



**BOMBARDIER**

# Annual Information Form

2004

**April 8, 2004**

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NOTES:

- (1) In this Annual Information Form, all dollar figures are in Canadian dollars, unless indicated otherwise.
- (2) In this Annual Information Form, the asterisk (\*) refers to a Trademark(s) of Bombardier Inc. or one of its subsidiaries.
- (3) In this Annual Information Form, the symbol <sup>TM</sup> refers to a Trademark(s) of Bombardier Recreational Products Inc.
- (4) In this Annual Information Form, the double asterisk (\*\*) refers to a Trademark(s) of third parties.

# Item 1 Corporate Structure

## 1.1 Incorporation of the Issuer

Bombardier Inc. (the “Corporation” or “Bombardier”) was incorporated by letters patent under the laws of Canada on June 19, 1902 and was continued under the *Canada Business Corporations Act* by a certificate of continuance dated June 23, 1978, which was subsequently the subject of certain amendments.

The articles of the Corporation authorize it to issue shares consisting of (i) an unlimited number of preferred shares without nominal or par value issuable in series (the “Preferred Shares”), of which the following have been authorized (a) one series consisting of 12,000,000 Series 2 Cumulative Redeemable Preferred Shares (the “Series 2 Preferred Shares”), (b) one series consisting of 12,000,000 Series 3 Cumulative Redeemable Preferred Shares (the “Series 3 Preferred Shares”) and (c) one series consisting of 9,400,000 Series 4 Cumulative Redeemable Preferred Shares (the “Series 4 Preferred Shares”); (ii) 1,892,000,000 Class A shares (multiple voting) (the “Class A Shares”); and (iii) 1,892,000,000 Class B shares (subordinate voting) (the “Class B Subordinate Voting Shares”).

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

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

Each Class B Subordinate Voting Share carries a non-cumulative preferential dividend at the rate of \$0.0015625 per annum, payable in quarterly instalments of \$0.000390625.

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

Each Series 2 Preferred Share was, and will be, convertible at the option of the holder, subject to certain conditions, into a Series 3 Preferred Share on August 1, 2002 and on August 1<sup>st</sup> every fifth year thereafter. On August 1, 2002, 9,402,093 Series 2 Preferred Shares were thus converted into 9,402,093 Series 3 Preferred Shares leaving 2,597,907 Series 2 Preferred Shares issued and outstanding out of the authorized 12,000,000 Series 2 Preferred Shares which had been issued and outstanding until that date. In addition, on August 1, 2007 and on August 1<sup>st</sup> every fifth year thereafter, each Series 3 Preferred Share may be reconverted at the option of the holder, into a Series 2 Preferred Share, subject to certain conditions. Beginning on August 1, 2002, dividends on the Series 2 Preferred Shares, provided they have been declared by the Board of Directors, are payable monthly on the basis of a variable dividend rate calculated monthly in the manner provided in the articles of the Corporation. The annual dividend rate applicable to the Series 3 Preferred Shares for the period of five years beginning on August 1, 2002 is 5.476%. The annual dividend rate applicable to the Series 4 Preferred Shares is 6.25%.

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

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

## 1.2 Subsidiaries

The activities of the Corporation are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of each reportable segment of the Corporation as at January 31, 2004, as well as their jurisdiction of incorporation and the percentage of voting shares held by the Corporation. Certain subsidiaries whose total assets did not represent more than 10% of the Corporation's consolidated assets or whose sales and operating revenues did not represent more than 10% of the Corporation's consolidated sales and operating revenues as at January 31, 2004, have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets, sales and operating revenues of the Corporation at such date.

### **Bombardier Inc.**

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#### **Bombardier Aerospace**

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##### *North America*

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

##### *Europe*

Short Brothers plc (Northern Ireland)	100%
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#### **Bombardier Transportation**

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##### *North America*

Bombardier Transit Corporation (Delaware)	100%
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##### *Europe*

Bombardier Transportation GmbH (Germany)	100%
Bombardier Transportation UK Ltd. (England)	100%
Bombardier Transportation (Bahntechnologie) Germany GmbH & Co. KG (Germany)	99.5%
Bombardier Transportation Sweden AB (Sweden)	100%
Bombardier Transportation (Switzerland) Aktiengesellschaft (Switzerland)	100%

#### **Bombardier Capital**

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##### *North America*

Bombardier Capital Inc. (Massachusetts)	100%
Bombardier Capital Ltd. (Québec)	100%

## **Item 2 General Development of the Business**

### **2.1 General**

The Corporation is a world-leading manufacturer of innovative transportation solutions, from regional aircraft and business aircraft to rail transportation equipment. As of January 31, 2004, Bombardier had a workforce of some 60,000 people and manufacturing facilities in various countries worldwide.

### **2.2 History**

Until 1973, Bombardier's operations consisted primarily of the manufacture and distribution of snowmobiles. In the 1970s and 1980s, Bombardier began to diversify its operations in the mass transit industry and, in 1986, in the aerospace industry.

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

On August 4, 2000, Bombardier signed a sale and purchase agreement with DaimlerChrysler AG ("DaimlerChrysler") of Stuttgart, Germany to acquire all of the common shares of its subsidiary DaimlerChrysler Rail Systems GmbH ("Adtranz"). The acquisition of Adtranz was completed as at May 1, 2001. The sale and purchase agreement provided for a cash consideration of US\$725 million (\$1.1 billion), subject to an adjustment to the purchase price for a maximum of €150 million based on the carrying value of the net assets of Adtranz as at April 30, 2001. Since discussions with DaimlerChrysler had failed to result in an agreement with respect to that adjustment, Bombardier filed a request for arbitration with the International Chamber of Commerce, in July 2002, claiming damages against DaimlerChrysler for an amount of €960 million (\$1.6 billion) plus interest and costs. DaimlerChrysler filed its answer to such claim on November 5, 2002. The matter should proceed to arbitration unless a settlement is reached.

On March 9, 2001, the Corporation acquired, through its indirect wholly-owned U. S. subsidiary Bombardier Motor Corporation of America, most of the net assets of the engine manufacturing operations of Outboard Marine Corporation ("OMC"). The acquired assets include the outboard marine engine brands Johnson™ and Evinrude™ as well as the Ficht™ fuel injection technology.

On September 26, 2001, the Corporation announced its decision to withdraw completely Bombardier Capital from the manufactured housing and consumer finance sectors because of their disappointing results.

On September 27, 2002, Bombardier announced its decision to reduce its debt mainly through the sale and gradual wind-down of the receivable factoring portfolios as well as the business aircraft financing portfolios of Bombardier Capital. On April 3, 2003, the Corporation announced its decision to cease origination of the railcar leasing activities of Bombardier Capital. Bombardier Capital now concentrates on inventory finance and interim financing for Bombardier Aerospace regional aircraft. Proceeds from the sale and gradual wind-down of the discontinued portfolios will be applied to the reduction of Bombardier Capital's debt.

On April 3, 2003, the Corporation announced an "action plan" for Bombardier, consisting of a major recapitalization program, including a significant issuance of its equity shares, and a number of planned divestitures, including the sale of its recreational products business. The announcement of the "action plan" also confirmed that Bombardier was in the process of divesting Belfast City Airport as well as its Military Aviation Services unit, the latter of which had provided technical services for military aircraft through facilities located at Mirabel, Québec and Bridgeport, West Virginia.

On April 4, 2003, Bombardier Transportation confirmed the financial close of the share purchase agreement between London Underground Ltd and Metronet, which was a condition for the awarding of the contracts. This allows for London Underground Ltd to transfer to the private sector for 30 years, the renewal, modernisation and maintenance of two of the London Underground's infrastructure projects.

The Corporation announced on April 7, 2003, that Bombardier Transportation had been awarded contracts from Metronet (in which Bombardier Transportation is a 20% equity partner) for the supply of rolling stock, signalling, maintenance and project management for the modernisation of the London Underground system. The value of these contracts is approximately £3.4 billion (\$7.9 billion) over 15 years. The turnkey contracts include the project management and the supply of 1,738 metro cars and new signalling systems for the Victoria Line and Sub-Surface Lines, together with the maintenance of rolling stock. In the early stages of the project, Bombardier Transportation will commence re-signalling work, refurbish the existing District Line rolling stock and build two pre-production trains for the Victoria Line. The new metro car fleets will be built in Bombardier's facility in Derby, United Kingdom between 2008 and 2015.

On April 17, 2003 and as part of its "action plan" referred to above, Bombardier announced that it closed a public offering of 370 million Class B Subordinate Voting Shares, at a price of \$3.25 per share, for total gross proceeds of approximately \$1.2 billion.

On May 22, 2003, Bombardier completed the sale of Belfast City Airport to Ferrovial of Spain, for net proceeds of £35 million (\$78 million). Prior to the sale, the airport had been a subsidiary of Bombardier's Short Brothers plc subsidiary, which itself had been acquired by the Corporation in 1989.

On August 3, 2003, the Corporation announced an agreement to sell a significant portion of the business aircraft market portfolio of its subsidiary, Bombardier Capital Inc., to GE Commercial Equipment Financing (CEF) for US\$339 million (\$475 million), which consideration represented the book value of the assets that were disposed of. Bombardier Capital's business aircraft portfolio was composed of loans and leases in relation to the financing of business aircraft.

On October 31, 2003, the Corporation completed the sale of its Military Aviation Services unit, which had provided technical services for military aircraft through facilities located at Mirabel, Québec and Bridgeport, West Virginia, to L-3 Communications MAS (Canada) Inc. for net proceeds of US\$85 million (\$112 million). The intention to sell its Military Aviation Services unit had been previously announced by Bombardier as part of its "action plan" described above.

On December 18, 2003, Bombardier completed the sale of its recreational products business to Bombardier Recreational Products Inc., a corporation formed by Bain Capital, certain members of the Bombardier family and the Caisse de dépôt et placement du Québec for \$960 million, \$910 million of which was paid in cash, and \$50 million of which was paid through the issuance of preferred shares of the purchaser's parent company. Net cash proceeds of \$740 million were generated. The closing of the sale of Bombardier's recreational products business represented a significant milestone in the fulfillment of Bombardier's "action plan" that had previously been announced in April 2003 as described above.

On March 16, 2004, the Board of Directors of the Corporation approved a major restructuring initiative for Bombardier Transportation in order to address excess capacity in its industrial operations, drive performance improvements and restore its earnings power. In connection with this initiative for Bombardier Transportation, Bombardier proposes to reduce the global workforce of Bombardier Transportation by 6,600 positions, or 18.5% of the total workforce of Bombardier Transportation. Furthermore, the initiative calls for seven production sites in five European countries to be closed over the next two years. The restructuring initiative in Bombardier Transportation also includes new arrangements with suppliers to better coordinate materials procurement. The Corporation will also launch an industrial site improvement program at five European locations to further reduce manufacturing costs.

## **Item 3 Narrative Description of the Business**

### **3.1 Structure and Management**

The Corporation operates in three reportable segments: (i) Bombardier Aerospace; (ii) Bombardier Transportation; and (iii) Bombardier Capital.

Bombardier Aerospace manufactures business, regional and amphibious aircraft and provides related services. It offers comprehensive families of regional jet and turboprop commercial aircraft and a wide range of business jets. It also provides the Bombardier\* Flexjet\* fractional ownership program, technical services, aircraft maintenance and pilot training.

Bombardier Transportation is the global leader in the rail equipment manufacturing and servicing industry. It offers a full range of passenger railcars, as well as complete rail transportation systems. It also manufactures locomotives, freight cars, airport people movers, propulsion and controls, and provides rail control solutions. Bombardier Transportation is also a provider of maintenance services.

Bombardier Capital offers inventory financing and interim financing of commercial aircraft, primarily in North American markets, and manages the wind-down of various portfolios.

The three reportable segments are constituted as follows:

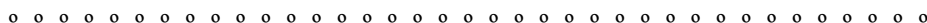
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<b><i>Bombardier Aerospace</i></b>	<ul style="list-style-type: none"><li>• Business Aircraft</li><li>• Regional Aircraft</li><li>• Amphibious Aircraft</li><li>• Aviation Support and Services</li><li>• Other Activities</li></ul>
<b><i>Bombardier Transportation</i></b>	<ul style="list-style-type: none"><li>• Rolling Stock</li><li>• Total Transit Systems</li><li>• Services</li><li>• Rail Control Solutions</li></ul>
<b><i>Bombardier Capital</i></b>	<ul style="list-style-type: none"><li>• Continued Portfolios</li><li>• Wind-down Portfolios</li><li>• Real Estate Services</li></ul>

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The activities of each of these segments are described hereafter under separate headings.

# Bombardier Aerospace



The operations of Bombardier Aerospace consist of designing, developing, manufacturing, marketing and selling business aircraft, regional aircraft and amphibious aircraft as well as providing aviation support and services and performing other activities.

On November 3, 2003, Bombardier completed the divestiture process for its Military Aviation Services unit, which provided technical services for military aircraft in facilities located at Mirabel, Québec and Bridgeport, West Virginia.

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

For a list of the Corporation's subsidiaries which fall within Bombardier Aerospace, see "Item 1 – Corporate Structure – Subsidiaries".

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

<b>Manufacturing Facilities</b>	<b>Operations Conducted or Products</b>
Montréal, Québec, Canada <sup>(L)</sup>	Assembly of, and pre-flight activities for, the Bombardier* Challenger* 300 and Challenger 604 business aircraft and the Bombardier* CRJ200* regional aircraft. Interior finishing and painting of the Bombardier CRJ200. Interior completion and painting of the Bombardier Challenger 300 and Challenger 604 and Bombardier* Global Express* and Bombardier* Global 5000* business aircraft.
Mirabel, Québec, Canada <sup>(L)</sup>	Assembly, pre-flight, painting and interior finishing of the Bombardier* CRJ700* and Bombardier* CRJ900*.
Montréal, Québec, Canada	Parts, components and spare parts for the Bombardier Challenger 300 and Challenger 604 business jets, Bombardier CRJ200, CRJ700 and CRJ900 regional aircraft, Bombardier Global Express and Bombardier Global 5000 business aircraft, and Bombardier 415* amphibious aircraft; structural components for Boeing and Aerospatiale.
Montréal, Québec, Canada	Complete wing and fuselage assembly for the Bombardier 415 amphibious aircraft.
Downsview, Ontario, Canada	Manufacture and final assembly of the Bombardier Q-Series* turboprop aircraft, including related spare parts and components; manufacture of components and final assembly of Bombardier Global Express and Bombardier Global 5000 aircraft; assembly of wings for the Bombardier* Learjet* 45 and Bombardier Learjet 40 business aircraft; assembly of the Bombardier 415 amphibious aircraft nacelle.



<b>Manufacturing Facilities</b>	<b>Operations Conducted or Products</b>
North Bay, Ontario, Canada <sup>(L)</sup>	Final assembly of and pre-flight activities for Bombardier 415 amphibious aircraft.
Wichita, Kansas, United States	Manufacture of the Bombardier Learjet family of business aircraft and of the Bombardier Challenger 300 business jet and flight test centre for aircraft manufactured by Bombardier Aerospace. Assembly of the Bombardier Challenger 300 aircraft will be transferred to Montréal during the fiscal year ending on January 31, 2005.
Dunmurry and Newtownabbey, Belfast, Northern Ireland, United Kingdom <sup>(L)</sup>	Composite components either for Bombardier Aerospace or for Boeing and Lockheed Martin.
Hawlmork, Newtownards, and Queen's Island, Belfast, Northern Ireland, United Kingdom <sup>(L)</sup>	Aircraft components, engine nacelles and nacelle components and spare parts for Bombardier Aerospace or for Boeing, Rolls-Royce, Rolls-Royce Deutschland, General Electric and International Aero Engines.
Tucson, Arizona, United States	Interiors completion of Bombardier Learjet and Challenger Series business aircraft. This activity will be transferred during the fiscal year ending on January 31, 2005 to Wichita and Montréal.

In addition, service centres for the Business aircraft division located in Tucson, Arizona; Hartford, Connecticut; Fort Lauderdale, Florida; Indianapolis, Indiana; Wichita, Kansas, and Dallas, Texas (United States), Berlin (Germany) and Dubai (United Arab Emirates) are part of a service network called Bombardier Aviation Services. Service centres for the Regional aircraft division are located in Asheville, North Carolina; Scranton and Allentown, Pennsylvania; Tulsa, Oklahoma; Tucson, Arizona and Bridgeport, West Virginia. The Corporation owns an airport located in Downsview, Ontario (Canada) and uses it to support Bombardier Aerospace's manufacturing activities.

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

## **Business Aircraft**

Bombardier Aerospace markets, sells and provides customer support for its three families of business jets. The Bombardier Global family includes the Bombardier Global Express ultra long-range aircraft, the super-large Bombardier Global 5000 and the new Bombardier Global Express XRS business jet that was officially launched in October 2003. The Bombardier Challenger family includes the Bombardier Challenger 800 (previously the Bombardier Challenger Special Edition), a corporate variant of the Bombardier\* CRJ\*, the wide-body Bombardier Challenger 604 and the super-midsize Bombardier Challenger 300 business aircraft (formerly known as the Continental business jet). The Bombardier Learjet family includes the new, light Bombardier Learjet 40, the super-light Bombardier Learjet 45 aircraft, the Bombardier Learjet 45 XR aircraft and the midsize Bombardier Learjet 60 aircraft.

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

Through the Bombardier Flexjet program, Bombardier Aerospace offers to sell to customers in North America a share of a Bombardier Aerospace business aircraft, whereas in Europe and Asia, Bombardier Aerospace offers a service-based program using selected aircraft operators to provide air transportation service to customers.

- ***Bombardier Global Family***

The Bombardier Global family of business jets is comprised of three wide-body aircraft: the intercontinental super-large Bombardier Global 5000, the ultra long-range Bombardier Global Express and the Bombardier Global Express XRS. Bombardier Global family of aircraft share a high degree of systems commonality, offering mixed fleet operators the cost benefits of common type rating, training, spare parts and maintenance.

The Bombardier Global 5000 aircraft is a high-speed intercontinental business jet capable of flying non-stop up to 4,800 nautical miles at Mach 0.85 with eight passengers and three crew members. The program was officially launched in February 2002. The first flight took place on March 7, 2003 with first deliveries expected to begin in the fourth quarter of the fiscal year ending January 31, 2005, and it received full certification from Transport Canada (“TC”) on March 12, 2004. Main competitors of the Bombardier Global 5000 include the Gulfstream G400\*\*, the Dassault Falcon 900EX\*\* and the Falcon 7X \*\*(FNX).

The Bombardier Global Express aircraft is an ultra long-range business jet covering distances of up to 6,010 nautical miles at Mach 0.85 non-stop. The Bombardier Global Express competes against the Gulfstream G500\*\* and G550\*\* and, to a much lesser extent, the Boeing Business Jet and the Airbus A319CJ.

The Bombardier Global Express XRS is an enhanced version of the Global Express business jet, offering longer range and greater levels of comfort. Deliveries are expected to begin in the first half of the fiscal year commencing on February 1, 2005 and ending on January 31, 2006.

- ***Bombardier Challenger Family***

The Bombardier Challenger family of business jets includes the Bombardier Challenger 300, Challenger 604 and Challenger 800.

The Bombardier Challenger 300 is a recent entrant in the super-midsize category and has a transcontinental range of up to 3,100 nautical miles at Mach 0.80 with eight passengers and two crew members. It was awarded certification by the United States Federal Aviation Administration (the “FAA”) in June 2003 following a similar approval from TC a few days earlier. In July 2003, the European Joint Aviation Authorities (the “JAA”) also awarded the Challenger 300 its certification. Deliveries began in December 2003. It competes with four other aircraft models in this category: the Raytheon Hawker Horizon\*\*, the Gulfstream G200\*\*, the Dassault Falcon 50EX\*\*, and the Cessna Citation\*\* X.

The Bombardier Challenger 604 aircraft is a wide-body, twin-engine intercontinental business jet capable of non-stop flights of over 4,000 nautical miles. The Challenger 604 aircraft is the fifth generation of the wide-body Challenger design, the previous models being the Challenger 600, 601, 601-3A and 601-3R. Main competitors of the Bombardier Challenger 604 aircraft include the Falcon 2000EX\*\* and Falcon 900C\*\* manufactured by Dassault Aviation, as well as the Gulfstream G300\*\*.

The Bombardier Challenger 800 is a derivative of the Bombardier CRJ aircraft modified for corporate travel. It can be configured for either executive transport or as a corporate shuttle. This aircraft combines a large cabin, similar in size to the Bombardier Global Express, with a non-stop range of 3,120 nautical miles. Embraer-Empresa Brasileira de Aeronáutica S.A. (Embraer) competes with Bombardier Aerospace in this segment.

- ***Bombardier Learjet Family***

The Bombardier Learjet family’s current production models are the Bombardier Learjet 40, the Bombardier Learjet 45, the Bombardier Learjet 45 XR, and the Bombardier Learjet 60.

Introduced in July 2002, the Bombardier Learjet 40, a derivative of the Bombardier Learjet 45 business jet, is capable of operating at cruise speeds of up to Mach 0.81 and has a maximum range of 1,803 nautical miles with four passengers and two crew. The Bombardier Learjet 40 was approved by the FAA in July 2003 and by the JAA in January 2004. Deliveries began in January 2004. The Bombardier Learjet 40 business jet's competitors are the Cessna Citation Bravo\*\*, Encore\*\* and V\*\* (Ultra) and the Raytheon Beechjet 400A\*\*.

The Bombardier Learjet 45 aircraft has a maximum range of 2,102 nautical miles with four passengers and two crew and can reach cruise speeds of up to Mach 0.81. Introduced in July 2002, the Bombardier Learjet 45 XR aircraft is an evolution of the Bombardier Learjet 45 business jet designed to deliver greater payload-range capabilities through a 1,000-pound increase in Maximum Takeoff Weight (MTOW) and enhanced engine performance. The Bombardier Learjet 45 XR aircraft is expected to enter into service during the second half of the fiscal year ending January 31, 2005. Both the Bombardier Learjet 45 and the Learjet 45 XR business jet compete with the Cessna Citation Excel\*\* aircraft.

The Bombardier Learjet 60 business jet has a maximum range of 2,502 nautical miles, with four passengers. Maximum cruise speed is Mach 0.81. The Bombardier Learjet 60 business jet has many competitors which include the Gulfstream G100\*\*, the Raytheon Hawker 800XP\*\*, the Cessna Sovereign\*\*, the Gulfstream G150\*\* and the Cessna Citation VII\*\*.

- ***Bombardier Flexjet Program***

The Bombardier Flexjet program is based in North America, but it also has operations in Europe and Asia. Bombardier Aerospace sells to customers in North America a share of business aircraft manufactured by Bombardier Aerospace. It also manages all operations and support for the aircraft, including flight crew, maintenance, hangar fees and insurance. Through the Bombardier Flexjet European and Asian programs, customers purchase hours of flight time entitlement instead of a physical share of an aircraft. The Bombardier Flexjet North American program has partnered with Delta AirElite Business Jets, a subsidiary of Delta Airlines, in order to market and sell Bombardier Flexjet pre-paid hours program. In addition, the Bombardier\* Skyjet\* program offers on-demand charter services in North America.

The Bombardier Flexjet program holds the number three position among the fractional ownership programs currently available in that market. The main competitors of Bombardier Aerospace in this segment, NetJets Inc. and Flight Options LLC, have typically purchased new aircraft from different manufacturers, such as Gulfstream Aerospace Corporation, Cessna Aircraft Company and Raytheon Aircraft. A few other small organizations also offer fractional ownership of various categories of aircraft.

## **Regional Aircraft**

Bombardier Aerospace markets and sells the Bombardier CRJ family of regional jets and the Bombardier\* Q-Series\* family of turboprops to airline companies and also provides maintenance and modification services to its customers. Raw materials and equipment are procured from suppliers in Canada, the United States and Europe with which Bombardier Aerospace generally has long-term contracts.

During the fiscal year commencing on February 1, 2004 and ending on January 31, 2005, Bombardier Aerospace will study the viability of developing a new generation of commercial aircraft. On February 26, 2004, Bombardier Aerospace appointed a president who will be responsible for this New Commercial Program; his mandate will be to form and lead a multi-disciplinary team.

- ***Bombardier CRJ Aircraft***

The Bombardier CRJ aircraft are assembled at the Bombardier Aerospace facilities, in Montréal, Québec and at Montréal's Mirabel Airport.

The Bombardier CRJ family consists of the 40-, 44- and 50-passenger Bombardier CRJ100/200 aircraft, the 70-passenger Bombardier CRJ700 aircraft and the 86-passenger Bombardier CRJ900 aircraft.

The Bombardier CRJ aircraft family has one major competitor, Embraer of Brazil, which produces the 50-passenger jet ERJ 145\*\*, the 37-passenger jet ERJ 135\*\* and a 44-passenger jet, the ERJ 140\*\*. Embraer

also offers the 70-passenger jet Embraer 170, the 86-passenger jet Embraer 175, the 98-passenger jet Embraer 190 and the 108-passenger jet Embraer 195.

- ***Bombardier Q-Series Aircraft***

The Bombardier Q-Series family of turboprops, assembled at the Bombardier Aerospace facilities in Downsview, Ontario, consists of the 37-passenger Bombardier\* Q100\* and Bombardier\* Q200\* aircraft, the 50-passenger Bombardier\* Q300\* aircraft and the 68- to 78-passenger Bombardier\* Q400\* aircraft.

The main products in competition with the Bombardier Q-Series aircraft family come from Avions de Transport Regional (ATR). The Q300 aircraft faces competition from the ATR 42\*\* and the Q 400 from the ATR 72\*\*.

## **Amphibious Aircraft**

Bombardier Aerospace markets the Bombardier 415 turboprop amphibious aircraft, a purpose-built firefighting aircraft. The aircraft can also be adapted to a variety of specialized missions such as search and rescue, environmental protection, coastal patrol and transport. Certification for the multipurpose Bombardier 415MP was obtained in March 2004.

## **Aviation Support and Services**

Bombardier Aerospace provides a broad range of services to customers, including training for pilots and maintenance technicians, aircraft maintenance and spare parts.

- ***Customer Training***

Bombardier Aerospace offers, through joint ventures, a complete range of pilot and maintenance training programs for the Bombardier CRJ Series aircraft in Montréal, Canada, in Qingdao, China, and in Berlin, Germany.

Bombardier Aerospace is the only business jet manufacturer to directly provide customized pilot and maintenance training, as well as ancillary training. The training centres are located in Montréal, Canada and in Dallas, United States.

In addition, Bombardier Aerospace provides maintenance and support services for military pilot training. The NATO Flying Training in Canada (NFTC) program is in full operation with Denmark, the United Kingdom, the Republic of Singapore, Italy, Hungary and Canada as participating nations.

- ***Aircraft Maintenance and Spare Parts Services***

Bombardier Aerospace offers maintenance services to its business aircraft customers at its six centres located in: Fort Lauderdale, Florida; Indianapolis, Indiana; Hartford, Connecticut; Wichita, Kansas; Tucson, Arizona; and Dallas, Texas in the United States; as well as a service centre located in Berlin, Germany, which is a joint venture with Lufthansa.

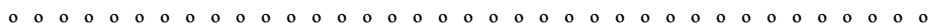
Bombardier Aerospace offers maintenance and modification services to Bombardier CRJ Series operators in Bridgeport, West Virginia in the United States. Bombardier Aerospace is also associated with 28 authorized service centres worldwide, with 26 centres for business aircraft and two for regional aircraft, which provide complete services to operators. Bombardier Aerospace expects to open an additional maintenance centre for regional aircraft in Tucson, Arizona, in the first quarter of the fiscal year ending January 31, 2005.

On January 14, 2004, Bombardier Aerospace announced the consolidation and integration of its regional aircraft and business aircraft spare parts organizations into the new Bombardier Aerospace Parts Logistics organization. Expected benefits include increased customer satisfaction due to a shorter response time and increased operational efficiencies that will allow for reduced spare parts inventory levels. Spare parts operations will move to a single SAP\*\*-based operating system and will establish new distribution warehouses in Chicago, Illinois, and Frankfurt, Germany. These centrally located warehouses will be run by the world-renowned logistics provider, Caterpillar Logistics Services.

## **Other Activities**

Other activities carried out by Bombardier Aerospace include component manufacturing for third parties at facilities in Montréal, Québec, and in Belfast, Northern Ireland, where most of the design, development and manufacture of major airframe structures is undertaken.

# Bombardier Transportation



Bombardier Transportation, the global leader in the rail equipment manufacturing and servicing industry, offers a full range of passenger railcars, as well as complete rail transportation systems. It also manufactures locomotives, freight cars, airport people movers, propulsion and controls and provides rail control solutions. Bombardier Transportation is also a provider of operations and maintenance services.

The administrative centre of Bombardier Transportation is located in Berlin, Germany.

For a list of the Corporation’s subsidiaries which fall within Bombardier Transportation, see “Item 1 – Corporate Structure – Subsidiaries”.

The following table shows the principal operation centres owned by the Corporation or one of its subsidiaries, as the case may be, unless they are indicated as being leased (“L”), and forming part of Bombardier Transportation. The table also lists the type of operations conducted or products manufactured at these facilities.

<b>Manufacturing or Service Facilities</b>	<b>Operations Conducted or Products</b>
La Pocatière, Québec, Canada	Manufacture of mass transit vehicles.
Thunder Bay, Ontario, Canada	Manufacture of mass transit vehicles.
Plattsburgh, New York, United States <sup>(L)</sup>	Final assembly of mass transit vehicles.
Pittsburgh, Pennsylvania, United States	Final assembly of automated people movers and propulsion systems.
Sahagún, Mexico	Manufacture of mass transit vehicles, freight locomotives and cars, refurbishment of rail passenger cars and light rail vehicle manufacturing centre for North America.
Hortolândia, Brazil <sup>(L)</sup>	Vehicles refurbishment.
Vienna, Austria	Manufacture of steel carbodies for light rail vehicles in Europe.
Bruges, Belgium	Manufacture of steel carbodies for passenger cars in Europe, final assembly of passenger cars and railway equipment.
Česká Lipa, Czech Republic	Supplier of primary parts and welding substructures and low-cost components.
Crespin, France	Manufacture of aluminum and steel carbodies for passenger cars in Europe, final assembly of passenger cars and manufacture of bogies.
Aix-la-Chapelle (Aachen), Germany	Final assembly of passenger vehicles for Europe.
Ammendorf, Germany	Manufacture of steel carbodies and final assembly of passenger vehicles.
Bautzen, Germany	Manufacture of aluminum and steel carbodies and final assembly of passenger cars (in particular light rail vehicles) in Europe.
Görlitz, Germany	Manufacture of aluminum and steel carbodies and final assembly of passenger cars (in particular double-deck trains).

<b>Manufacturing or Service Facilities</b>	<b>Operations Conducted or Products</b>
Hennigsdorf, Germany	Manufacture of carbodies and final assembly of passenger vehicles and test center, propulsion and control activities.
Kassel, Germany <sup>(L)</sup>	Final assembly of electric and diesel locomotives.
Siegen, Germany	Manufacture of bogies for Europe Asia and Middle East.
Dunakeszi, Hungary <sup>(L)</sup>	Refurbishment activities, manufacturing of passenger coaches and engineering.
Vado Ligure, Italy	Manufacture of locomotive and upgrades activities.
Strømmen, Norway	Services activities.
Wrocław, Poland	Manufacture of bogie frames and locomotive carbodies.
Amadora, Portugal	Final assembly and services activities.
Kalmar, Sweden	Manufacture of stainless steel carbodies and final assembly of passenger cars.
Västerås, Sweden	Manufacture of propulsion equipment.
Pratteln, Switzerland <sup>(L)</sup>	Manufacture of aluminium carbodies, Final assembly of passenger vehicles and vehicles overhaul.
Central Rivers, United Kingdom	Maintenance and overhaul activities.
Crewe, United Kingdom	Wheelset and bogies service activities, overhaul and refurbishment.
Derby, United Kingdom	Manufacture of bogies and of aluminum carbodies for, final assembly site for passenger cars in Europe.
Plymouth, United Kingdom	Subassembly and final assembly for signalling products.
Wakefield, Yorkshire, United Kingdom	Final assembly of passenger train and refurbishment business.
Melbourne, Australia	Manufacturing activities and intercity trains services workshop.
Maryborough, Australia <sup>(L)</sup>	Manufacturing activities for regional and commuter cars.

Marketing of the products manufactured by Bombardier Transportation is carried out through marketing or sales offices. In the Americas, these marketing or sales offices are located in Canada (in Longueuil, Québec, Toronto and Millhaven (Kingston), Ontario), the United States (in the states of California, Florida, Minnesota, and Pennsylvania, and in Washington, D.C.), in Mexico and Brazil.

In Europe, marketing is effected through offices in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Finally, Bombardier Transportation also has offices in India, South Africa, Australia, China, Korea, Malaysia, the Philippines, the Republic of Singapore, Taiwan and Thailand.

Bombardier Transportation leases these marketing or sales offices, with the exception of the office in Longueuil, Québec, Millhaven (Kingston) and those in Austria, Belgium, Germany, Switzerland and the United Kingdom, which it owns.

Bombardier Transportation has two major global competitors, Alstom SA and Siemens AG, both active in the same fields as Bombardier i.e. from rolling stock to rail controls systems, propulsion, services and turnkey systems. Both Alstom SA and Siemens AG are also active in other industry segments such as fixed installations, power generation and transmission.

Ansaldo-Breda is also a full line supplier but with a more limited spread geographically with its stronghold in Italy. CAF, Talgo, and Stadler are niche players in the field of passenger cars, mainly in Europe

but they are also involved in the United States to a limited extent. Vossloh is a niche player in the field of diesel locomotives.

Japanese suppliers like Hitachi, Toshiba, Mitsubishi and Kawasaki are mostly seen competing in Asia and the United States for rolling stock projects or as electrical propulsion suppliers.

In the field of rail control solutions, Alcatel, GE Harris and Invensys are also competitors.

As result of the ongoing worldwide railway industry consolidation process as well as market dynamics, Bombardier has maintained project based business relationships with most of its competitors, especially in Europe.

On March 17, 2004, the Corporation announced a major restructuring initiative for Bombardier Transportation, which is described under the heading “Item 2 – General Development of the Business – History” at page 3 of this Annual Information Form.

## **Rolling Stock**

The rolling stock portfolios of Bombardier Transportation include commuter and regional trains, intercity and high-speed trains, metro/rapid transit, light rail vehicles, locomotives, freight cars, and propulsion and controls for the vehicles.

- ***Commuter and Regional Trains***

Bombardier Transportation offers a wide range of passenger railcars for suburban and regional markets. The product line includes electrical multiple units (EMUs), diesel multiple units (DMUs), coaches and double-deck trains.

- ***Intercity and High-Speed Trains***

Bombardier Transportation’s product line includes diesel multiple units (DMUs), electric multiple units (EMUs), diesel-electric multiple units (DEMUs), coaches and high-speed trains.

- ***Metro / Rapid Transit***

Bombardier Transportation offers a full range of technologies adapted to the needs of urban transit systems.

- ***Light Rail Vehicles***

Bombardier Transportation’s family of light rail vehicles includes street-trams, city-trams and Tram-Train\* vehicles.

- ***Locomotives***

Bombardier Transportation offers locomotives and powerheads for use in high-speed, intercity, regional and freight traffic in both electric and diesel-electric versions to suit the specific needs of railway operators.

- ***Freight Cars***

Freight cars are designed and manufactured for private and state-owned operators.

- ***Propulsion and Controls***

Bombardier Transportation offers complete propulsion, train control and management systems. The propulsion system includes transformers, converters, traction motors, gears and auxiliary power supplies.

## **Total Transit Systems**

Bombardier Transportation markets, develops, designs, supplies and operates complete transportation systems from high-capacity urban transit systems to automated people-movers. Bombardier Transportation also provides operations and maintenance services for fully automated driverless systems.



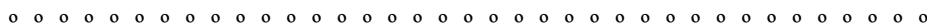
## **Services**

Bombardier Transportation provides a full range of maintenance services. These services include total train maintenance, technical support, spares and logistic management, car re-engineering and heavy overhaul and component re-engineering and overhaul.

## **Rail Control Solutions**

Bombardier Transportation's rail control solutions portfolio covers the whole range of mass transit solutions from manual to fully automatic systems, as well as communication-based systems, and mainline solutions from conventional systems to European Rail Traffic Management System (ERTMS) Level 2 systems.

# *Bombardier Capital*



During the fiscal year ended January 31, 2004, Bombardier Capital continued to focus on leveraging its core business competencies in inventory finance, while continuing with the reduction of its wind-down portfolios.

Bombardier Capital's continued portfolios are inventory finance and commercial aircraft. Bombardier Capital's wind-down portfolios are business aircraft, receivable factoring, railcar leasing, manufactured housing, consumer finance, industrial equipment, and "other" portfolios.

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

For a list of the Corporation's subsidiaries which fall within Bombardier Capital, see "Item 1 – Corporate Structure – Subsidiaries".

## **Continued Portfolios**

- ***Inventory Finance***

Bombardier Capital's inventory finance activities provide floorplan financing on a secured basis to retailers purchasing inventory products in the United States and Canada. Primary markets are marine products, manufactured housing and motorized recreational vehicles. On December 18, 2003, the Corporation announced the closing of the sale of its recreational products business to Bombardier Recreational Products Inc., a corporation formed by Bain Capital, members of the Bombardier family and the Caisse de dépôt et placement du Québec. In connection with the sale of the recreational products segment of the Corporation, Bombardier Capital entered into an agreement for inventory financing with the purchaser, Bombardier Recreational Products Inc., for a maximum amount of US\$750 million (\$995 million), for a renewable period of five years. Under the agreement, Bombardier Capital acts as the exclusive provider of floorplan financing to retailers of Bombardier Recreational Products Inc. manufactured products (excluding outboard engine products). In turn, Bombardier Capital will not provide retailer North American floorplan financing to direct competitors of Bombardier Recreational Products Inc. (excluding outboard engine products) during the term stipulated in the agreement.

- ***Commercial Aircraft***

Bombardier Capital provides interim financing support to Bombardier Aerospace regional aircraft customers until permanent third-party financing is arranged. The management of the Corporation has established a limit of 60 aircraft or US\$1 billion outstanding for these activities.

## **Wind-down Portfolios**

- ***Business Aircraft***

Bombardier Capital's business aircraft portfolio consists of loans and finance leases mainly to third-party purchasers of new and pre-owned business aircraft, presented in finance receivables. This portfolio also includes pre-owned aircraft with respect to trade-in business aircraft, mainly from Bombardier Aerospace, presented in assets under operating leases.

During the fiscal year ended January 31, 2004, the Corporation sold a significant portion of Bombardier Capital's business aircraft loans and finance leases portfolio to GE Commercial Equipment Financing (CEF), for US\$339 million (\$475 million). Bombardier Capital expects to continue to reduce this portfolio over the next three to five years through normal collections.

- ***Receivable Factoring***

Bombardier Capital's receivable factoring portfolio consisted of third-party trade receivables which originated from the Corporation's manufacturing segments. Complete wind-down of this portfolio was completed within the fiscal year ended January 31, 2004.

- ***Railcar Leasing***

These activities consisted of third-party freight car leasing as well as full-service maintenance and/or management services to owners and users of freight cars in North American markets. Bombardier Capital purchased freight railcars, typically from a third-party manufacturer, and subsequently entered into a sale and leaseback with a financial institution. The financial institution assumed ownership of the asset with Bombardier Capital as the lessee. Bombardier Capital then sub-leased the asset to the actual user of the equipment, typically for three to seven years. The diversified fleet averages less than six years of age. The complete wind-down of this portfolio is expected to occur over the next ten years due to its long-term nature.

- ***Manufactured Housing***

Manufactured housing finance activities provided retailers in the United States with financing services for consumer purchases of manufactured homes. Bombardier Capital continues to reduce this portfolio and expects the wind-down to be completed over the next several years.

- ***Consumer Finance***

Consumer finance activities involved secured loans designed to enable consumers to acquire recreational products and services. Bombardier Capital expects to complete the substantial wind-down of its consumer finance portfolios in the next three fiscal years.

- ***Industrial Equipment***

The industrial equipment portfolio consists mainly of loans and finance leases to customers in the ski industry. Following the Corporation's decision to no longer originate loans in this portfolio, it was reclassified from continuing portfolio to wind-down portfolio during the fourth quarter of the financial year ended January 31, 2004.

- ***Other***

The wind-down of the technology management and finance, mid-market commercial equipment finance and small ticket finance portfolios is expected to be substantially completed within one year.

## **Real Estate Services**

Through Bombardier's real estate services, Bombardier Capital derives revenues from the development of Bombardier real estate assets earmarked for new uses, and from activities aimed at meeting the real estate needs of other Bombardier businesses. Other revenues are generated from the sale of land to real estate developers, which involves the establishment of an urban residential community with integrated commercial and service infrastructures on land adjacent to Bombardier Aerospace facilities in Montréal, Québec.

## **3.2 Segmented Disclosure**

For information respecting Bombardier's sales by industry and geographic segments, reference is made to note 26 to the Corporation's consolidated financial statements for the financial years ended January 31, 2004 and January 31, 2003 filed with the Canadian securities regulatory authorities on March 31, 2004, including the table referred to in note 26, which note and table appear on pages 116 to 118 of such financial statements and are incorporated by reference in this Annual Information Form.

### **3.3 Agreements Relating to the Use of Certain Technologies**

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

### **3.4 Research and Development**

Every year, Bombardier commits a portion of its revenues to research and development. The research and development expenses appear in the consolidated statements of income on page 62 of the Corporation's consolidated financial statements for the financial years ended January 31, 2004 and January 31, 2003 filed with the Canadian securities regulatory authorities on March 31, 2004, which page is incorporated by reference in this Annual Information Form.

### **3.5 Environment**

The Corporation's manufacturing and service activities are subject to environmental regulation by federal, provincial and local authorities in Canada as well as local regulatory authorities having jurisdiction over the Corporation's foreign operations. As a result, the Corporation has established, and periodically updates a health, safety and environment policy that defines the Corporation's vision for its worldwide operations. Consistent with this policy, approximately 90% of the Corporation's manufacturing locations have been accredited according to the ISO 14001 Standard for Environmental Management by outside auditors.

Consistent with its policy stressing environmental responsibility and its desire to maintain legal compliance, the Corporation routinely procures, installs and operates pollution control devices, such as wastewater treatment plants, groundwater monitoring devices, air strippers or separators, and incinerators at new and existing facilities constructed or upgraded in the normal course of business. Future capital expenditures for pollution control systems are not expected to have a material effect on the Corporation's consolidated financial position.

With respect to environmental matters related to site contamination (historical contamination of soil and groundwater), the Corporation periodically conducts studies, individually at sites owned by the Corporation, and jointly as a member of industry groups at sites not owned by the Corporation, to determine the feasibility of various remedial techniques and to define the Corporation's share of liability. The Corporation is currently proceeding with decontamination at a small number of sites both in North America and in Europe. The historical costs for soil and/or groundwater decontamination have not been significant.

Estimating future environmental clean-up liabilities is dependent on the nature and the extent of historical information and physical data about the contaminated site, the complexity of the contamination, the uncertainty of which remedy to apply, the timing of the remedial action and the outcome of the discussions with regulatory authorities.

The Corporation expects to increase its costs for remediation activities in future years. This increased cost is based on the probable closure of certain existing facilities and on ever increasing legal requirements. Although it appears likely that annual costs for soil and groundwater may increase over time, these costs are not expected to be material to the Corporation.

### 3.6 Human Resources

The following table shows the total number of employees of Bombardier as well as the number of employees of each of its reportable segments as at January 31, 2004 and 2003:

	Number of employees as at January 31,	
	2004	2003
Bombardier Aerospace .....	27,383	29,056
Bombardier Recreational Products .....	— <sup>(1)</sup>	7,423
Bombardier Transportation.....	32,014	32,884
Bombardier Capital.....	689	779
Corporate Office .....	291	269
Total.....	60,377	70,411

(1) On December 18, 2003, Bombardier announced that it had completed the sale of its recreational products business.

As at January 31, 2004, 13,290 of Bombardier's North American employees were represented by certified unions under 15 separate collective agreements. These agreements expire at different dates, the latest of which is December 2006.

In Europe, there are some 63 collective agreements in force. National unions represent employees in subsidiaries or divisions and national and sectoral bargaining generally takes place every one or two years depending on the country. These agreements expire at different dates, the latest of which is December 2005.

Bombardier considers that its relations with its employees are satisfactory.

### 3.7 Foreign Currency Fluctuations

The Corporation is exposed to risks resulting from foreign currency fluctuations as described in the "Effect of currency fluctuations" item on pages 3 to 4 of the Corporation's Management's Discussion and Analysis filed with the Canadian securities regulatory authorities on March 31, 2004, which item is incorporated by reference in this Annual Information Form. In an effort to mitigate such risks, the Corporation makes use of derivative contracts to hedge the exposure to future cash flows in various currencies and asset/liability management, which involves mostly borrowing in foreign currencies to hedge foreign currency exposure arising from permanent investments in foreign countries.

## Item 4 Selected Consolidated Financial Information

### 4.1 Annual Information

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

(millions of dollars, except per share amounts)	2004	2003	2002
		Restated <sup>(1)</sup>	Restated <sup>(1)</sup>
Revenues .....	21,321	21,189	19,863
Net income (loss) .....	(89)	(615)	36
Total assets .....	25,569	29,124	27,243
Long-term debt .....	8,074	8,926	7,852
Series 2 Redeemable Preferred Shares .....	65	65	300
Series 3 Redeemable Preferred Shares .....	235	235	—
Series 4 Redeemable Preferred Shares .....	235	235	—
Earnings (loss) per share			
Basic .....	\$(0.07)	\$(0.47)	\$0.01
Diluted .....	\$(0.07)	\$(0.47)	\$0.01
Dividend per share			
Series 2 Redeemable Preferred Shares .....	\$1.17128	\$1.19375	\$1.37500
Series 3 Redeemable Preferred Shares .....	\$1.02675	\$0.68450	—
Series 4 Redeemable Preferred Shares .....	\$1.17188	\$1.39876	—
Class A Shares .....	\$0.09000	\$0.18000	\$0.18000
Class B Subordinate Voting Shares .....	\$0.09156	\$0.18156	\$0.18156

(1) Revenues and long-term debt for the fiscal years ended January 31, 2003 and 2002 reflect the disposition of the recreational products business of the Corporation on December 18, 2003.



### 4.3 Dividends

The Corporation declared the dividends indicated below on its outstanding shares during the financial years ended January 31, 2004 and January 31, 2003.

(millions of dollars, except per share amounts)	Financial years ended January 31,			
	2004		2003	
	Total	Per share	Total	Per share
Series 2 Redeemable Preferred Shares	3.0	\$1.17128	9.6	\$1.19375
Series 3 Redeemable Preferred Shares	12.9	\$1.02675	6.4	\$0.68450
Series 4 Redeemable Preferred Shares	14.7	\$1.17188	13.1	\$1.39876
Class A Shares	30.8	\$0.09000	61.6	\$0.18000
Class B Subordinate Voting Shares	128.9	\$0.09156	187.3	\$0.18156

The articles of the Corporation stipulate that no dividends may be paid on the Class A Shares or the Class B Subordinate Voting Shares unless all accrued and unpaid dividends on the Series 2 Preferred Shares, Series 3 Preferred Shares and Series 4 Preferred Shares have been declared and paid or set aside for payment, or all the outstanding Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares, as the case may be, have been called for redemption and the redemption price of such shares has been deposited in the manner set out in the articles of the Corporation.

The holders of Class B Subordinate Voting Shares are entitled, in preference to the holders of Class A Shares, to a non-cumulative dividend at the rate of \$0.0015625 per share per annum, or \$0.000390625 per quarter; when a dividend on the Class B Subordinate Voting Shares at the rate of \$0.0015625 per share per annum is declared and paid or set aside for payment in any financial year, the Class A Shares and the Class B Subordinate Voting Shares participate equally, share for share, with respect to any additional dividend which may be declared, paid or set aside for payment during said financial year.

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

At its meeting of April 2, 2003, the Board of Directors of Bombardier had re-affirmed its policy of paying dividends on the Class A Shares and the Class B Subordinate Voting Shares. However, the Board had resolved that, if, as and when such dividends were declared, such dividends, for the current fiscal year, would be no greater than \$0.09 per share (plus, in the case of the Class B Subordinate Voting Shares, a preferential dividend of \$0.0015625 per share per annum) on an annual basis (i.e. one half of the annual dividend per share declared in fiscal year 2003). At the April 2, 2003 meeting of the Board, a dividend of \$0.0225 per share (plus the preferential dividend of \$0.000390625 per share for holders of Class B Subordinate Voting Shares) had been declared payable on May 31, 2003, to holders of record on May 16, 2003.

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

## Item 5 Management's Discussion and Analysis

A discussion and analysis by management of the financial condition and results of operations for the fiscal year ended January 31, 2004 is presented in the Corporation's Management's Discussion and Analysis filed with the Canadian securities regulatory authorities on March 31, 2004, which is incorporated by reference in this Annual Information Form. To complement the financial discussion and analysis, reference is made to the Corporation's consolidated financial statements for the fiscal years ended January 31, 2004 and



January 31, 2003, the summary of significant accounting policies and the notes to the consolidated financial statements filed with the Canadian securities regulatory authorities on March 31, 2004, which consolidated financial statements, summary of accounting policies and notes are incorporated by reference in this Annual Information Form.

## **Item 6 Market for the Securities of the Issuer**

The Class A Shares, the Class B Subordinate Voting Shares, the Series 2 Preferred Shares, the Series 3 Preferred Shares and the Series 4 Preferred Shares of the Corporation are listed for trading on the Toronto Stock Exchange. The Class B Subordinate Voting Shares are also listed for trading on the Frankfurt Stock Exchange in Germany and on the Brussels Stock Exchange in Belgium.

## Item 7 Directors and Officers

The names of the directors and officers of the Corporation, their municipality of residence, the positions held by them within the Corporation, the principal occupations of the directors, the period during which each director has exercised his mandate, as well as the number of Class A Shares, Class B Subordinate Voting Shares or Deferred Stock Units, as the case may be, of the Corporation that the directors, as at April 5, 2004, owned beneficially or over which they exercised control or direction, are indicated below. No Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares are held by any director.

### Directors

Name, Municipality of Residence, Principal Occupation(s) and Position(s) held within the Corporation	Period of service as a director	Approximate number of shares or units of the Corporation owned beneficially by a director or over which the director exercised control or direction as at April 5, 2004		
		Class A Shares	Class B Subordinate Voting Shares	Deferred Stock Units
LAURENT BEAUDOIN, C.C., FCA <sup>(1)</sup> Montréal, Québec Executive Chairman of the Board of Directors	1975 to date	732,560	13,132,884	—
JALYNN H. BENNETT <sup>(a)(c)</sup> Toronto, Ontario President Jalynn H. Bennett & Associates Ltd., consulting firm in strategic planning and organizational development	2002 to date	—	10,000	26,730
J.R. ANDRÉ BOMBARDIER <sup>(2)</sup> Montréal, Québec Vice Chairman of the Corporation	1975 to date	72,644,741	2,469,373	—
JANINE BOMBARDIER <sup>(3)</sup> Montréal, Québec President and Governor, J. Armand Bombardier Foundation, charitable organization	1984 to date	69,780,740	1,853,000	27,641
L. DENIS DESAUTELS <sup>(a)(c)</sup> Ottawa, Ontario Corporate Director	2003 to date	—	3,500	3,142
ANDRÉ DESMARAIS <sup>(b)</sup> Montréal, Québec President and Co-Chief Executive Officer, Power Corporation of Canada, holding and management corporation	1985 to date	—	126,400	47,172
JEAN-LOUIS FONTAINE <sup>(4)</sup> Montréal, Québec Vice Chairman of the Corporation	1975 to date	4,097,472	414,313	—
DANIEL JOHNSON <sup>(a)(c)(d)</sup> Montréal, Québec Counsel, McCarthy Tétrault, LLP Barristers and Solicitors	1999 to date	—	1,200	30,632

Name, Municipality of Residence, Principal Occupation(s) and Position(s) held within the Corporation	Period of service as a director	Approximate number of shares or units of the Corporation owned beneficially by a director or over which the director exercised control or direction as at April 5, 2004		
		Class A Shares	Class B Subordinate Voting Shares	Deferred Stock Units
MICHAEL H. MCCAIN <sup>(a)</sup> Toronto, Ontario President and Chief Executive Officer Maple Leaf Foods Inc., food products company	2003 to date	125,000	—	7,440
JEAN C. MONTY <sup>(b)(d)</sup> Montréal, Québec Corporate Director	1998 to date	25,000	175,000	49,908
JAMES E. PERRELLA <sup>(a)(b)(d)</sup> Jupiter, Florida, U.S.A. Retired Chairman and Chief Executive Officer, Ingersoll-Rand Company, diversified industrial company and components manufacturer	1999 to date	—	10,000	53,464
FEDERICO SADA G. Monterey, Mexico President and Chief Executive Officer Vitro, S.A. de C.V., glass producing company	2003	—	—	4,703
PAUL M. TELLIER Montréal, Québec President and Chief Executive Officer of the Corporation	1997 to date	—	108,000	11,249 <sup>(5)</sup>

- (1) Mrs. Claire Bombardier Beaudoin, wife of Mr. Laurent Beaudoin, exercises, through holding corporations which she controls (either directly or in concert with Mr. J.R. André Bombardier, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 70,530,740 Class A Shares of the Corporation.
  - (2) Mr. J.R. André Bombardier exercises, through holding corporations which he controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mrs. Janine Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 72,644,741 Class A Shares of the Corporation.
  - (3) Mrs. Janine Bombardier exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Huguette Bombardier Fontaine), control or direction over 69,780,740 Class A Shares of the Corporation.
  - (4) Mrs. Huguette Bombardier Fontaine, wife of Mr. Jean-Louis Fontaine, exercises, through holding corporations which she controls (either directly or in concert with Mrs. Claire Bombardier Beaudoin, Mr. J.R. André Bombardier and Mrs. Janine Bombardier), control or direction over 68,180,740 Class A Shares of the Corporation.
  - (5) Mr. Paul Tellier acquired his Deferred Stock Units when he acted as a non-executive director of the Corporation.
- (a) Member of the Audit Committee.
  - (b) Member of the Human Resources and Compensation Committee.
  - (c) Member of the Retirement Pension Oversight Committee.
  - (d) Member of the Corporate Governance and Nominating Committee.

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

### *Officers who are not Directors*

<b>Name and Municipality of Residence</b>	<b>Position held within the Corporation</b>
Pierre Alary Laval, Québec	Senior Vice President and Chief Financial Officer
Pierre Beaudoin Montréal, Québec	President and Chief Operating Officer, Bombardier Aerospace
Richard Bradeen Montréal, Québec	Senior Vice President, Corporate Audit Services and Risk Assessment and Vice-President, Special Projects
Roger Carle Montréal, Québec	Corporate Secretary
Michael G. Denham Montréal, Québec	Senior Vice President, Strategy
Daniel Desjardins Montréal, Québec	Senior Vice President, General Counsel and Assistant Secretary
William J. Fox Montréal, Québec	Senior Vice President, Public Affairs
Moya Greene Toronto, Ontario	Senior Vice President, Operational Effectiveness
François Lemarchand Montréal, Québec	Senior Vice President and Treasurer
Carroll L'Italien Montréal, Québec	Senior Vice President
André Navarri Paris, France	President, Bombardier Transportation
Brian Peters Jacksonville, Florida	President and Chief Operating Officer Bombardier Capital
Marie-Claire Simoneau Montréal, Québec	Executive Assistant to the Executive Chairman of the Board

As at April 5, 2004, the directors of the Corporation (other than Mrs. Janine Bombardier and Mr. J.R. André Bombardier) and the officers of the Corporation, as a group, owned beneficially, directly or indirectly, 4,997,052 Class A Shares and 15,000,462 Class B Subordinate Voting Shares, representing 1.46% and 1.07%, respectively, of the outstanding shares of each such class.

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

- Pierre Alary has been Senior Vice President and Chief Financial Officer since June 9, 2003, after having assumed such position on an interim basis on February 12, 2003; previously, he was Vice President Finance of Bombardier since November 1, 2002; from August 17, 1998 to October 31, 2002, Mr. Alary was Vice President, Finance of Bombardier Transportation; before joining the Corporation, Mr. Alary had worked during 20 years from 1978 to 1998 for Ernst & Young.
- Pierre Beaudoin has been President and Chief Operating Officer of Bombardier Aerospace since October 16, 2001; prior to that, he was President, Business Aircraft, Bombardier Aerospace since February 1, 2001; before that, he was President and Chief Operating Officer of Bombardier Recreational Products from April 1996 to January 2001.
- Richard Bradeen has been Senior Vice President, Corporate Audit Services and Risk Assessment since October 1, 2003, after having acted, on an interim basis, as Vice President, Corporate Audit Services and Risk Assessment since November 25, 2002; he is also Vice President, Special Projects (responsible for Amphibious Aircraft, Structured Finance and Military Aviation Training Services) since April 8, 2002;

prior to that date, he was Vice President, Corporate Audit Services and Risk Assessment of the Corporation since February 1, 2001; prior to that date, he was Vice-President, Acquisitions and Strategic Alliances of the Corporation since February 1, 1999.

- Roger Carle has been Corporate Secretary of the Corporation since October 6, 2000; before that, he was Director, Legal Services and Corporate Secretary since September 17, 1996.
- Michael G. Denham has been Senior Vice President, Strategy since August 13, 2001; from 1994 until joining the Corporation, he was a partner with McKinsey & Company, an international management consulting firm.
- L. Denis Desautels has been acting as a Corporate Director since October 1, 2002; before that date he was Auditor General of Canada from April 1, 1991 until March 31, 2001.
- Daniel Desjardins has been Senior Vice President, General Counsel and Assistant Secretary of the Corporation since October 1, 2003; prior to that date, he served as Vice President, Legal Services and Assistant Secretary since April 6, 1998.
- William J. Fox has been Senior Vice President, Public Affairs since February 3, 2003; prior to joining Bombardier, he served as Senior Vice President, Public Affairs at Canadian National Railway Company, from July 2000; Mr. Fox was principal with Jack Pine Multi Media Inc., a strategic communications consultancy, as well as a national affairs commentator for CBC Newsworld Reports and adjunct professor with the School of Policy Studies at Queen's University, from 1996 to 2000.
- Moya Greene has been Senior Vice President, Operational Effectiveness of the Corporation since November 23, 2003; prior to that date, she was Senior Vice President/Chief Administration Officer, Retail Products at Canadian Imperial Bank of Commerce (CIBC) from May 2000 to August 2003 after having been Managing Director, Infrastructure Finance and Public Private Partnerships at TD Securities from June 1996 to May 2000.
- François Lemarchand has been Senior Vice President and Treasurer of the Corporation since October 1, 2003; prior to that date, he was Vice President and Treasurer of the Corporation since October 1, 1996.
- Carroll L'Italien has been Senior Vice President of the Corporation since July 24, 1999; prior to that date, he had been, since June 1996, President of Alcan Smelters and Chemicals Limited, a producer of aluminum products, and later had become President of Alcan Primary Metal – North America.
- Jean C. Monty has been acting as corporate director since April 2002; before that date, he had been Chairman and Chief Executive Officer of BCE Inc., a telecommunications company, since April 26, 2000, after having been President and Chief Executive Officer of BCE Inc. since May 6, 1998 and previously President and Chief Operating Officer of BCE Inc. from October 1, 1997 to May 6, 1998; he had also been Chairman and Chief Executive Officer of Bell Canada since February 28, 1998.
- André Navarri has been President of Bombardier Transportation since February 22, 2004; prior to that date, he was President – Operations of Alcatel, a worldwide supplier of Telecom equipment from September, 2001 to December 2002; from May 1999 to May 2000, he served as Chief Operating Officer, then from May 2000 to March 2001 Chairman and Chief Executive Officer of Valeo, a worldwide automotive component maker; from April 1996 to April 1999, he was President of the Transport Sector of Alstom, a worldwide specialist in Power, Marine, and Transportation equipment.
- James E. Perrella has been Retired Chairman and Chief Executive Officer of Ingersoll-Rand Company, a diversified industrial company and components manufacturer, since June 1, 2000 and before that, the Chairman of the Board of Directors of Ingersoll-Rand Company since October 1, 1999; previously, he had been its Chairman and Chief Executive Officer since April 1999.
- Brian Peters has been President and Chief Operating Officer of Bombardier Capital since February 1, 2003; prior to that date, he had been Chief Financial Officer of Bombardier Capital since September 2002; before that he was Chief Financial Officer, Bombardier Capital, since April 2001, after having been Group Vice President, Finance, Bombardier Capital since August 2000 when he first joined Bombardier;

from 1997 to 2000, he held the position of Vice President/Corporate Treasurer with Whirlpool Corporation.

- Paul M. Tellier has been the President and Chief Executive Officer of the Corporation since January 1, 2003; prior to that date, he had been President and Chief Executive Officer and a director of the Canadian National Railway Company since October 1992.

## **Item 8 Additional Information**

Additional information, including remuneration of directors and officers, loans of the Corporation to its directors and officers, principal holders of the Corporation's securities, as well as stock options and interest of insiders in material transactions is, where applicable, contained in the Corporation's management proxy circular dated May 13, 2003 for its annual and special meeting of shareholders held on June 10, 2003 and in its management proxy circular to be dated on or about May 5, 2004 for its annual meeting of shareholders to be held on June 1, 2004. Additional financial information, including comparative consolidated audited financial statements, will be provided in the Corporation's Annual Report to shareholders for the financial year ended January 31, 2004 that is expected to be filed with the Canadian securities regulatory authorities on or about May 5, 2004. Copies of these documents may be obtained free of charge upon request from the Public Affairs Department, 800 René-Lévesque Boulevard West, Montréal, Québec H3B 1Y8.

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

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

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

## **Item 9 Forward-Looking Statements**

This Annual Information Form 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 the heading entitled "Risks and Uncertainties" in the Management's Discussion and Analysis on the Corporation's Web site at [www.bombardier.com](http://www.bombardier.com).