three months of fiscal year 2002 compared with 11.6% the previous year.

As at April 30, 2001, the order backlog totalled $23.8 billion, compared with $20.0 billion as at April 30, 2000.

Business and regional aircraft deliveries were as follows:

Business Aircraft Deliveries

	Deliveries for quarter ended April 30, 2000	**Deliveries for quarter ended April 30, 2001**
Learjet 31A*	5	**3**
Learjet 45*	12	**16**
Learjet 60*	7	**9**
Challenger 604*	9	**10**
Global Express*	4	**6**
TOTAL	37	**44**

Regional Aircraft Deliveries

	Deliveries for quarter ended April 30, 2000	**Deliveries for quarter ended April 30, 2001**
CRJ100*/CRJ200*	22	**30**
CRJ700*	-	**1**
Q100*/Q200*	2	**1**
Q300*	3	**3**
Q400*	3	**4**
TOTAL	30	**39**

No Canadair 415* turboprop amphibious aircraft were delivered in the first quarter ended April 30, 2001 compared to 4 for the first quarter ended April 30, 2000.

During the first quarter ended April 30, 2001, Bombardier Aerospace signed 75 firm orders for the CRJ100/200 aircraft compared to 18 CRJ100/200 and 29 Q300 Dash 8* turboprop aircraft for the first quarter of the previous year.

The order backlog of Regional Aircraft as at April 30, 2001 was as follows:

	Aircraft on Firm Order	**Options and Conditional Orders or Letters of Agreement**	**Total Backlog**
CRJ100/200	**371**	**735**	**1,106**
CRJ700	**172**	**307**	**479**
CRJ900*	**10**	**42**	**52**
Q100/200	**3**	**2**	**5**
Q300	**25**	**42**	**67**
Q400	**29**	**32**	**61**
TOTAL	**610**	**1,160**	**1,770**

BOMBARDIER TRANSPORTATION

For the quarter ended April 30, 2001, Bombardier Transportation's revenues before intersegment eliminations amounted to $840.7 million, compared with $763.1 million for the quarter ended April 30, 2000. This 10% rise in revenues is mainly attributable to higher level of activity for the New York subway, Long Island Rail Road and Virgin contracts.

Income before income taxes amounted to $26.4 million for the quarter ended April 30, 2001 compared to $39.1 million for the corresponding period of the previous year. This decrease was mainly related to the Acela[†] Express trainset contract. The income before income tax margin decreased from 5.1% to 3.1%.

As at April 30, 2001, the value of Bombardier Transportation's order backlog totalled $8.8 billion, consisting of $6.8 billion for operations and $2.0 billion for maintenance services, compared with $6.3 billion for operations and $2.0 billion for maintenance services for a total of $8.3 billion as at April 30, 2000.

The following major new orders were received since the beginning of the fiscal year 2002 :

Client	**Product**	**Units**	**Value (millions of Canadian dollars)**
Deutsche Bahn	Double-Deck vehicles	117	165
Netherlands Railways	VRM vehicles	126	315
Porterbrook Leasing Company Ltd	Double deck vehicles	42	77
Austrian Federal Railways	EMU	51	231
Transit Authority of Dresden, Germany	Low floor street trams	20	54

Effective May 1, 2001, the Corporation acquired from DaimlerChrysler AG of Stuttgart, Germany its subsidiary DaimlerChrysler Rail Systems GmbH (Adtranz) based in Berlin for a cash consideration of $725 million US ($1.1 billion). On April 30, 2001, the Corporation made payments of $525 million US ($806 million) on account of the purchase price and of €275 million ($374 million) to reimburse DaimlerChrysler for advances made to Adtranz. The purchase price is subject to adjustments based on the April 30, 2001 carrying value of the adjusted net assets acquired.

BOMBARDIER RECREATIONAL PRODUCTS

For the quarter ended April 30, 2001, the revenues of Bombardier Recreational Products before intersegment eliminations amounted to $370.1 million, compared with $315.4 million for the first quarter ended April 30, 2000. This 17% increase is mainly attributable to higher Sea-Doo personal watercraft deliveries and the inclusion of Outboard Marine Corporation (OMC) results since acquisition of net assets on March 9, 2001.

Income before income taxes reached $19.0 million, or 5.1% pre-tax margin, for the quarter ended April 30, 2001 compared with $9.1 million or 2.9% pre-tax margin for the same period last year. This increase in profitability results from higher volume of deliveries.

On March 9, 2001, the Corporation acquired for a cash consideration of $53.8 million US ($83.3 million), before acquisition costs of $3.8 million, most of the net assets of the engine manufacturing operations of OMC following its and certain of its subsidiaries' filing of a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code on December 22, 2000. OMC was a leading manufacturer of engines built to service the boat industry and the acquired assets include the outboard marine engine brands of Evinrude* and Johnson* as well as the Ficht* Ram fuel injection technology.

During the month of April 2001, Bombardier Recreational Products announced a strategic alliance with Overton's, one of the recreational industry's leader in direct marketing, to launch a new E-commerce program, BombardierDirect*.

BOMBARDIER CAPITAL

For the quarter ended April 30, 2001, Bombardier Capital's revenues before intersegment eliminations amounted to $262.4 million, an increase of 18% over the $222.0 million recorded for the quarter ended April 30, 2000. This increase in revenues is mainly attributable to a 20% growth in assets under management over the same period, primarily in Capital Services.

Income before special item and income taxes was $3.0 million for the quarter ended April 30, 2001 as compared to $10.0 million for the same period last year. This reduction was mainly attributable to an increase of $13.4 million in provision for credit losses. Beginning in February 2001, the Corporation ceased allocation of corporate interest charges to Bombardier Capital. The effect of this modification was a $9.6 million decrease in interest expense allocated to Bombardier Capital for the three month period ended April 30, 2001.

On May 12, 2000, involuntary bankruptcy proceedings were filed against the principal recourse lessor providing credit support for the small ticket finance portfolio which is 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 item of $79.5 million ($47.7 million after tax) was provided for during the quarter ended April 30, 2000 related to additional provision for credit losses.

As mentioned last year, the Corporation continued to wind down the technology management and finance portfolio and the mid-market equipment commercial finance and small ticket finance portfolios. Bombardier Capital expects the gradual wind-down of these portfolios to be completed within three to four years. As at April 30, 2001, these portfolios represented $948.6 million, or 6.8% of Bombardier Capital's total assets under management compared to $1.1 billion, or 7.9% as at January 31, 2001.

FINANCIAL POSITION

Bombardier

Cash and cash equivalents net of short-term borrowings were $1.2 million as at April 30, 2001 compared to $1.4 billion at the end of the previous year. This reduction is mainly explained by increases in inventory of $1.0 billion, payments on account of the acquisition of OMC and Adtranz amounting to $1.3 billion and advances to Bombardier Capital of $317.4 million, partially offset by the issuance of $1.1 billion of long-term debt.

Total inventories as at April 30, 2001 were $7.4 billion, compared to $6.4 billion at the end of the previous fiscal year, an increase of $1.0 billion. In addition to the normal build-up of inventory in the early part of the year, this increase arose mainly from investments in new programs, namely the CRJ900 Series and the Bombardier Continental Business Jet aircraft, from the ramp-up in the production capacity for the CRJ100/200 and 700 Series and from the acquisition of OMC inventory. Total advances and progress billings remained constant at $6.4 billion. An amount of $4.3 billion of advances and progress billings is deducted against inventory as at April 30, 2001 as compared to $4.0 billion at the end of the previous fiscal year. Advances and progress billings in excess of related costs, shown as liabilities, have decreased to $2.1 billion as at April 30, 2001 compared to $2.4 billion at the end of the previous year. This reduction results mainly from progress in contracts and programs in the transportation and aerospace segments.

Other assets as at April 30, 2001 were $1.6 billion, compared to $422 million as at January 31, 2001. The increase reflects payments, made on April 30, 2001, to DaimlerChrysler on account of the purchase of Adtranz and for the reimbursement of intercompany advances.

As at April 30, 2001, the total outstanding long-term debt increased to $1.9 billion from $879.4 million as at January 31, 2001. On February 22, 2001, notes amounting to $697.5 million (€500 million) and $388.8 million (£175 million) maturing in February 2008 and February 2006, respectively, were issued on the European markets. Bombardier's debt-to-capital ratio, before taking into consideration cash and cash equivalents, was 37% as at April 30, 2001 compared to 19% as at January 31, 2001.

BC
The portfolios of asset-based financing items amounted to $9.4 billion as at April 30, 2001, compared with $8.9 billion as at January 31, 2001, an increase of 6%. Including off-balance sheet asset-based financing items, assets under management grew by 4% over the first quarter to $13.8 billion. Both increases arose mainly from the aircraft services portfolio in Capital Services.

BC's financial leverage, determined as the ratio of debt and off-balance-sheet debt to shareholders' equity and subordinated debt from Bombardier, as at April 30, 2001 and January 31, 2001 was 8.8 to 1 and 8.7 to 1, respectively. Bombardier targets a ratio of 9 to 1 for this type of business.

Robert E. Brown
President and Chief Executive Officer

May 22, 2001

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.

* Trademark of Bombardier Inc. or its subsidiaries
† Registered trademark of Amtrak, used under licence

Bombardier Inc., 800 René-Lévesque Blvd. West, Montréal, Québec, Canada H3B 1Y8
Telephone: (514) 861-9481, Fax: (514) 861-2420, Internet: www.bombardier.com
Un exemplaire en français sera expédié sur demande auprès des Services des relations publiques.

BOMBARDIER INC.
Consolidated Balance Sheets
(millions of Canadian dollars)

		Bombardier Inc. consolidated		***Bombardier***		***BC***	
	Notes	**April 30 2001**	January 31 2001	**April 30 2001**	January 31 2001	**April 30 2001**	January 31 2001
		(Unaudited)		**(Unaudited)**		**(Unaudited)**	
Assets							
Cash and cash equivalents		**$ 597.2**	$ 1,373.9	**$ 411.0**	$ 1,358.8	**$ 186.2**	$ 15.1
Receivables		**775.7**	851.2	**490.3**	626.5	**285.4**	224.7
Asset-based financing items	4	**9,465.0**	8,970.8	**53.0**	62.0	**9,412.0**	8,908.8
Inventories	5	**7,363.8**	6,413.7	**7,363.8**	6,413.7	**—**	—
Fixed assets		**2,211.9**	2,090.9	**2,074.8**	1,958.1	**137.1**	132.8
Investment in and advances to BC		**—**	—	**1,927.5**	1,581.5	**—**	—
Other assets	10	**1,852.7**	703.8	**1,619.5**	421.6	**233.2**	282.2
		$ 22,266.3	$ 20,404.3	**$ 13,939.9**	$ 12,422.2	**$ 10,253.9**	$ 9,563.6
Liabilities							
Short-term borrowings		**$ 3,275.7**	$ 2,531.2	**$ 409.8**	$ —	**$ 2,865.9**	$ 2,531.2
Advances from Bombardier		**—**	—	**—**	—	**522.0**	205.5
Accounts payable and accrued liabilities		**4,044.9**	4,036.6	**3,837.7**	3,840.0	**207.2**	196.6
Advances and progress billings in excess of related costs		**2,089.0**	2,362.8	**2,089.0**	2,362.8	**—**	—
Long-term debt	6	**7,189.0**	6,131.2	**1,938.6**	879.4	**5,250.4**	5,251.8
Other liabilities		**1,621.0**	1,530.1	**1,618.1**	1,527.6	**2.9**	2.5
		18,219.6	16,591.9	**9,893.2**	8,609.8	**8,848.4**	8,187.6
Shareholders' equity (Investment in BC)							
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: 344,885,775 (347,426,366 as at January 31, 2001)		**47.7**	48.1	**47.7**	48.1	**—**	—
Class B: 1,022,459,461 (1,018,624,370 as at January 31, 2001)		**828.2**	821.9	**828.2**	821.9	**—**	—
Retained earnings		**2,833.4**	2,660.0	**2,833.4**	2,660.0	**—**	—
Deferred translation adjustment		**37.4**	(17.6)	**37.4**	(17.6)	**—**	—
Investment in BC		**—**	—	**—**	—	**1,405.5**	1,376.0
		4,046.7	3,812.4	**4,046.7**	3,812.4	**1,405.5**	1,376.0
		$ 22,266.3	$ 20,404.3	**$ 13,939.9**	$ 12,422.2	**$ 10,253.9**	$ 9,563.6

The accompanying notes are an integral part of these consolidated financial statements and provide information on the financial statement presentation.

BOMBARDIER INC.
Consolidated Statements of Income
(Unaudited)
For the three months ended April 30
(millions of Canadian dollars)

	Notes	Bombardier Inc. consolidated		Bombardier		BC	
		2001	2000	**2001**	2000	**2001**	2000
Revenues		**$ 4,019.6**	$ 3,266.7	**$ 3,826.4**	$ 3,085.4	**$ 262.4**	$ 222.0
Expenses							
Cost of sales and operating expenses		**3,574.2**	2,915.9	**3,386.7**	2,756.0	**256.7**	200.6
Depreciation and amortization		**67.2**	53.5	**64.5**	51.0	**2.7**	2.5
Interest expense		**31.9**	22.4	**31.9**	13.5	**—**	8.9
Interest income		**(12.3)**	(17.3)	**(12.3)**	(17.3)	**—**	—
Net income from BC before BC's special item		**—**	—	**(1.8)**	(5.9)	**—**	—
		3,661.0	2,974.5	**3,469.0**	2,797.3	**259.4**	212.0
Income before special item and income taxes		**358.6**	292.2	**357.4**	288.1	**3.0**	10.0
Special item, BC	7	—	79.5	—	47.7	—	79.5
Income (loss) before income taxes		**358.6**	212.7	**357.4**	240.4	**3.0**	(69.5)
Income taxes		**117.6**	65.3	**116.4**	93.0	**1.2**	(27.7)
Net income (loss)		**$ 241.0**	$ 147.4	**$ 241.0**	$ 147.4	**$ 1.8**	$ (41.8)
Earnings per share:	2						
Basic		**$ 0.17**	$ 0.10				
Fully diluted		**$ 0.17**	$ 0.10				
Average number of common shares outstanding during the period (in thousands)		**1,366,622**	1,375,301				

Consolidated Statements of Retained Earnings
(Unaudited)
For the three months ended April 30
(millions of Canadian dollars)

	Bombardier Inc. consolidated	
	2001	2000
Balance at beginning of period	**$ 2,660.0**	$ 2,392.5
Effect of change of accounting policy for employee future benefits	—	(210.6)
Balance at beginning of period - adjusted	**2,660.0**	2,181.9
Net income	**241.0**	147.4
Dividends:		
Preferred shares	**(4.1)**	(4.1)
Common shares	**(63.1)**	(48.0)
Excess of redemption price of common shares over stated value	**—**	(64.0)
Other	**(0.4)**	(0.4)
Balance at end of period	**$ 2,833.4**	$ 2,212.8

The accompanying notes are an integral part of these consolidated financial statements and 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***	
	Notes	**2001**	2000	**2001**	2000	**2001**	2000
Operating activities							
Net income (loss)		**$ 241.0**	$ 147.4	**$ 241.0**	$ 147.4	**$ 1.8**	$ (41.8)
Non-cash items:							
Depreciation and amortization		**96.3**	64.8	**64.5**	51.0	**31.8**	13.8
Net loss (income) from BC		**—**	—	**(1.8)**	41.8	**—**	—
Provision for credit losses	4	**26.9**	13.5	**—**	—	**26.9**	13.5
Deferred income taxes		**102.4**	55.9	**100.1**	82.9	**2.3**	(27.0)
Special item	7	**—**	79.5	**—**	—	**—**	79.5
Net changes in non-cash balances related to operations		**(1,163.8)**	(942.8)	**(1,131.9)**	(965.0)	**(31.9)**	22.2
Cash flows from operating activities		**(697.2)**	(581.7)	**(728.1)**	(641.9)	**30.9**	60.2
Investing activities							
Additions to fixed assets		**(112.4)**	(97.1)	**(106.2)**	(95.0)	**(6.2)**	(2.1)
Net investment in asset-based financing items		**(340.5)**	(711.9)	**8.9**	(1.7)	**(349.4)**	(710.2)
Acquisition of business	3	**(87.1)**	—	**(87.1)**	—	**—**	—
Investment in and advances to BC		**—**	—	**(317.4)**	(122.6)	**317.4**	122.6
Other	10	**(1,186.1)**	17.7	**(1,215.0)**	(2.0)	**28.9**	19.7
Cash flows from investing activities		**(1,726.1)**	(791.3)	**(1,716.8)**	(221.3)	**(9.3)**	(570.0)
Financing activities							
Net variation in short-term borrowings		**686.0**	542.3	**409.8**	85.4	**276.2**	456.9
Net variation in long-term debt	6	**948.5**	(29.7)	**1,074.0**	8.4	**(125.5)**	(38.1)
Issuance of shares, net of related costs		**6.0**	5.4	**6.0**	5.4	**—**	—
Redemption of shares		**—**	(67.6)	**—**	(67.6)	**—**	—
Dividends paid		**(4.5)**	(0.4)	**(4.5)**	(0.4)	**—**	—
Cash flows from financing activities		**1,636.0**	450.0	**1,485.3**	31.2	**150.7**	418.8
Effect of exchange rate changes on cash and cash equivalents		**10.6**	(22.1)	**11.8**	(15.2)	**(1.2)**	(6.9)
Net increase (decrease) in cash and cash equivalents		**(776.7)**	(945.1)	**(947.8)**	(847.2)	**171.1**	(97.9)
Cash and cash equivalents at beginnning of period		**1,373.9**	1,664.0	**1,358.8**	1,548.7	**15.1**	115.3
Cash and cash equivalents at April 30		**$ 597.2**	$ 718.9	$ **411.0**	$ 701.5	**$ 186.2**	$ 17.4

Supplemental Information

Cash paid for - interest	**$ 93.7**	$ 85.4
- income taxes	**$ 44.7**	$ 24.1

The accompanying notes are an integral part of these consolidated financial statements and provide information on the financial statement presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All figures for the periods ended April 30, 2001 and 2000 and as of April 30, 2001 are unaudited)
For the first quarter ended April 30, 2001
(tabular figures in millions of Canadian dollars)

CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

Bombardier Inc. is incorporated under the laws of Canada. The consolidated balance sheets are unclassified because Bombardier Inc. and its subsidiaries (the "Corporation") carry out their operations in four distinct segments, each one characterized by a specific operating cycle. Financial services and real estate activities, being distinct from Bombardier's other activities, are shown in a separate column (BC) in the consolidated financial statements.

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 (aerospace, recreational products and transportation). These segments are grouped and referred to as "Bombardier" and intercompany transactions and balances within this column have been eliminated. Bombardier's investment in BC is accounted for under the equity method and comprises BC's equity and subordinated debt of Bombardier in BC.

BC

Bombardier Capital ("BC") represents the financial services and real estate activities of the Corporation. Intercompany transactions and balances within BC have been eliminated.

1. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements include the accounts of Bombardier Inc. and its subsidiaries, substantially all of which are wholly owned. They also include the Corporation's proportionate share of its joint ventures.

The consolidated interim financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles applicable to interim financial statements and follow the same accounting policies and methods of their application as the most recent annual financial statements, except for the changes in accounting policies described in note 2. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the interim periods are not necessarily indicative of the operating results for the full year. The interim 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 2001. Certain reclassifications have been made to prior periods to conform with current reporting.

2. CHANGES IN ACCOUNTING POLICIES

Earnings per share

Effective February 1, 2001, the Corporation retroactively adopted the new recommendations published by the Canadian Institute of Chartered Accountants (the "CICA") relating to the method of calculation and the presentation and disclosure requirements for earnings per share. The new recommendations, which are essentially aligned with the requirements of the US Financial Accounting Standards Board Statement No. 128 on this subject, require the use of the treasury stock method instead of the imputed earnings method for calculating fully diluted earnings per share. The impact of the adoption of the new recommendations on the computation of basic and fully diluted earnings per share is not material.

Transfer of receivables

Effective April 1, 2001, the Corporation prospectively adopted the new CICA recommendations applicable to the transfer of receivables. The new recommendations are consistent with the requirements of the US Financial Accounting Standards Board Statement No. 140. The effect of adopting the new recommendations on the Corporation's consolidated income, financial position and cash flows is not expected to be material.

3. BUSINESS ACQUISITION

On March 9, 2001, the Corporation acquired for a cash consideration of $53.8 million US ($83.3 million), before acquisition costs of $3.8 million, most of the net assets of the engine manufacturing operations of Outboard Marine Corporation ("OMC") following OMC's and certain of its subsidiaries' filing, on December 22, 2000, of a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. OMC was a leading manufacturer of engines built to service the boat industry and the acquired assets include the Evinrude and Johnson outboard marine engine brands and Ficht Ram fuel injection technology.

3. BUSINESS ACQUISITION (cont'd)

Net assets acquired at fair value	**(unaudited)**
Receivables	**$ 8.3**
Inventories	**76.3**
Fixed Assets	**73.8**
	158.4
Accounts payable and accrued liabilities	**(71.3)**
Net assets acquired	**$ 87.1**

4. ASSET-BASED FINANCING ITEMS

	April 30 2001 (unaudited)	January 31 2001
Bombardier		
Assets under operating leases and commercial loans	**$ 53.0**	$ 62.0
BC		
Consumer Products Finance		
Manufactured housing	**2,180.6**	2,067.6
Inventory	**955.6**	972.1
Consumer	**305.9**	274.9
	3,442.1	3,314.6
Capital Services		
Aircraft	**5,006.9**	4,582.5
Railcar	**189.4**	173.7
Industrial equipment	**113.4**	112.3
	5,309.7	4,868.5
Winding down portfolios	**780.4**	858.7
	9,532.2	9,041.8
Allowance for credit losses	**(120.2)**	(133.0)
	9,412.0	8,908.8
	$ 9,465.0	$ 8,970.8

4. ASSET-BASED FINANCING ITEMS (cont'd)

WINDING DOWN PORTFOLIOS – BC

The winding down portfolios include the technology management and finance, mid-market equipment commercial finance and small ticket finance portfolios.

ASSETS UNDER MANAGEMENT – BC

	April 30 2001	January 31 2001
	(unaudited)	
Asset-based financing items	**$ 9,412.0**	$ 8,908.8
Asset-based financing items –		
sold to third parties and serviced by BC:		
Inventory	**2,022.6**	1,969.4
Manufactured housing	**857.4**	867.2
Consumer	**441.3**	467.9
Railcar	**947.8**	917.8
Winding down portfolios	**168.2**	194.2
	4,437.3	4,416.5
Assets under management	**$ 13,849.3**	$ 13,325.3

ALLOWANCE FOR CREDIT LOSSES

Changes in the allowance for credit losses are as follows:

	April 30 2001	April 30, 2000
	(unaudited)	(unaudited)
Allowance at beginning of period	**$ 133.0**	$ 56.5
Provision for credit losses [1]	**26.9**	93.0
Amounts charged off – net of recoveries	**(39.7)**	(23.2)
Allowance at end of period	**$ 120.2**	$ 126.3

[1] For the period ended April 30, 2000, the provision for credit losses includes the special charge of $79.5 million.

5. INVENTORIES

	April 30 2001	January 31 2001
	(unaudited)	
Raw materials and work in process	**$ 438.4**	$ 395.0
Long-term contracts and aerospace programs	**10,281.7**	9,485.3
Finished products	**907.7**	581.8
	11,627.8	10,462.1
Advances and progress billings	**(4,264.0)**	(4,048.4)
	$ 7,363.8	$ 6,413.7

6. LONG-TERM DEBT

On February 22, 2001, the Corporation issued notes amounting to $697.5 million (€500 million), 5.75% due February 2008 at a price of 99.467% and notes amounting to $388.8 million (£175 million), 6.25% due February 2006 at a price of 99.442% for aggregate net proceeds of $1,076.4 million (€495.4 million and £173.4 million).

As at April 30, 2001 and January 31, 2001, the Corporation had complied with the restrictive covenants contained in its various financing agreements.

7. SPECIAL ITEM – BC

On May 12, 2000, involuntary bankruptcy proceedings were filed against the principal recourse lessor providing credit support for the small ticket finance portfolio which is being wound down. As a result of this development as well as defaults from other recourse lessors providing credit support for this portfolio 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 during the quarter ended April 30, 2000, related to additional provision for credit losses.

8. CONTINGENCIES

The Corporation is defendant in certain legal cases currently pending before various courts in relation to product liability. The Corporation is also party to several actions associated with waste disposal sites. These actions include possible obligations to remove wastes deposited at various sites or mitigate their negative effects on the environment. There are also some asbestos-related claims to compensate railway workers for various diseases which allegedly result from their workplace exposure to asbestos materials relating to past business involving locomotives.

The Corporation intends to vigorously defend its position in these matters. Management believes the Corporation has established adequate provisions to cover potential losses and amounts not recoverable under insurance coverage, if any, in relation to these legal actions.

9. SEGMENT DISCLOSURE

The Corporation operates in the four reportable segments described below. Each reportable segment offers different products and services, requires different technology and marketing strategies and is headed by a president and chief operating officer.

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 responsible for developing, manufacturing and marketing snowmobiles, watercraft, boats, all-terrain vehicles, utility vehicles and engines.

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

9. SEGMENT DISCLOSURE (cont'd)

The capital segment (BC) includes financial services and real estate activities. The financial services are all asset-based and are grouped into two divisions: Consumer Products Finance and Capital Services. The Consumer Products Finance division comprises manufactured housing, inventory and consumer finance portfolios. The Capital Services division includes aircraft, railcars and industrial equipment portfolios. The real estate activities of this segment consist in selling land to real estate developers and renting office buildings to Bombardier.

The accounting policies of the segments are the same as those described in the Corporation's annual report for fiscal year 2001. Management evaluates performance based on income or loss before special item and income taxes. Intersegment services are accounted for at current market prices as if the services were provided to third parties.

Corporate interest costs are allocated to the manufacturing segments based on each segment's net assets and most corporate office charges are allocated in all segments based on each segment's revenues. Net assets exclude cash and cash equivalents, investment in and advances to BC and deferred income taxes and are net of accounts payable and accrued liabilities, advances and progress billings in excess of related costs and accrued benefit liability.

Effective February 1, 2001, the Corporation ceased allocation of corporate interest charges to the BC segment. The new allocation basis is now used by Management in evaluating performance and making operating decisions for each segment. The effect of this modification was a decrease of interest expense allocated to the BC segment of $9.6 million for the three month period ended April 30, 2001. The corresponding increase in the allocation of interest expense has been mostly borne by the aerospace segment.

The table containing the detailed segmented information is shown at the end of the financial statements.

10. SUBSEQUENT EVENT

Effective May 1, 2001, the Corporation acquired from DaimlerChrysler AG (DaimlerChrysler) of Stuttgart, Germany its subsidiary DaimlerChrysler Rail Systems GmbH (Adtranz) based in Berlin for a cash consideration of $725 million US ($1.1 billion). On April 30, 2001, the Corporation made payments of $525 million US ($806 million) on account of the purchase price and of €275 million ($374 million) to reimburse DaimlerChrysler for advances made to Adtranz. These payments are presented as other assets in the consolidated balance sheet.

The purchase price is subject to adjustments based on the April 30, 2001 carrying value of the adjusted net assets acquired. The determination of the adjusted net assets acquired is subject to a review process involving the respective auditors of the Corporation and of DaimlerChrysler. This process was initiated immediately after the acquisition and could last several months.

The acquisition will be accounted for using the purchase method.

SEGMENT DISCLOSURE

(unaudited)
For the three months ended and as at April 30
(millions of Canadian dollars)

Industry segment	Bombardier Inc. consolidated		Aerospace		Recreational Products		Transportation		BC	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
External revenues	**$ 4,019.6**	$ 3,266.7	**$ 2,621.3**	$ 2,011.0	**$ 370.1**	$ 315.4	**$ 835.0**	$ 759.0	**$ 193.2**	$ 181.3
Intersegment eliminations	**—**	—	**—**	—	**—**	—	**5.7**	4.1	**69.2**	40.7
Revenues	**$ 4,019.6**	$ 3,266.7	**$ 2,621.3**	$ 2,011.0	**$ 370.1**	$ 315.4	**$ 840.7**	$ 763.1	**$ 262.4**	$ 222.0
Expenses										
Cost of sales and operating expenses	**$ 3,574.2**	$ 2,915.9	**$ 2,228.2**	$ 1,713.7	**$ 337.8**	$ 294.9	**$ 826.4**	$ 751.5	**$ 256.7**	$ 200.6
Depreciation and amortization (1)	**67.2**	53.5	**32.7**	27.0	**8.6**	8.6	**23.2**	15.4	**2.7**	2.5
Interest expense (income), net	**19.6**	5.1	**50.2**	36.3	**4.7**	2.8	**(35.3)**	(42.9)	**—**	8.9
	3,661.0	2,974.5	**2,311.1**	1,777.0	**351.1**	306.3	**814.3**	724.0	**259.4**	212.0
Income before special item and income taxes	**$ 358.6**	$ 292.2	**$ 310.2**	$ 234.0	**$ 19.0**	$ 9.1	**$ 26.4**	$ 39.1	**$ 3.0**	$ 10.0
Special item	**—**	79.5								
Income before income taxes	**$ 358.6**	$ 212.7								
Additions to fixed assets (excluding business acquisition)	**$ 112.4**	$ 97.1	**$ 73.8**	$ 83.6	**$ 7.5**	$ 3.1	**$ 24.9**	$ 8.3	**$ 6.2**	$ 2.1

As at	**April 30, 2001**	January 31, 2001	**April 30, 2001**	January 31, 2001	**April 30, 2001**	January 31, 2001	**April 30, 2001**	January 31, 2001	**April 30, 2001**	January 31, 2001
Net segmented assets	**$ 6,488.5**	$ 4,053.5	**$ 4,309.2**	$ 3,231.0	**$ 261.3**	$ 62.4	**$ 512.5**	$ (615.9)	**$ 1,405.5**	$ 1,376.0
Accounts payable and accrued liabilities	**3,837.7**	3,840.0								
Advances and progress billings in excess of related costs	**2,089.0**	2,362.8								
Accrued benefit liability	**509.7**	492.1								
Advances to BC	**522.0**	205.5								
Deferred income taxes	**82.0**	109.5								
Cash and cash equivalents	**411.0**	1,358.8								
Total assets – Bombardier	**$ 13,939.9**	$ 12,422.2								
Investment in and advances to BC	**(1,927.5)**	(1,581.5)								
Total assets – BC	**10,253.9**	9,563.6								
Total assets – Bombardier Inc. consolidated	**$ 22,266.3**	$ 20,404.3								

(1) BC's depreciation expense is mostly presented against rental income from assets under operating leases.