THIRD QUARTERLY REPORT

Three-month period ended October 31, 2010

GLOSSARY

The following table shows the abbreviations used in this report.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Materiality for disclosures

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

FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “plan”, “foresee”, “believe” or “continue”, the negative of these terms, variations of them or similar terminology. By their nature, forward-looking statements require us to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. While we consider our assumptions to be reasonable and appropriate based on information currently available, there is a risk that they may not be accurate. For additional information with respect to the assumptions underlying the forward-looking statements made in this MD&A, refer to the respective Forward-looking statements sections in BA and BT in the MD&A of the Corporation's annual report for fiscal year 2010.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include risks associated with general economic conditions, risks associated with our business environment (such as risks associated with the airline industry's financial condition), operational risks (such as risks involved in developing new products and services, risks in doing business with partners, risks relating to product performance warranty and casualty claim losses, to regulatory and legal proceedings, to environmental and health and safety, to our dependence on certain customers and suppliers, to human resources, to fixed-price commitments and to production and project execution), financing risks (such as risks relating to liquidity and access to capital markets, to the terms of certain restrictive debt covenants, to financing support provided on behalf of certain customers and to reliance on government support) and market risks (such as risks relating to foreign currency fluctuations, to changing interest rates and commodity prices risks). For more details, see the Risks and uncertainties section in Other in the MD&A of the Corporation's annual report for fiscal year 2010. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. The forward-looking statements set forth herein reflect our expectations as at the date of this MD&A and are subject to change after such date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

HIGHLIGHTS

Highlights of the quarter

- Revenues of $4.0 billion, compared to $4.6 billion for the same period last fiscal year.
- EBIT of $228 million, or 5.7% of revenues, compared to $262 million, or 5.7%, for the same period last fiscal year.
- Net income of $143 million (diluted EPS of $0.08), compared to $168 million (diluted EPS of $0.09) for the same period last fiscal year.
- Free cash flow usage of $132 million, compared to a free cash flow of $72 million for the same period last fiscal year.
- Cash position of $2.7 billion as at October 31, 2010, compared to $3.4 billion as at January 31, 2010.
- Order backlog of $48.9 billion as at October 31, 2010, compared to $43.8 billion as at January 31, 2010.
- Launch of the *Global 7000* and *Global 8000* business jets.

Subsequent events

On November 2, 2010, we issued €780 million ($1,094 million) of 6.125% senior notes due in May 2021. The net proceeds of this issuance will be used to finance the repurchase of the €482-million ($676 million) senior notes due in November 2013 and the $385-million senior notes due in November 2014. The repurchase will be completed by December 2, 2010.

CONSOLIDATED ANALYSIS OF RESULTS

Analysis of results

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Revenues	**$ 4,015**	$ 4,597	**$ 12,340**	$ 14,014
Cost of sales	**3,302**	3,825	**10,235**	11,713
Margin	**713**	772	**2,105**	2,301
SG&A	**316**	357	**996**	1,065
R&D	**49**	38	**139**	87
Other expense (income)	**16**	(11)	**(24)**	(30)
EBITDA	**332**	388	**994**	1,179
Amortization	**104**	126	**311**	369
EBIT	**228**	262	**683**	810
Financing income	**(18)**	(29)	**(71)**	(87)
Financing expense	**64**	70	**189**	210
EBT	**182**	221	**565**	687
Income taxes	**39**	53	**121**	159
Net income	**$ 143**	$ 168	**$ 444**	$ 528
Attributable to:				
Shareholders of Bombardier Inc.	**$ 141**	$ 167	**$ 437**	$ 521
Non-controlling interests	**$ 2**	$ 1	**$ 7**	$ 7
Basic and diluted EPS (in dollars)	**$ 0.08**	$ 0.09	**$ 0.24**	$ 0.29
Free cash flow	**$ (132)**	$ 72	**$ (857)**	$ (727)

Revenues and EBIT margin

	Three-month periods ended October 31			Nine-month periods ended October 31		
	2010	2009	Increase (decrease)	**2010**	2009	Increase (decrease)
Revenues						
BA	**$ 1,843**	$ 2,064	(11%)	**$ 5,740**	$ 6,682	(14%)
BT	**$ 2,172**	$ 2,533	(14%)	**$ 6,600**	$ 7,332	(10%)
Consolidated	**$ 4,015**	$ 4,597	(13%)	**$ 12,340**	$ 14,014	(12%)
EBIT margin			Percentage points			Percentage points
BA	**4.7%**	5.0%	(0.3)	**4.7%**	5.5%	(0.8)
BT	**6.5%**	6.3%	0.2	**6.3%**	6.0%	0.3
Consolidated	**5.7%**	5.7%	-	**5.5%**	5.8%	(0.3)

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

Net financing expense

Net financing expense amounted to $46 million and $118 million for the three- and nine-month periods ended October 31, 2010, a similar level to the $41 million and $123 million for the same periods last fiscal year.

Income taxes

The effective income tax rate was 21.4% for the three- and nine-month periods ended October 31, 2010, compared to the statutory income tax rate of 30.0%. The lower effective tax rate is mainly due to the positive impact of the recognition of tax benefits related to operating losses and temporary differences, partially offset by permanent differences.

The effective income tax rate was 24.0% and 23.1%, respectively, for the three- and nine-month periods ended October 31, 2009, compared to the statutory income tax rate of 31.5%. The lower effective tax rates were mainly due to the positive impact of the recognition of tax benefits related to operating losses and temporary differences.

LIQUIDITY AND CAPITAL RESOURCES

Refinancing plans

Maintaining sufficient liquidity and ensuring financial flexibility continue to be key focuses to support our product development programs and our path on profitable growth. As part of our capital management strategy, we implemented two refinancing plans during fiscal year 2011 aimed at extending our long-term debt maturity profile and increasing capital resources.

On March 29, 2010, we issued the following senior notes:

- $650 million, bearing interest at 7.5%, due in March 2018; and
- $850 million, bearing interest at 7.75%, due in March 2020.

On March 30 and April 13, 2010, we repurchased, for an aggregate cash consideration of $1,050 million, a portion of the following notes:

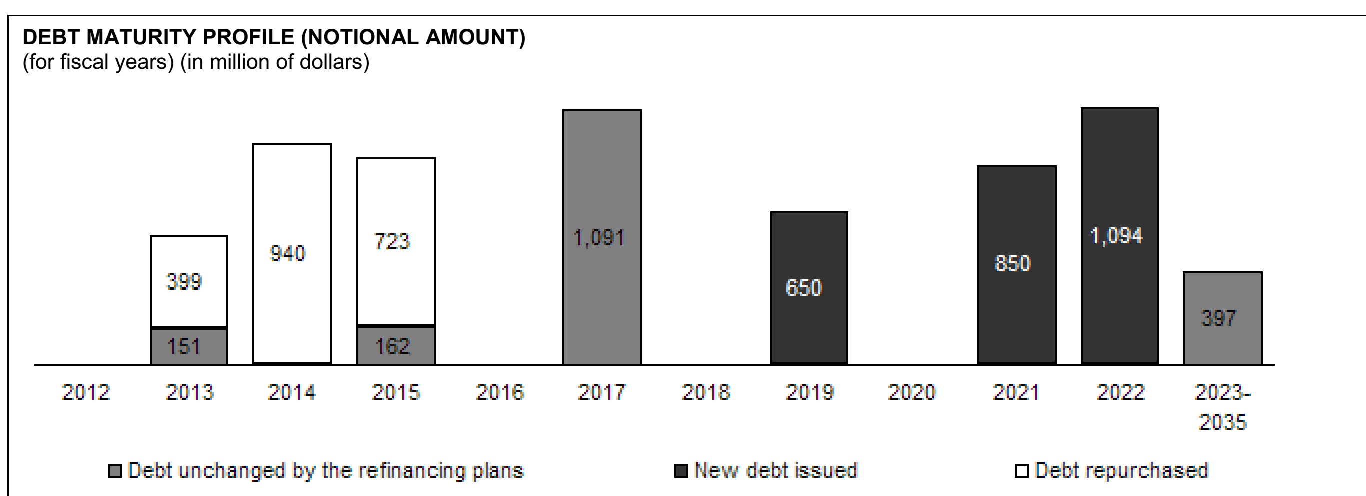
- $399 million of the $550 million notes, bearing interest at 6.75%, due in May 2012;
- $338 million of the $500 million notes, bearing interest at 6.30%, due in May 2014; and
- €197 million ($263 million) of the €679 million ($903 million) senior notes, bearing floating interest rate, due in November 2013.

As a result, we increased our weighted-average long-term debt maturity profile from 6.5 to 7.9 years (calculated as at March 29, 2010), and we increased our available short-term capital resources by approximately $500 million to be used for general corporate purposes. The increase in available short-term capital resources includes the money collected on the cancellation of the interest-rate swaps related to the repurchased debt, which was partially offset by the premium paid on the repurchased debt and the issuance fees related to the new debt.

Subsequent to the end of the third quarter, we issued €780 million ($1,094 million) of 6.125% senior notes due in May 2021 at 99.0422% of par, taking advantage of favourable conditions in the debt capital markets. We will use the net proceeds of this issuance to finance the repurchase of the following senior notes:

- €482 million ($676 million), bearing interest at floating rate, due in November 2013; and
- $385 million, bearing interest at 8.00%, due in November 2014.

An amount of €255 million ($358 million) of the €482-million ($676-million) senior notes and $150 million of the $385-million senior notes were repurchased in November 2010 through tender offers. The balance of the senior notes will be redeemed on December 2, 2010. As a result of this refinancing plan, we will further increase our weighted-average long-term debt maturity profile from 7.4 to 9.1 years (calculated as at October 31, 2010).



Available short-term capital resources

	Cash and cash equivalents	Available credit facility	Available short-term capital resources
October 31, 2010	**$ 2,725**	**$ 500**	**$ 3,225**
January 31, 2010	$ 3,372	$ 500	$ 3,872

Our available short-term capital resources include cash and cash equivalents and the amount available under the revolving credit facility (undrawn since its inception). We consider that our available short-term capital resources of $3.2 billion as at October 31, 2010 combined with our expected free cash flow will enable the continued development of new products to enhance our competitiveness and support our growth, will allow the payment of dividends, if and when declared by the Board of Directors, and will enable us to meet all other expected financial requirements in the near term.

Reconciliation of free cash flow to cash flow from operating activities

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Segmented free cash flow				
BA	**$ (234)**	$ 61	**$ (726)**	$ (479)
BT	**104**	32	**(55)**	(79)
Segmented free cash flow	**(130)**	93	**(781)**	(558)
Income taxes and net financing expense[1]	**(2)**	(21)	**(76)**	(169)
Free cash flow	**(132)**	72	**(857)**	(727)
Add back: Net additions to PP&E and intangible assets	**240**	186	**757**	495
Cash flow from operating activities	**$ 108**	$ 258	**$ (100)**	$ (232)

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

Variation in cash and cash equivalents

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Balance as at beginning of period	**$ 2,776**	$ 2,804	**$ 3,372**	$ 3,470
Free cash flow	**(132)**	72	**(857)**	(727)
Proceeds from issuance of long-term debt	**42**	-	**1,525**	4
Repayments of long-term debt	**(2)**	(3)	**(1,058)**	(7)
Dividends paid	**(49)**	(46)	**(147)**	(131)
Effect of exchange rate changes on cash and cash equivalents	**123**	198	**68**	443
Purchase of class B shares held in trust under the PSU plan	**(4)**	-	**(50)**	(21)
Repurchase of Class B Shares	**-**	-	**(16)**	-
Invested collateral	**-**	-	**-**	81
Other	**(29)**	(5)	**(112)**	(92)
Balance as at end of period	**$ 2,725**	$ 3,020	**$ 2,725**	$ 3,020

Other facilities

In the normal course of its business, BT has set up factoring facilities in Europe under which it can sell, without credit recourse, qualifying trade receivables. Trade receivables of €171 million ($237 million) were outstanding under such facilities as at October 31, 2010 (€140 million ($194 million) as at January 31, 2010). Trade receivables of €88 million ($117 million) and €320 million ($426 million), respectively, were sold to these facilities during the three- and nine-month periods ended October 31, 2010 (€108 million ($157 million) and €256 million ($367 million) during the three- and nine-month periods ended October 31, 2009).

BA has set up off-balance sheet sale and leaseback facilities under which it can sell pre-owned business aircraft. An amount of $211 million was outstanding under such facilities as at October 31, 2010 ($180 million as at January 31, 2010). Aircraft worth $20 million and $186 million respectively were sold to these facilities and leased-back during the three- and nine-month periods ended October 31, 2010 ($71 million and $120 million for the three- and nine-month periods ended October 31, 2009).

CREDIT FACILITIES NOT AVAILABLE FOR CASH DRAWINGS

Letter of credit facilities are only available for the issuance of letters of credit. As these facilities are unfunded commitments from banks, they typically provide a better pricing for the Corporation as compared to credit facilities that are available for cash drawings.

Letter of credit facilities

	Amount committed	Letters of credit issued	Amount available	Maturity (fiscal year)
October 31, 2010				
BT facility	**$ 5,280** [(1)]	**$ 3,664**	**$ 1,616**	**2014** [(2)]
BA facility	**600**	**301**	**299**	**2012**
PSG facility	**900**	**260**	**640**	**2012** [(3)]
	$ 6,780	**$ 4,225**	**$ 2,555**	
January 31, 2010				
BT facility	$ 5,201 [(1)]	$ 3,921	$ 1,280	2014 [(2)]
BA facility	600	484	116	2012
PSG facility	900	377	523	2011 [(3)]
	$ 6,701	$ 4,782	$ 1,919	

(1) €3,800 million as at October 31, 2010 (€3,750 million as at January 31, 2010).
(2) In December 2011, if the facility is not extended, the committed amount will be reduced to the notional amount of letters of credit outstanding at that time and will amortize thereafter as the outstanding letters of credit mature up to December 2013.
(3) The performance security guarantee facility (“PSG facility”), available for the Corporation, is renewed and extended annually if mutually agreed. In June 2010, the facility was extended until June 2011, and is intended to be renewed in annual increments thereafter. If the facility is not extended, the letters of credit issued under this facility will amortize over their maturity.

In addition to the outstanding letters of credit shown in the above table, letters of credit of $684 million were outstanding under various bilateral agreements as at October 31, 2010 ($453 million as at January 31, 2010).

We also use numerous bilateral bonding facilities with insurance companies to support BT’s operations. An amount of $1.9 billion was outstanding under such unfunded facilities as at October 31, 2010 ($1.5 billion as at January 31, 2010).

Under the BA and BT letter of credit facilities and our revolving credit facility available for cash drawings, we must maintain various financial covenants, including a requirement to maintain a minimum BT liquidity of €600 million ($834 million) at the end of each calendar quarter and a requirement to maintain a minimum BA liquidity of $500 million at the end of each fiscal quarter. In addition, we must maintain €404 million ($561 million) of invested collateral under the BT facility and $121 million under the BA facility. These conditions were all met as at October 31, 2010 and January 31, 2010.

CAPITAL STRUCTURE

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

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

Global leverage metrics [1]

	October 31, 2010		January 31, 2010	
Interest coverage				
Adjusted EBIT[2]	**$**	**1,109**	$	1,249
Adjusted net interest[2]	**$**	**317**	$	334
Adjusted EBIT to adjusted net interest ratio		**3.5**		3.7
Financial leverage				
Adjusted debt	**$**	**7,756**	$	6,084
Adjusted EBITDA[2]	**$**	**1,602**	$	1,792
Adjusted debt to adjusted EBITDA ratio		**4.8**		3.4
Capitalization				
Adjusted debt	**$**	**7,756**	$	6,084
Adjusted total capitalization	**$**	**11,966**	$	9,928
Adjusted debt to adjusted total capitalization ratio		**65%**		61%

[1] Refer to the Non-GAAP financial measures section hereafter for definitions and reconciliations to the most comparable Canadian GAAP measures.
[2] Calculated on a four-quarter trailing basis.

The trend of our three global leverage metrics reflects a combination of unfavourable factors, principally the increase in adjusted debt and the decrease in profitability, partially offset by an increase in equity due to net income ($444 million). Our adjusted debt is higher as a result of an increase in the pension deficit and long-term debt.

Our pension deficit totalled $2.5 billion as at September 30, 2010 (third-quarter measurement date), compared to $1.5 billion as at December 31, 2009 (year-end measurement date).

Variation in pension deficit

Deficit as at December 31, 2009	$	1,514
Changes in discount rate assumptions		1,074
Actual return on plan assets		(329)
Interest cost		298
Excess of employer contributions over service costs		(142)
Other		44
Deficit as at September 30, 2010	**$**	**2,459**

Long-term debt increased by $662 million as a result of the March 2010 refinancing plan and the fair value variation of hedges recorded in long-term debt. Adjusted EBIT and adjusted EBITDA decreased mainly due to lower BA profitability as a result of the challenging economic conditions experienced in the aerospace industry.

Given the current economic environment and our ambitious investment programs, our near-term focus is to preserve liquidity. Upon return to normal economic conditions, we remain committed to improve our capital structure. Our objective with regard to the global metrics is to manage and monitor them so that we can achieve an investment-grade profile, which we believe among other considerations typically requires meeting the following ratios:

- interest coverage greater than 5.0;
- financial leverage lower than 2.5; and
- capitalization lower than 55%.

FINANCIAL POSITION

	October 31 2010	January 31 2010	Increase (decrease) Foreign exchange impact	Increase (decrease) Variance excluding foreign exchange	Explanation of major variances other than foreign exchange impact
Cash and cash equivalents	**$ 2,725**	$ 3,372	$ 68	$ (715)	See the previous Variation in cash and cash equivalents table for details
Invested collateral	**684**	682	2	-	No variance
Receivables	**1,972**	1,897	43	32	No significant variance
Aircraft financing	**663**	473	1	189	Mainly resulting from increased commercial aircraft financing
Gross inventories	**9,582**	9,423	179	(20)	$ (225) Mainly resulting from reduced level of BT activities in Europe and its inventory optimization program 188 Mainly resulting from BA's commercial aircraft delivery profile in fiscal year 2011
Advances and progress billings related to long-term contracts	**(5,811)**	(6,054)	200	(443)	Mainly due to lower advances and milestone payments received on existing BT contracts
Advances on aerospace programs	**(1,785)**	(2,092)	-	(307)	Mainly resulting from higher deliveries than orders received on business aircraft
PP&E	**1,714**	1,643	26	45	$ 182 Additions (123) Amortization
Intangible assets	**2,138**	1,696	(1)	443	$ 608 Mainly investment in aerospace programs (165) Amortization
Fractional ownership					
- deferred costs	**178**	271	-	(93)	Lower level of deliveries of new aircraft in
- deferred revenues	**(228)**	(346)	-	(118)	fractional ownership programs
Deferred income tax, net	**1,068**	1,101	13	(46)	No significant variance
Accrued benefit, net	**(12)**	(14)	(4)	6	No significant variance
Derivatives, net	**225**	53	(3)	175	Strengthening of the Canadian dollar
Goodwill	**2,351**	2,247	104	-	No variance
Other assets	**1,157**	1,006	12	139	$ 106 Increase in investment in securities
Accounts payable and accrued liabilities	**(7,634)**	(7,427)	128	79	$ (232) Lower level of trade payables in BT as a result of reduced level of activities in Europe 273 Higher level of accounts payable and accrued liabilities in BA
Long-term debt	**(4,824)**	(4,162)	5	657	Mainly resulting from the March 2010 refinancing plan and fair value variation of hedges
Equity	**(4,163)**	(3,769)	n/a	394	$ 444 Net income (147) Dividends declared 88 CTA

n/a: Not applicable.

NON-GAAP FINANCIAL MEASURES

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

Non-GAAP financial measures

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

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

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

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

Reconciliation of adjusted debt to long-term debt

	October 31, 2010	January 31, 2010
Long-term debt	**$ 4,824**	$ 4,162
Pension deficit[1]	**2,459**	1,514
Operating lease obligations[2]	**473**	408
Adjusted debt	**$ 7,756**	$ 6,084

[1] Represents the estimated pension deficit as at September 30, 2010 and the pension deficit as at December 31, 2009 (third and fourth quarter measurement dates respectively).
[2] Discounted using the average five-year U.S. Treasury Notes plus the average credit spread, given our credit rating, for the corresponding periods.

Reconciliation of adjusted EBITDA and adjusted EBIT to EBIT

	Four-quarter trailing periods ended	
	October 31, 2010	January 31, 2010
EBIT	**$ 970**	$ 1,098
Adjustment for pension deficit and operating leases[1]	**139**	151
Adjusted EBIT	**1,109**	1,249
Amortization adjustment for operating leases[2]	**53**	45
Amortization	**440**	498
Adjusted EBITDA	**$ 1,602**	$ 1,792

[1] Represents the interest cost of a debt equivalent to the amount included in adjusted debt for these two items, bearing interest at the average five-year U.S. swap rate plus the average credit default swap spread for the related twelve months, given our credit rating for the corresponding periods.
[2] Represents a straight-line amortization of the amount included in adjusted debt for operating leases, based on a nine-year amortization period.

Reconciliation of adjusted net interest to financing income and financing expense

	Four-quarter trailing periods ended	
	October 31, 2010	January 31, 2010
Financing income and financing expense	**$ 178**	$ 183
Adjustment for pension deficit and operating leases[1]	**139**	151
Adjusted net interest	**$ 317**	$ 334

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

Reconciliation of adjusted total capitalization to equity

	October 31, 2010	January 31, 2010
Equity	**$ 4,163**	$ 3,769
Exclude: amount in AOCI related to cash flow hedges	**47**	75
Adjusted debt	**7,756**	6,084
Adjusted total capitalization	**$ 11,966**	$ 9,928

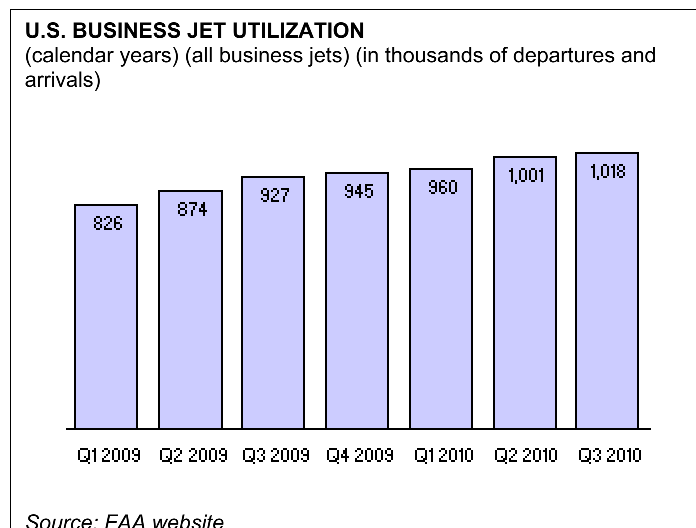
AEROSPACE

HIGHLIGHTS

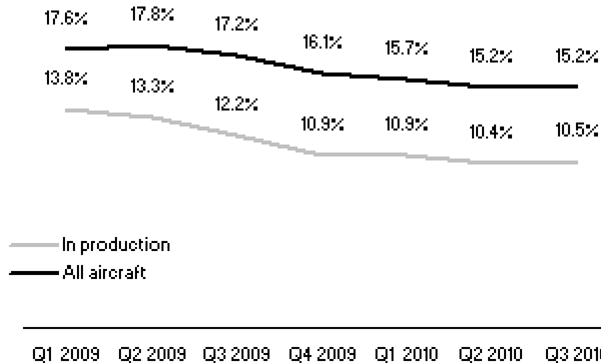
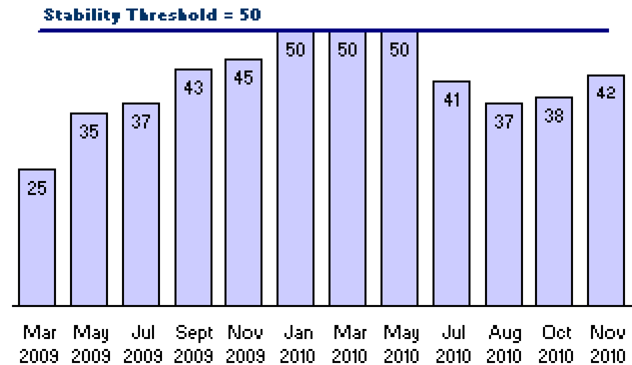
- Revenues of $1.8 billion, compared to $2.1 billion for the same period last fiscal year.
- EBIT of $87 million, or 4.7% of revenues, compared to $103 million, or 5.0%, for the same period last fiscal year.
- Free cash flow usage of $234 million, compared to a free cash flow of $61 million for the same period last fiscal year.
- 53 aircraft deliveries, compared to 61 for the same period last fiscal year.
- 23 net orders, compared to 7 for the same period last fiscal year.
- Order backlog of $16.2 billion as at October 31, 2010, compared to $16.7 billion as at January 31, 2010.
- Launch of the *Global 7000* and *Global 8000* business jets.

BUSINESS ENVIRONMENT

While the worldwide economic conditions are improving in general, uncertainties remain. The aerospace industry continues to experience challenging conditions as there is a lag between economic recovery and the time it positively impacts revenues. As such, our results for the third quarter and the first nine months of fiscal year 2011 have continued to be impacted. To mitigate the impact, we remain focused on flawless execution, cost reductions and operational and working capital improvements.



For the business aircraft market, key indicators continue to show mixed signals. On the positive side, U.S. business jet utilization has increased over the last six consecutive quarters. The number of pre-owned aircraft available for sale as a percentage of the total in-service fleet decreased from a peak of 17.8% during the second quarter of fiscal year 2009 to 15.2%. This level remains higher than pre-recession levels. The UBS Business Jet Market Index had increased steadily to reach the threshold for market stability in January 2010, but since July 2010 it has fallen below the threshold. The level of orders has still not returned to pre-recession levels. Based on delivery data submitted to the General Aviation Manufacturers Association ("GAMA"), there has been a 20% decrease in business aircraft shipments and a 7% decrease in total billings in the business aircraft market categories in which we compete for the nine-month period ended September 30, 2010 compared to the same period last year. Despite these decreases, GAMA believes that the longer-term outlook for the general aviation industry is positive, and GAMA is seeing positive signs as discretionary spending begins to pick up again on a global level.

BUSINESS JET PRE-OWNED INVENTORY (calendar years) (in percentage of business jet fleet, excluding very light jets)	**UBS BUSINESS JET MARKET INDEX** (1) (average, on a 100-point scale)
	
Source: JETNET database	*Source: UBS*

(1) The UBS Business Jet Market Index is a measure of market confidence from industry professionals, gathered through surveys of brokers, dealers, manufacturers, fractional providers, financiers and others.

For the commercial aircraft market, as per reports issued by the International Air Transport Association ("IATA"), the global passenger load factors increased from 77.7% in September 2009 to 79.8% in June 2010 and to 80% in September 2010. In September 2010, IATA upgraded their 2010 forecast for the commercial airline industry to a net profit of $8.9 billion, up from the June 2010 forecast of a net profit of $2.5 billion, based on an exceptionally strong first half of the calendar year. The growth in passenger demand is expected to continue in the second half of calendar year 2010 and in calendar year 2011, although at a slower pace than in the first half of calendar year 2010. With capacity increasing faster than demand, combined with a much tougher revenue environment, IATA expects a net profit of $5.3 billion for calendar year 2011.

While both markets are affected by the recession, we believe that the market fundamentals are strong in the long-term for new business and commercial aircraft. We reaffirm our guidance to deliver approximately 15% and 20% fewer business and commercial aircraft respectively in fiscal year 2011 compared to fiscal year 2010. Our overall BA EBIT margin for fiscal year 2011 is expected to be at a similar level as fiscal year 2010.

ANALYSIS OF RESULTS

Results of operations

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Revenues				
Manufacturing				
Business aircraft	**$ 822**	$ 834	**$ 2,619**	$ 3,059
Commercial aircraft	**431**	560	**1,177**	1,787
Other	**143**	172	**415**	474
Total manufacturing revenues	**1,396**	1,566	**4,211**	5,320
Services[1]	**375**	342	**1,142**	1,015
Other[2]	**72**	156	**387**	347
Total revenues	**1,843**	2,064	**5,740**	6,682
Cost of sales	**1,561**	1,739	**4,853**	5,647
Margin	**282**	325	**887**	1,035
SG&A	**130**	144	**423**	445
R&D	**14**	10	**39**	(4)
Other income[3]	**(22)**	(26)	**(60)**	(54)
EBITDA	**160**	197	**485**	648
Amortization	**73**	94	**218**	281
EBIT	**$ 87**	$ 103	**$ 267**	$ 367
(as a percentage of total revenues)				
Margin	**15.3%**	15.7%	**15.5%**	15.5%
EBITDA	**8.7%**	9.5%	**8.4%**	9.7%
EBIT	**4.7%**	5.0%	**4.7%**	5.5%

[1] Includes revenues from parts logistics, aircraft fractional ownership and hourly flight entitlement programs' service activities, product support activities (including aircraft maintenance and commercial training) and special-mission aircraft solutions (including Military Aviation Training).
[2] Includes mainly sales of pre-owned aircraft.
[3] Includes net loss (gain) on financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates) and gains on disposal of PP&E.

Total aircraft deliveries

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2010**	2009	**2010**	2009
Business aircraft				
Excluding those of the fractional ownership program	**32**	33	**95**	126
Fractional ownership program[1]	**1**	-	**1**	1
	33	33	**96**	127
Commercial aircraft	**19**	27	**53**	86
Amphibious aircraft	**1**	1	**3**	3
	53	61	**152**	216

[1] An aircraft delivery is included in the above table when the equivalent of 100% of the fractional shares of an aircraft model has been sold to external customers through *Flexjet*, or when a whole aircraft has been sold to external customers through the *Flexjet* One program.

Manufacturing revenues
The $170-million decrease for the three-month period is mainly due to lower deliveries partially offset by higher net selling prices for commercial aircraft ($129 million).

The $1,109-million decrease for the nine-month period is mainly due to:
- lower deliveries of commercial aircraft partially offset by higher net selling prices ($610 million); and
- lower deliveries of business aircraft, partially offset by a favourable mix and higher net selling prices for large business aircraft ($440 million).

Services revenues
The $33-million increase for the three-month period is mainly due to:
- higher sales of spare parts ($20 million); and
- higher aircraft maintenance revenues due to higher activities for business and commercial aircraft ($20 million).

Partially offset by:
- lower revenues from special-mission aircraft solutions ($16 million).

The $127-million increase for the nine-month period is mainly due to:
- higher aircraft maintenance revenues due to higher activities for business and commercial aircraft ($51 million);
- higher sales of spare parts ($25 million); and
- higher fractional and hourly programs' service activities mainly resulting from higher flight activity ($17 million).

Other revenues
The $84-million decrease for the three-month period is mainly due to lower deliveries of pre-owned business aircraft ($105 million), partially offset by higher deliveries of pre-owned commercial aircraft ($36 million).

The $40-million increase for the nine-month period is mainly due to higher deliveries of pre-owned commercial aircraft ($78 million), partially offset by lower deliveries of pre-owned business aircraft ($28 million).

EBIT margin
The 0.3 percentage-point and 0.8 percentage-point decreases for the three- and nine-month periods are mainly due to:
- higher cost of sales per unit, mainly due to price escalation of materials;
- lower liquidated damages from customers as a result of fewer business aircraft order cancellations;
- a net negative variance on financial instruments carried at fair value and recorded in other income;
- lower absorption of R&D expenses; and
- lower absorption of SG&A expenses for the nine-month period.

Partially offset by:
- higher net selling prices for large business aircraft and for commercial aircraft;
- lower amortization expense, mainly due to the program tooling on some aircraft models being fully amortized;
- lower write-downs of pre-owned business aircraft inventories; and
- the mix between business and commercial aircraft deliveries.

The EBIT margin for the nine-month period ended October 31, 2009 was also impacted by:
- severance and other involuntary termination costs of $32 million recorded in other income resulting from the decisions in February and April 2009 to reduce our workforce and production rates; and
- a non-recurring reduction in R&D expenses of $28 million following the receipt of contingently repayable investments from the Government of Canada, Québec and the U.K. in connection with previously expensed R&D costs for the *CSeries* family of aircraft.

FREE CASH FLOW

Free cash flow

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
EBIT	**$ 87**	$ 103	**$ 267**	$ 367
Amortization	**73**	94	**218**	281
EBITDA	**160**	197	**485**	648
Other non-cash items:				
Loss (gain) on disposals of PP&E	**-**	1	**(8)**	(10)
Stock-based compensation	**7**	6	**17**	17
Net change in non-cash balances related to operations	**(188)**	(2)	**(524)**	(756)
Net additions to PP&E and intangible assets	**(213)**	(141)	**(696)**	(378)
Free cash flow	**$ (234)**	$ 61	**$ (726)**	$ (479)

The $295-million decrease for the three-month period ended October 31, 2010 compared to the three-month period ended October 31, 2009 is mainly due to:

- a negative period-over-period variation in net change in non-cash balances related to operations ($186 million) (see explanation below);
- higher net additions to PP&E and intangible assets ($72 million); and
- a lower EBITDA ($37 million).

The $247-million decrease for the nine-month period ended October 31, 2010 compared to the nine-month period ended October 31, 2009 is mainly due to:

- higher net additions to PP&E and intangible assets ($318 million); and
- a lower EBITDA ($163 million).

Partially offset by:

- a positive period-over-period variation in net change in non-cash balances related to operations ($232 million) (see explanation below).

Net change in non-cash balances related to operations

For the three-month period ended October 31, 2010, the $188-million cash outflow is mainly due to:

- an increase in commercial aircraft financing;
- an increase in inventories; and
- a decrease in advances on aerospace programs, resulting mainly from higher deliveries than orders received for business aircraft.

Partially offset by:

- an increase in accounts payable and accrued liabilities.

For the three-month period ended October 31, 2009, the $2-million cash outflow was mainly due to:

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

Partially offset by:

- an increase in accounts payable and accrued liabilities.

For the nine-month period ended October 31, 2010, the $524-million cash outflow is mainly due to:
- a decrease in advances on aerospace programs, resulting mainly from higher deliveries than orders received for business aircraft;
- an increase in inventories, mainly for commercial aircraft due to the delivery profile of these aircraft in fiscal year 2011; and
- an increase in commercial aircraft financing.

Partially offset by:
- an increase in accounts payable and accrued liabilities.

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

PRODUCT DEVELOPMENT

Product development costs

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Program tooling additions[1]	**$ 183**	$ 111	**$ 574**	$ 335
Program change and engineering[2]	**25**	26	**75**	79
R&D expenses	**14**	10	**39**	(4)
	$ 222	$ 147	**$ 688**	$ 410
As a percentage of manufacturing revenues	**15.9%**	9.4%	**16.3%**	7.7%

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

Our program tooling investments are mainly due to the development of the *CSeries* family of aircraft, the *Learjet 85* aircraft, the *Global Vision* program, as well as the *CRJ1000 NextGen* aircraft. Despite the current economic context, we continue to make significant investments in our future.

The increase in the R&D expenses for the three-and nine-month periods is mainly due to:
- the receipt in fiscal year 2010 of contingently repayable investments from the governments of Canada, Québec and the U.K. in connection with previously expensed R&D expenses for the *CSeries* family of aircraft, which lead to a $28-million reduction in R&D expenses for the nine-month period ended October 31, 2009; and
- R&D expenses incurred prior to the launch of the *Global 7000* and *Global 8000* aircraft program, which are now capitalized in program tooling additions effective as of the launch date at the end of September 2010.

Business aircraft

***Global 7000* and *Global 8000* aircraft**[1]– In September 2010, we launched two new jets, the *Global 7000* and *Global 8000* aircraft.

The *Global 7000* aircraft will feature a four-zone cabin and have 20% more living space than the cabin of the *Global Express XRS* aircraft. The aircraft will have a high-speed cruise of Mach 0.90 and a range of 13,520 km (7,300 nautical miles) at Mach 0.85, under certain operating conditions. Entry into service is scheduled for calendar year 2016.

The *Global 8000* aircraft will have a high-speed cruise of Mach 0.90 and a range of 14,631 km (7,900 nautical miles) at Mach 0.85, under certain operating conditions. It will feature a superior three-zone cabin and similar

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[1] The *Global 7000* and *Global 8000* aircraft program is currently in the development phase and as such is subject to changes in family strategy, branding, capacity, performance, design and/or systems. All specifications and data are approximate, may change without notice and are subject to certain operating rules, assumptions and other conditions. This document does not constitute an offer, commitment, representation, guarantee or warranty of any kind. The configuration and performance of the aircraft may differ from the descriptions provided and, together with any related commitment, representations, guarantee or warranty, shall be determined in a final purchase agreement.

living space than the cabin of the *Global Express XRS* aircraft. Entry into service is scheduled for calendar year 2017.

The two new *Global* aircraft will feature an all-new high-speed transonic wing, designed to significantly optimize aerodynamic efficiency, combined with next-generation GE TechX 16,500 lb thrust engines to deliver significant efficiency and emission advantages, including NO_x emissions 50% below the International Civil Aviation Organization's upcoming Civil Aircraft Emissions Protocol (CAEP-6) regulations and an 8% better overall fuel-efficiency target when compared to the *Global Express XRS* aircraft.

Both aircraft will also feature the most up-to-date version of the *Global Vision* flight deck and the advanced connectivity capability of a leading-edge cabin management system.

Learjet 85 aircraft – Having exited the Joint Definition Phase ("JDP") in February 2010, we are now working with key suppliers worldwide in the Detailed Design Phase ("DDP"). The DDP is now 50% completed, and parts manufacturing is underway at our sites and with suppliers. The composite readiness testing is progressing as planned and the program is on schedule for entry into service in calendar year 2013.

The construction of the manufacturing sites is also progressing on schedule. The Wichita final assembly site is undergoing expansion. The 17,187 sq.m. (185,000 sq.ft.) state-of-the-art manufacturing facility at our site in the Querétaro Aerospace Park, Mexico, which is responsible for the fabrication of the *Learjet 85* aircraft major composite structures, was inaugurated in October 2010. Suppliers have begun to order material components and have started producing development and production parts. The fabrication of parts for the first aircraft is now underway.

In September 2010, the first of two Rockwell Collins System Integrated Test Stations ("SITS") began formal integration testing. The SITS is a static representation of the cockpit that includes actual displays, controls, panels and avionics computers and allows for integration testing of the avionics suite, as well as all other equipments that communicate with the avionics computers.

In July 2010, another significant *Learjet 85* aircraft program milestone was achieved by successfully building our first composite manufacturing validation unit for the aircraft's pressure fuselage section. The unit is being used to validate design concepts, manufacturing processes and quality.

Global Vision – The *Global Vision* flight deck program continues to progress through the certification flight test program. The program is on schedule for entry into service in calendar year 2012.

Commercial aircraft

CSeries family of aircraft – The *CSeries* aircraft program has predominantly completed the JDP and has transitioned to the DDP. We have started to release drawings to fabrication and production for the ground aircraft and for the first flight test aircraft. The *CS100* and *CS300* aircraft programs are on schedule for entry into service in calendar years 2013 and 2014, respectively.

In October 2010, the advanced composite wing was successfully attached to the composite wing box, which connects the wing to the fuselage. This is a significant milestone during the DDP because this tests the manufacturing requirements for the aircraft before production begins.

Also in October 2010, the first phase of construction of the new 56,000 sq.m. (600,000 sq.ft.) purpose-built facility in Belfast, which will house the manufacturing and assembly of the advanced composite wings for the *CSeries* aircraft, was completed on schedule. The main equipment is currently being installed in preparation for production of the *CSeries* aircraft wings, which is scheduled to begin in early calendar year 2011.

In March 2010, Shenyang Aircraft Corporation ("SAC"), a subsidiary of the state-owned aviation industrial entity China Aviation Industry Corporation (AVIC) and a key supplier in the *CSeries* aircraft program, began construction of the facility in which the fuselage for the *CSeries* mainline commercial jetliners will be built. The 21,000 sq.m. (226,000 sq.ft.) facility will be operated by SAC. The aluminum-lithium fuselage test barrel, which arrived in Saint-Laurent, Québec from China in August 2009, has successfully completed 90,000 fatigue cycles. Findings from the advanced test fuselage will be used by the design team to optimize the final production design.

The Complete Integrated Aircraft Systems Test Area (“CIASTA”) is progressing on schedule. The CIASTA is a systems-testing integration facility that will house a virtual *CSeries* test aircraft. The CIASTA will test aircraft systems for reliability and functionality one year before first flight and will continue to support systems integration during the flight test program. The building in Mirabel, Québec, which houses the CIASTA, was completed on schedule at the end of February 2010 and the testing and rig infrastructure installation is in progress.

Development wind tunnel tests were completed in July 2010 and have confirmed the *CSeries* aircraft’s overall performance benefits. Detailed wind tunnel tests will continue throughout calendar year 2010 and final production wind tunnel tests will be conducted in calendar year 2011.

CRJ1000 NextGen aircraft – In November 2010, Transport Canada and the European Aviation Safety Agency have awarded Aircraft Type Certificates for the 100-seat *CRJ1000 NextGen* regional jet. The flight test program was conducted from our Flight Test Centre in Wichita, Kansas, and the flight test aircraft accumulated approximately 1,400 flight hours in 470 test missions. First aircraft deliveries are scheduled for the fourth quarter of fiscal year 2011.

Q400 aircraft – At the July 2010 Farnborough International Airshow, we announced that we will form part of a six-partner consortium, led by Saskatchewan-based Targeted Growth Canada (TGC). The consortium expects to demonstrate the suitability of the emerging biofuel produced from an oilseed crop (camelina) in a Porter Airlines *Q400* turboprop by early calendar year 2012. Renewable fuel from camelina offers a real opportunity to reduce the environmental impact of commercial aviation by significantly reducing aircraft lifecycle carbon emissions.

Carrying amount of program tooling

	October 31, 2010	January 31, 2010
Business aircraft		
Learjet Series	**$ 410**	$ 234
Challenger Series	**203**	249
Global Series	**171**	135
Commercial aircraft		
CRJ Series	**503**	498
Q-Series	**22**	35
CSeries	**582**	289
	$ 1,891	$ 1,440

CUSTOMER SERVICES AND SUPPORT

Bombardier Customer Services continues to invest in the support of the growing fleet of Bombardier Business and Commercial aircraft worldwide.

In September 2010, we announced the addition of Duncan Aviation’s newest maintenance facility in Provo, Utah, to our network of Authorized Service Centres (“ASFs”) and aircraft-on-ground (“AOG”) Line Maintenance Facilities (“LMFs”) for business aircraft. This is the third Duncan-operated facility to join our service network.

In October 2010, we announced the expansion of our worldwide customer service and support network with the addition of three AOG LMFs for business aircraft customers in Kuala Lumpur, Malaysia, Monterrey, Mexico and in Riga, Latvia. Our worldwide service and maintenance support network now includes 60 service centres, ASFs and AOG LMFs located in 26 countries.

AIRCRAFT DELIVERIES

Business aircraft deliveries

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2010**	2009	**2010**	2009
Light				
Learjet 40/40 XR/Learjet 45/45 XR	**5**	4	**13**	26
Learjet 60 XR	**3**	4	**6**	8
Medium				
Challenger 300	**7**	7	**18**	28
Challenger 605	**8**	9	**24**	22
Challenger 800 Series	**1**	1	**1**	5
Large				
Global 5000/Global Express XRS	**9**	8	**34**	38
	33	33	**96**	127

The sharp economic downturn that started in the third quarter of calendar year 2008 continued in calendar year 2009. This downturn, combined with credit scarcity, created a significant challenge for our business aircraft customers, which led several of them to either defer or cancel their aircraft deliveries. Recovery in orders and revenues usually lags the economic recovery.

According to the latest GAMA report dated November 9, 2010, we continue to be the business aircraft industry leader in terms of revenues and units delivered in the business aircraft market categories in which we compete for the first nine months of calendar year 2010. Based on delivery data submitted to GAMA for these market categories, our business aircraft market share in units delivered amounts to 31% for the nine-month period ended September 30, 2010, compared to 33% (restated from 32% to exclude commercial aircraft with a maximum takeoff weight in excess of 120,000 lbs converted to business aircraft) for the same period last year.

The aviation industry as a whole continues to experience difficulties, with deliveries declining by 20% in the first nine months of calendar year 2010 compared to the same period last year in the business aircraft market categories in which we compete. The light business aircraft category was the most impacted by the economic downturn, as evidenced by the significant decrease in our deliveries during the nine-month period ended October 31, 2010 compared to the same period last fiscal year. On the other hand, the large and medium business aircraft categories were less impacted, with combined deliveries at a level similar to the same period last fiscal year.

Commercial aircraft deliveries

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2010**	2009	**2010**	2009
Regional jets				
CRJ700 NextGen	**6**	7	**12**	17
CRJ900 NextGen	**3**	5	**7**	25
Turboprops				
Q300	**-**	1	**-**	6
Q400/Q400 NextGen	**10**	14	**34**	38
	19	27	**53**	86

The decrease in commercial aircraft deliveries during the nine-month period ended October 31 2010 is mainly due to lower deliveries of regional jets. The lower deliveries of commercial aircraft are consistent with the continued difficult environment of the airline industry. In addition, the reduced deliveries reflect our anticipated delivery profile of commercial aircraft for fiscal year 2011, including the scheduled entry into service of the *CRJ1000 NextGen* aircraft in the fourth quarter of fiscal year 2011.

BACKLOG AND ORDERS

Total order backlog

(in billions of dollars)	October 31, 2010	January 31, 2010
Aircraft programs	$ 15.4	$ 15.9
MAT	0.8	0.8
	$ 16.2	$ 16.7

The decrease in the order backlog is due to a lower order backlog in business aircraft, turboprops and regional jets, partially offset by an order received for the *CSeries* family of aircraft.

Book-to-bill ratio[1]

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Business aircraft	**0.4**	0.1	**0.3**	(0.7)
Commercial aircraft	**0.5**	-	**1.5**	0.8
Total	**0.4**	0.1	**0.7**	(0.1)

(1) Defined as net orders received over aircraft deliveries, in units.

Excluding the orders received for the *CSeries* aircraft program, the book-to-bill ratios for commercial aircraft would be 0.5 and 0.8 respectively for the three- and nine-month periods ended October 31, 2010 (nil and 0.2 respectively for the three- and nine-month periods ended October 31, 2009).

Total aircraft net orders

	October 31, 2010			October 31, 2009		
	Gross orders	**Cancellations/ Terminations**	**Net orders**	Gross orders	Cancellations/ Terminations	Net orders
Three-month periods						
Business aircraft (including those of the fractional ownership program)	**27**	**(14)**	**13** (1)	26	(24)	2 (2)
Commercial aircraft	**12**	**(2)**	**10**	2	(1)	1
Amphibious aircraft	**-**	**-**	**-**	4	-	4
	39	**(16)**	**23**	32	(25)	7
Nine-month periods						
Business aircraft (including those of the fractional ownership program)	**75**	**(42)**	**33** (3)	68	(160)	(92) (4)
Commercial aircraft	**85**	**(5)**	**80**	82	(16)	66 (5)
Amphibious aircraft	**-**	**-**	**-**	4	-	4
	160	**(47)**	**113**	154	(176)	(22)

(1) There were four firm order conversions to other business aircraft models.
(2) There were nine firm order conversions to other business aircraft models.
(3) There were 17 firm order conversions to other business aircraft models.
(4) There were 31 firm order conversions to other business aircraft models.
(5) A firm order for five *CRJ900 NextGen* aircraft was converted to a firm order for five *CRJ1000 NextGen* aircraft, and a firm order for a *CRJ1000 NextGen* aircraft was converted to a firm order for a *CRJ900 NextGen* aircraft.

Business aircraft net orders

The gross orders for the three- and nine-month periods ended October 31, 2010 are essentially at the same level as at the same periods last fiscal year. The decrease in the level of cancellations reflects the continued stabilization of the worldwide business aircraft market.

In November 2010, we confirmed a firm order for five *Challenger 300* aircraft from Donghai Jet Co., Ltd., based in Southern China. This order is included in our October 31, 2010 order backlog. Based on list price, the value of the firm order is $121 million.

Commercial aircraft net orders

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in units)	**2010**	2009	**2010**	2009
Regional jets				
CRJ900 NextGen	**6**	-	**14**	(4)
CRJ1000 NextGen	**-**	-	**-**	4
Commercial jets				
CS100	**-**	-	**-**	33
CS300	**-**	-	**40**	17
Turboprops				
Q400/Q400 NextGen	**4**	1	**26**	16
	10	1	**80**	66

In February 2010, Republic Airways Holdings Inc. placed a firm order for 40 *CS300* aircraft. The agreement also includes options for an additional 40 *CS300* aircraft. Republic Airways Holdings Inc. is the first North American airline to place a firm order for the *CSeries* aircraft. Based on the list price, the value of the firm order is $3.1 billion.

In April 2010, Jazz Air LP (Jazz) of Halifax, Nova Scotia placed a firm order for 15 *Q400 NextGen* turboprops and took options for an additional 15 *Q400 NextGen* turboprops. Based on the list price, the value of the firm order is $454 million.

In July 2010, Deutsche Lufthansa AG of Germany placed a firm order for eight *CRJ900 NextGen* regional jets. The transaction involved the exercise of previously announced purchase rights. Based on the list price, the value of the firm order is $317 million.

In July 2010, Qantas Airways Ltd. placed a firm order for seven *Q400 NextGen* turboprop airliners. The aircraft will be operated by Qantas' wholly owned regional airline, QantasLink. Based on the list price, the value of the firm order is $218 million.

Commercial aircraft order backlog and options and conditional orders

	October 31, 2010		January 31, 2010	
	Aircraft on firm order	**Options and conditional orders**	Aircraft on firm order	Options and conditional orders
Regional jets				
CRJ700 NextGen	**29**	**4**	41	5
CRJ900 NextGen	**25**	**94**	18	104
CRJ1000 NextGen	**49**	**4**	49	4
Commercial jets				
CS100	**33** [(1)]	**33**	33 [(2)]	33
CS300	**57** [(1)]	**57**	17 [(2)]	17
Turboprops				
Q400/Q400 NextGen	**67**	**102**	75	115
	260	**294**	233	278

(1) The total of 90 orders includes 60 firm orders with conversion rights to the other *CSeries* aircraft model.
(2) The total of 50 orders includes 20 firm orders with conversion rights to the other *CSeries* aircraft model.

On January 5, 2010, Mesa Air Group, Inc. ("Mesa") announced that it had started financial restructuring through the voluntary filing of petitions to reorganize under Chapter 11 of the U.S. Bankruptcy Code. Bombardier Inc. is a member of the Unsecured Creditors' Committee. As at October 31, 2010, there were 10 *CRJ700 NextGen* aircraft in our order backlog yet to be delivered to Mesa. We are continuously monitoring the situation with Mesa and the potential impact this may have on us. As part of the restructuring plan, Mesa may choose not to take delivery of these aircraft. Furthermore, Mesa has rejected certain aircraft in its current fleet for which we have provided

financing support such as credit guarantees. Our assessment of how Mesa will reorganize and emerge from Chapter 11 has been taken into consideration in the determination of our provisions.

WORKFORCE

Total number of employees

	October 31, 2010	January 31, 2010
Permanent	**28,100** [1]	27,650 [1]
Contractual	**1,500**	1,250
	29,600	28,900

[1] Including 980 and 870 inactive employees as at October 31, 2010 and January 31, 2010 respectively.

The increase in the number of employees is due to new hires related to the *CSeries* and *Learjet 85* aircraft programs. Our long-term human resources strategy is to continue to maintain a mix of permanent and contractual workers to provide increased flexibility in periods of fluctuation and thus ensure stability of our permanent workforce.

Collective agreements

The agreements with Unite the Union and the General Machinists & Boilermakers, covering approximately 4,300 employees in Belfast, expired on January 24, 2010. A new three-year agreement was reached in July 2010, which became effective January 25, 2010 and will expire on January 24, 2013.

The collective agreement with Confederación de Trabajadores de México, covering approximately 700 employees in Mexico, expired on April 27, 2010. A new one-year agreement was reached on May 1, 2010 and will expire on April 30, 2011.

The agreement with the National Automobile, Aerospace, Transport and Other Workers of Canada (CAW), covering approximately 1,300 employees at the *Global* completion center in Montréal, expires on December 5, 2010. We are currently in discussions with the union and we anticipate an employee vote on the offer in early December 2010.

TRANSPORTATION

HIGHLIGHTS

- Revenues of $2.2 billion, compared to $2.5 billion for the same period last fiscal year.
- EBIT of $141 million, or 6.5% of revenues, compared to $159 million, or 6.3%, for the same period last fiscal year.
- Free cash flow of $104 million, compared to a free cash flow of $32 million for the same period last fiscal year.
- $3.7 billion in new orders (book-to-bill[1] ratio of 1.7), compared to $3.6 billion (book-to-bill ratio of 1.4) for the same period last fiscal year. On a year-to-date basis, we achieved a book-to-bill ratio of 1.7, compared to 1.1 for the same period last fiscal year.
- Record level of order backlog at $32.7 billion as at October 31, 2010, an increase of 21% compared to January 31, 2010.
- Signing of a contract with Trenitalia in Italy for 50 very high speed V300ZEFIRO trains, marking the first order for our highly successful *ZEFIRO* family in Europe, of which our share is valued at $889 million.
- Signing of a contract with CMSP of Brazil for 54 *INNOVIA* monorail 300 trains, of which our share is valued at $747 million, positioning BT very well for additional monorail opportunities in Brazil.

[1] Ratio of new orders over revenues.

BUSINESS ENVIRONMENT

The recovery of the global economy continues, mostly driven by the activity in emerging markets. In particular, the economies of China, Brazil and India have returned to pre-crisis growth rates. Export-oriented European economies such as the Scandinavian countries and Germany follow these positive developments as their economic growth is fuelled by the recovery in emerging markets. Other mature European economies are recovering more slowly, with economic growth rates still below pre-crisis levels. Overall, the global economic recovery has a positive impact on the rail industry, as our customers' businesses gain momentum. However, government debt remains high and could impact availability of funding for our customers in the future.

Bidding activity remains high overall. The level of orders for the worldwide rail market for the third quarter was the largest since 2006. This high level was mostly driven by orders in the passenger market, in particular in rolling stock and systems in Europe and the Americas. This progress is visible for our customers, with passenger operators showing a moderate upward trend in volumes, but it is too early to assess whether this is a long-term trend. Overall freight transport volumes continue to stabilize but remain largely below pre-crisis levels, resulting in low order activity in the locomotives market.

ANALYSIS OF RESULTS

Results of operations[1]

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Revenues				
Rolling stock[2]	**$ 1,539**	$ 1,827	**$ 4,681**	$ 5,325
Services[3]	**317**	352	**945**	1,051
System and signalling[4] [5]	**316**	354	**974**	956
Total revenues	**2,172**	2,533	**6,600**	7,332
Cost of sales	**1,741**	2,086	**5,382**	6,066
Margin	**431**	447	**1,218**	1,266
SG&A	**186**	213	**573**	620
R&D	**35**	28	**100**	91
Other expense[6]	**38**	15	**36**	24
EBITDA	**172**	191	**509**	531
Amortization	**31**	32	**93**	88
EBIT	**$ 141**	$ 159	**$ 416**	$ 443
(as a percentage of total revenues)				
Margin	**19.8%**	17.6%	**18.5%**	17.3%
EBITDA	**7.9%**	7.5%	**7.7%**	7.2%
EBIT	**6.5%**	6.3%	**6.3%**	6.0%

[1] The results of operations of entities using functional currencies other than the U.S. dollar (mainly the euro, pound sterling and other Western European currencies) are translated into U.S. dollars using the average exchange rates for the relevant periods. The impact of lower exchange rates of the euro and other European currencies compared to the U.S. dollar negatively affects revenues and positively affects expenses, while higher exchange rates would have the opposite impact (defined as "negative currency impact" and "positive currency impact"). See the Foreign exchange rates section in Other for the average exchange rates used to translate revenues and expenses.
[2] Comprised of light rail vehicles, metro cars, commuter and regional trains, intercity trains, high speed and very high speed trains, locomotives, propulsion and controls, as well as bogies revenues, presented in the caption manufacturing revenues in the interim consolidated statements of income.
[3] Comprised of fleet maintenance, refurbishment and overhaul, as well as material solutions revenues.
[4] The revenues of system and signalling are presented in the caption other revenues in the interim consolidated statements of income.
[5] Excluding the rolling stock portion of system orders manufactured by our other divisions.
[6] Includes net loss (gain) on financial instruments, foreign exchange losses (gains), severance and other involuntary termination costs (including changes in estimates and capacity adjustments), income from equity accounted investees, losses (gains) on disposals of PP&E, impairment of PP&E and loss related to flooding of Bautzen site.

Revenues by geographical region

	Three-month periods ended October 31				Nine-month periods ended October 31			
	2010		2009		**2010**		2009	
Europe	**$ 1,357** [1]	**63%**	$ 1,712	68%	**$ 4,298** [1]	**65%**	$ 5,217	71%
Asia-Pacific	**420**	**19%**	446	18%	**1,149**	**17%**	1,100	15%
North America	**301**	**14%**	267	10%	**913**	**14%**	749	10%
Other	**94**	**4%**	108	4%	**240**	**4%**	266	4%
	$ 2,172		$ 2,533		**$ 6,600**		$ 7,332	

[1] Amounts include a negative currency impact of $115 million for the three-month period and $161 million for the nine-month period.

Rolling stock revenues

The $288-million decrease for the three-month period is mainly due to lower activities:

- in commuter and regional trains, light rail vehicles and metro cars in Western Europe due to the phasing out of major projects in several countries ahead of the ramping-up of production of new contracts ($186 million);
- in intercity, high speed and very high speed trains, mainly in Asia due to timing of new orders ($51 million);
- in mass transit in North America following completion of existing contracts and due to timing of new orders ($44 million);
- in locomotives in Europe, as a result of the low level of order intake in fiscal year 2010 due to the challenging economic environment in the freight business ($36 million); and
- in commuter and regional trains in South Africa due to the start of operations of our *ELECTROSTAR* trains in Johannesburg, known as Gautrain, at the beginning of June 2010 ($19 million).

Partially offset by higher activities:

- in commuter and regional trains, light rail vehicles and metro cars in Asia ($58 million);
- in propulsion and controls in China ($56 million); and
- in locomotives in North America ($56 million).

The decrease also reflects a negative currency impact ($70 million).

The $644-million decrease for the nine-month period is mainly due to lower activities:

- in locomotives in Europe, as a result of the low level of order intake in fiscal year 2010 due to the challenging economic environment in the freight business ($372 million);
- in intercity, high speed and very high speed trains, mainly in Europe and in Asia due to the phasing out of major projects in several countries ahead of the ramping-up of production of new major contracts ($247 million);
- in commuter and regional trains, light rail vehicles and metro cars in Western Europe due to the phasing out of major projects in several countries ahead of the ramping-up of production of new contracts ($174 million);
- in commuter and regional trains in South Africa due to the start of operations of our *ELECTROSTAR* trains in Johannesburg, known as Gautrain at the beginning of June 2010 ($50 million); and
- in mass transit in North America following completion of existing contracts and due to timing of new orders ($44 million).

Partially offset by higher activities:

- in locomotives in North America ($146 million);
- in commuter and regional trains, light rail vehicles and metro cars in Asia ($141 million); and
- in propulsion and controls in China ($71 million).

The decrease also reflects a negative currency impact ($79 million).

Services revenues

The $35-million and $106-million decreases for the three- and nine-month periods are mainly due to:

- lower activities, mostly in Europe, as a result of the low level of order intake in fiscal year 2010 due to the challenging economic environment ($34 million for the three-month period and $107 million for the nine-month period); and
- a negative currency impact ($13 million for the three-month period and $11 million for the nine-month period).

System and signalling revenues

The $38-million decrease for the three-month period is mainly due to:

- lower activities in systems in Asia and Europe due to the phasing out of projects ($27 million); and
- a negative currency impact ($19 million).

Partially offset by:

- higher activities in systems in North America due to the ramping-up of projects ($16 million).

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

- higher activities in systems in North America and Europe due to the ramping-up of projects ($55 million).

Partially offset by:

- lower activities in systems in Asia due to the phasing out of projects ($31 million).

EBIT margin

The 0.2 percentage-point increase for the three-month period is mainly due to:

- better overall contract execution.

Partially offset by:

- a net loss recorded in other expense related to foreign exchange fluctuations and certain financial instruments carried at fair value, compared to a net gain for the same period last fiscal year;
- higher R&D expenses related to our continuous upgrades in product offering in combination with lower absorption; and
- lower absorption of amortization expenses and SG&A.

The 0.3 percentage-point increase for the nine-month period is mainly due to:

- better overall contract execution.

Partially offset by:

- lower absorption of SG&A and amortization expense; and
- higher R&D expenses related to our continuous upgrades in product offering in combination with lower absorption.

The EBIT margins for the three- and nine-month periods ended October 31, 2010 were also impacted by the following items recorded in other expense:

- loss of $20 million in connection with the flooding of our site in Bautzen Germany, impacting negatively EBIT margins by 0.9% and 0.3% respectively; and
- impairment of real estate as a result of the continued effort to optimize our footprint especially in Europe ($8 million), impacting negatively EBIT margins by 0.4% and 0.1% respectively.

The EBIT margins for the three- and nine-month periods ended October 31, 2009 were negatively impacted by 1.0% ($25 million) and 0.4% ($27 million) due to provisions recorded in other expense related to planned capacity adjustments.

FREE CASH FLOW

Free cash flow

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
EBIT	**$ 141**	$ 159	**$ 416**	$ 443
Amortization	**31**	32	**93**	88
EBITDA	**172**	191	**509**	531
Other non-cash items:				
Gain on disposals of PP&E	**-**	(1)	**(2)**	(1)
Stock-based compensation	**6**	6	**17**	17
Impairment charge	**8**	-	**8**	-
Net change in non-cash balances related to operations	**(55)**	(119)	**(526)**	(509)
Net additions to PP&E and intangible assets	**(27)**	(45)	**(61)**	(117)
Free cash flow	**$ 104**	$ 32	**$ (55)**	$ (79)

The $72-million improvement for the three-month period ended October 31, 2010 compared to the three-month period ended October 31, 2009 is mainly due to:

- a positive period-over-period variation in net change in non-cash balances related to operations ($64 million) (see explanations below); and
- lower net additions to PP&E and intangible assets ($18 million).

Partially offset by:

- lower EBITDA ($19 million).

The $24-million improvement for the nine-month period ended October 31, 2010 compared to the nine-month period ended October 31, 2009 is mainly due to:

- lower net additions to PP&E and intangible assets ($56 million).

Partially offset by:

- lower EBITDA ($22 million); and
- a negative period-over-period variation in net change in non-cash balances related to operations ($17 million) (see explanations below).

Net change in non-cash balances related to operations
For the three-month period ended October 31, 2010, the $55-million cash outflow is mainly due to an increase in inventories, partially offset by advances and milestone payments received on new orders and existing contracts.

For the three-month period ended October 31, 2009, the $119-million cash outflow was mainly due to a decrease in advances and progress billings.

For the nine-month period ended October 31, 2010, the $526-million cash outflow is mainly due to lower advances and milestone payments received on existing contracts and lower trades payable as a result of reduced level of activities in Europe, partially offset by a decrease in inventories also resulting from the reduced level of activities in Europe as well as the inventory optimization program.

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

BACKLOG AND ORDER INTAKE

Order backlog

(in billions of dollars)	October 31, 2010	January 31, 2010
Rolling stock	**$ 22.9**	$ 18.5
Services	**6.2**	5.9
System and signalling	**3.6**	2.7
	$ 32.7	$ 27.1

The 21% increase in order backlog is due to:

- order intake being significantly higher than revenues recorded ($4.3 billion); and
- the strengthening of most foreign currencies versus the U.S. dollar as at October 31, 2010 compared to January 31, 2010 ($1.3 billion).

Order intake and book-to-bill ratio

	Three-month periods ended October 31		Nine-month periods ended October 31	
(in billions of dollars)	**2010**	2009	**2010**	2009
Rolling stock	**$ 2.6**	$ 3.1	**$ 8.3**	$ 6.3
Services	**0.2**	0.1	**1.0**	0.6
System and signalling	**0.9**	0.4	**1.6**	0.9
	$ 3.7	$ 3.6	**$ 10.9**	$ 7.8
Book-to-bill ratio	**1.7**	1.4	**1.7**	1.1

For the three-month period ended October 31, 2010, we achieved a book-to-bill ratio of 1.7. The increase in order intake for the three-month period is mainly due to:

- higher order intake in system and signalling, mainly due to an order received in Brazil; and
- higher order intake in rolling stock in Europe.

Partially offset by:

- lower order intake in rolling stock in Asia, where last year was exceptionally high due to a landmark order for very high speed trains in China.

For the nine-month period ended October 31, 2010, we achieved a book-to-bill ratio of 1.7. The increase in order intake for the nine-month period is mainly due to:

- higher order intake in rolling stock and services in Europe and North America; and
- higher order intake in system and signalling, mainly due to an order received in Brazil.

Partially offset by:

- lower order intake in rolling stock in Asia, where last year was exceptionally high due to a landmark order for very high speed trains in China.

We received the following major orders during the first nine months of fiscal year 2011:

Customer	Product or service	Number of cars	Rolling stock	Services	System and signalling
Swiss Federal Railways (SBB), Switzerland	*TWINDEXX* double-deck trains	436	$ 1,600		
Société Nationale des Chemins de fer Français (SNCF), France	Double-deck EMUs	872 [(1)]	1,574 [(1)]		
Trenitalia, Italy	V300ZEFIRO high speed trains	400	889 [(2)]		
Companhia do Metropolitano de São Paulo (CMSP), Brazil	*INNOVIA* Monorail 300 system	378			$ 747 [(2)]
Metrolinx, Canada	*FLEXITY* trams	182	745		
Deutsche Bahn AG, Germany	*TALENT 2* trains	445 [(1)]	637 [(1)]		
Undisclosed	Fleet maintenance services			$ 475	
Toronto Transit Commission (TTC), Canada	Subway cars	186	378		
Chinese Ministry of Railways (MOR), China	CRH1 high speed trains	320	373 [(3)]		
Department of Transport in Victoria, Australia	*FLEXITY* trams and maintenance	50	293		
New Jersey Transit Corporation (NJT), U.S.	MultiLevel commuter cars	100	267		
Saudi Oger Limited, Kingdom of Saudi Arabia	*INNOVIA* Monorail 300 system, and operations and maintenance	12			241
Hungarian State Railways (MÁV), Hungary	*TRAXX* locomotives	25	112		
Delhi Metro Rail Corporation Ltd (DMRC), India	*MOVIA* metro cars	74	101		

[(1)] Combination of two orders for the same product and customer.
[(2)] Contract performed through a consortium. Only the value of our share is stated.
[(3)] Contract performed through a joint venture. Only the value of our proportionate share is stated.

Subsequent to the end of the third quarter of fiscal year 2011, we were awarded the following orders, which are not included in the order backlog as at October 31, 2010:

- an order for 468 metro cars from Société de transport de Montréal (STM), Canada, of which our share is valued at $715 million;
- an order for 51 *TALENT* 2 trains from Deutsche Bahn AG, Germany, valued at $271 million; and
- an order for 65 bi-directional *FLEXITY* Outlook trams from the Société des Transports Intercommunaux de Bruxelles (STIB), Belgium, valued at $235 million.

WORKFORCE

Total number of employees

	October 31, 2010	January 31, 2010
Permanent	**30,250** [(1)]	30,600 [(1)]
Contractual	**4,400**	4,350
	34,650	34,950

[(1)] Including 1,250 and 1,150 inactive employees as at October 31, 2010 and January 31, 2010 respectively.

We have reduced our headcount in Europe and North America, while the headcount in our growing markets of Asia has increased.

OTHER

RISKS AND UNCERTAINTIES

We operate in industry segments that have a variety of risk factors and uncertainties. The risks and uncertainties that could materially affect our business, financial condition and results of operations are described in our Annual Report for fiscal year 2010 in Other, but are not necessarily the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business. Where practicable, we apply risk management and mitigation practices to reduce the nature and extent of our exposure to these risks to an acceptable level.

There was no significant change to these risks and uncertainties during the nine-month period ended October 31, 2010, other than those described elsewhere in this MD&A.

ACCOUNTING AND REPORTING DEVELOPMENTS

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS
In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be changed to IFRS. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. This change is effective for our interim and annual financial statements beginning February 1, 2011.

There has been no significant change to our IFRS changeover plan and our project is progressing according to plan. During the fourth quarter of fiscal year 2011, we expect to complete the quantification of identified accounting differences between Canadian GAAP and IFRS.

The key differences in accounting treatment and potential key impacts as assessed in our Annual Report for fiscal year 2010 remain valid. Since that time, we have progressed in our assessment of the impact of differences in accounting policy and reached the following additional conclusions:

Accounting policy	Differences in accounting treatment
Employee benefits – measurement date	Measurement of the defined benefit obligations and plan assets will be performed at January 31 for all defined benefit plans at BA and Corporate Office, whereas these defined benefit plans are measured at December 31 under Canadian GAAP. Defined benefit plans at BT will continue to use a December 31 measurement date, as this is the financial year end date for BT.
Overhead variances	Most cost variances arising from over/under absorption that are currently deferred on the balance sheet at the end of an interim period under Canadian GAAP will be recognized in net income in the interim period in which they occur under IFRS. The restatement of net income from Canadian GAAP to IFRS is expected to fluctuate from quarter to quarter given the level of overhead costs to be absorbed and the seasonality of production. However, there will be no impact on the annual net income.
Provisions and contingent liabilities	IFRS requires a provision to be recognized when it is probable (more likely than not) that an outflow of resource will be required to settle the obligation, while a higher threshold is used under Canadian GAAP. IFRS also requires a provision to be recognized when a contract becomes onerous, while Canadian GAAP only requires recognition of such a liability in certain situations. We do not expect this difference to have a significant impact on our consolidated financial statements.
Impairment of long-lived assets	IFRS requires a one-step impairment test for identifying and measuring impairment, comparing an asset's carrying value to the higher of its value in use and fair value less cost to sell. Under Canadian GAAP, impairment is based on discounted cash flows only if an asset's undiscounted cash flows are below its carrying value. We have completed our impairment testing as at February 1, 2010 and have not identified any impairment in our IFRS opening balance sheet.
Interests in joint ventures	The IASB is contemplating issuing a new standard to replace the current IAS 31, "Interests in joint ventures", which is now expected in the fourth quarter of calendar year 2010, with a required effective date after the end of our first annual reporting period under IFRS. It is expected that the new standard will require the use of the equity method to account for all joint ventures. Under the current standard, a choice between the use of the equity method or proportionate consolidation is allowed. Joint ventures must be proportionally consolidated under Canadian GAAP. We do not expect to early adopt the new standard at conversion to IFRS and we will continue to proportionately consolidate joint ventures under the choices allowed by the existing standard. Accordingly, there will be no impact to our consolidated financial statements as a result of this difference.

The differences identified to date should not be regarded as an exhaustive list and other changes may result from our conversion to IFRS. Furthermore, the disclosed qualitative impacts of our conversion to IFRS reflect our most recent assumptions, estimates and expectations, including our assessment of the IFRS expected to be applicable at the end of our first annual reporting period under IFRS. As a result of changes in circumstances, such as economic conditions or operations, and the inherent uncertainty from the use of assumptions, the actual impacts of our conversion to IFRS may be different from those presented above and in our Annual Report for fiscal year 2010.

CONTROLS AND PROCEDURES

No changes were made to our internal controls over financial reporting during the three-month period ended October 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

FOREIGN EXCHANGE RATES

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

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

	October 31, 2010	January 31, 2010	Increase
Euro	**1.3894**	1.3870	0%
Canadian dollar	**0.9815**	0.9390	5%
Pound sterling	**1.6020**	1.6008	0%

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

	2010	2009	Increase (decrease)
Euro	**1.3292**	1.4547	(9%)
Canadian dollar	**0.9702**	0.9305	4%
Pound sterling	**1.5704**	1.6352	(4%)

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

	2010	2009	Increase (decrease)
Euro	**1.3127**	1.3826	(5%)
Canadian dollar	**0.9682**	0.8722	11%
Pound sterling	**1.5318**	1.5610	(2%)

SELECTED FINANCIAL INFORMATION

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

Fiscal years		**2011**				2010		2009
	Third quarter	Second quarter	First quarter	Fourth quarter	Third quarter	Second quarter	First quarter	Fourth quarter
Revenues	**$ 4,015**	$ 4,079	$ 4,246	$ 5,352	$ 4,597	$ 4,946	$ 4,471	$ 5,429
Net income	**$ 143**	$ 148	$ 153	$ 179	$ 168	$ 202	$ 158	$ 312
EPS (in dollars):								
Basic and diluted	**$ 0.08**	$ 0.08	$ 0.08	$ 0.10	$ 0.09	$ 0.11	$ 0.09	$ 0.12

INVESTOR INFORMATION

Authorized, issued and outstanding share data as at November 30, 2010

	Authorized	Issued and outstanding
Class A Shares (Multiple Voting)[(1)]	1,892,000,000	316,109,537
Class B Shares (Subordinate Voting)[(2)]	1,892,000,000	1,409,149,470 [(3)]
Series 2 Cumulative Redeemable Preferred Shares	12,000,000	9,464,920
Series 3 Cumulative Redeemable Preferred Shares	12,000,000	2,535,080
Series 4 Cumulative Redeemable Preferred Shares	9,400,000	9,400,000

(1) 10 votes each, convertible at the option of the holder into one Class B Share (Subordinate Voting).
(2) Convertible at the option of the holder into one Class A Share (Multiple Voting) under certain conditions.
(3) Net of 27,459,674 Class B Shares (Subordinate Voting) purchased and held in trust in connection with the PSU plan.

Normal course issuer bid
Our Board of Directors authorized the repurchase for cancellation, in the normal course of our activities from April 9, 2010 to April 8, 2011, of up to 3,000,000 Class B Shares (Subordinate Voting) and up to 660,000 Class A Shares (Multiple Voting) in connection with the new DSU plan (see Note 9 – Share-based plans).

During the first quarter of fiscal year 2011, 3,000,000 Class B Shares (Subordinate Voting) were repurchased and cancelled, for a total amount of $16 million.

Shareholders may obtain a free copy of the documents filed with the Toronto Stock Exchange concerning this normal course issuer bid by writing to our Corporate Secretary.

Share option, PSU and DSU data as at October 31, 2010

Options issued and outstanding under the share option plans	36,648,439
PSUs and DSUs issued and outstanding under the PSU and DSU plans	21,216,380
Class B Shares held in trust to satisfy PSU obligations	27,459,674

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

Annual Report, for the fiscal year ended January 31, 2011	March 31, 2011
First Quarterly Report, for the period ended April 30, 2011	June 1, 2011
Second Quarterly Report for the period ended July 31, 2011	August 31, 2011
Third Quarterly Report for the period ended October 31, 2011	December 1, 2011

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December 1, 2010

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

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

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

	Notes	October 31, 2010	January 31, 2010
Assets			
Cash and cash equivalents	6	**$ 2,725**	$ 3,372
Invested collateral	6	**684**	682
Receivables		**1,972**	1,897
Aircraft financing		**663**	473
Inventories	4	**5,777**	5,268
PP&E		**1,714**	1,643
Intangible assets		**2,138**	1,696
Fractional ownership deferred costs		**178**	271
Deferred income taxes		**1,127**	1,166
Accrued benefit assets		**1,126**	1,070
Derivative financial instruments	3	**632**	482
Goodwill		**2,351**	2,247
Other assets	5	**1,157**	1,006
		$ 22,244	$ 21,273
Liabilities			
Accounts payable and accrued liabilities	7	**$ 7,634**	$ 7,427
Advances and progress billings in excess of related long-term contract costs		**2,006**	1,899
Advances on aerospace programs		**1,785**	2,092
Fractional ownership deferred revenues		**228**	346
Deferred income taxes		**59**	65
Long-term debt	8	**4,824**	4,162
Accrued benefit liabilities		**1,138**	1,084
Derivative financial instruments	3	**407**	429
		18,081	17,504
Equity			
Preferred shares			
Issued and outstanding:			
Series 2: 9,464,920		**159**	159
Series 3: 2,535,080		**40**	40
Series 4: 9,400,000		**148**	148
Common shares			
Issued and outstanding:			
Class A: 316,109,537 (316,231,937 as at January 31, 2010)		**29**	29
Class B: 1,436,609,144 (1,438,517,706 as at January 31, 2010)		**1,431**	1,430
Purchased and held in trust under the PSU plan:			
27,459,674 Class B (25,098,637 as at January 31, 2010)		**(138)**	(135)
Contributed surplus		**119**	132
Retained earnings		**2,364**	2,087
AOCI	10	**(61)**	(189)
Equity attributable to shareholders of Bombardier Inc.		**4,091**	3,701
Equity attributable to non-controlling interests		**72**	68
Equity		**4,163**	3,769
		$ 22,244	$ 21,273
Commitments and contingencies	16		

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

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(In millions of U.S. dollars)

	Notes	Three-month periods ended October 31 **2010**	2009	Nine-month periods ended October 31 **2010**	2009
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF BOMBARDIER INC.					
Preferred shares		**$ 347**	$ 347	**$ 347**	$ 347
Common shares					
Balance at beginning of period		**1,325**	1,322	**1,324**	1,327
Issuance of Class B Shares		**1**	1	**4**	1
Repurchase of Class B Shares	9	**-**	-	**(3)**	-
Class B Shares - held in trust under the PSU plan					
Purchased		**(4)**	-	**(50)**	(21)
Distributed		**-**	-	**47**	16
Balance at end of period		**1,322**	1,323	**1,322**	1,323
Contributed surplus					
Balance at beginning of period		**106**	110	**132**	104
Stock-based compensation	9	**13**	12	**34**	34
Options exercised and shares distributed under the PSU plan		**-**	(1)	**(47)**	(17)
Balance at end of period		**119**	121	**119**	121
Retained earnings					
Balance at beginning of period		**2,272**	1,836	**2,087**	1,567
Net income attributable to shareholders of Bombardier Inc.		**141**	167	**437**	521
Dividends:					
Common shares		**(43)**	(41)	**(130)**	(116)
Preferred shares, net of tax		**(6)**	(5)	**(17)**	(15)
Excess of price paid over carrying value of repurchased Class B Shares	9	**-**	-	**(13)**	-
Balance at end of period		**2,364**	1,957	**2,364**	1,957
AOCI	10				
Balance at beginning of period		**(231)**	(198)	**(189)**	(801)
OCI attributable to shareholders of Bombardier Inc.		**170**	88	**128**	691
Balance at end of period		**(61)**	(110)	**(61)**	(110)
		4,091	3,638	**4,091**	3,638
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS					
Balance at beginning of period		**65**	76	**68**	66
Foreign exchange re-evaluation		**4**	-	**1**	8
Net income attributable to non-controlling interests		**2**	1	**7**	7
OCI attributable to non-controlling interests		**1**	3	**1**	(1)
Capital distribution		**-**	(8)	**(8)**	(8)
Capital injection		**-**	-	**3**	-
Balance at end of period		**72**	72	**72**	72
EQUITY		**$ 4,163**	$ 3,710	**$ 4,163**	$ 3,710

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

BOMBARDIER INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In millions of U.S. dollars, except per share amounts)

	Notes	Three-month periods ended October 31 2010	Three-month periods ended October 31 2009	Nine-month periods ended October 31 2010	Nine-month periods ended October 31 2009
Revenues					
Manufacturing		**$ 2,935**	$ 3,393	**$ 8,892**	$ 10,645
Services		**692**	694	**2,087**	2,066
Other		**388**	510	**1,361**	1,303
		4,015	4,597	**12,340**	14,014
Cost of sales	4	**3,302**	3,825	**10,235**	11,713
SG&A		**316**	357	**996**	1,065
R&D		**49**	38	**139**	87
Other expense (income)	11	**16**	(11)	**(24)**	(30)
Amortization		**104**	126	**311**	369
		3,787	4,335	**11,657**	13,204
Income before the following:		**228**	262	**683**	810
Financing income	12	**(18)**	(29)	**(71)**	(87)
Financing expense	12	**64**	70	**189**	210
Income before income taxes		**182**	221	**565**	687
Income taxes		**39**	53	**121**	159
Net income		**$ 143**	$ 168	**$ 444**	$ 528
Attributable to:					
Shareholders of Bombardier Inc.		**$ 141**	$ 167	**$ 437**	$ 521
Non-controlling interests		**$ 2**	$ 1	**$ 7**	$ 7
EPS (in dollars)					
Basic and diluted	13	**$ 0.08**	$ 0.09	**$ 0.24**	$ 0.29

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

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

	Notes		Three-month periods ended October 31				Nine-month periods ended October 31		
			2010		2009		**2010**		2009
Net income		**$**	**143**	$	168	**$**	**444**	$	528
OCI	10								
Net unrealized gain on financial assets AFS, net of tax			**7**		10		**13**		18
Net change in cash flow hedges:									
Foreign exchange re-evaluation			**(9)**		2		**(4)**		4
Net gain on derivative financial instruments designated as cash flow hedges[1]			**196**		45		**78**		515
Reclassification to income or to the related non financial asset			**(57)**		1		**(6)**		127
Income tax expense			**(46)**		(20)		**(40)**		(198)
			84		28		**28**		448
CTA									
Net investments in self-sustaining foreign operations[2]			**277**		163		**123**		607
Net loss on related hedging items			**(197)**		(110)		**(35)**		(383)
			80		53		**88**		224
Total OCI			**171**		91		**129**		690
Total comprehensive income		**$**	**314**	$	259	**$**	**573**	$	1,218
Attributable to:									
Shareholders of Bombardier Inc.		**$**	**311**	$	255	**$**	**565**	$	1,212
Non-controlling interests		**$**	**3**	$	4	**$**	**8**	$	6

[1] Includes a gain of $1 million and nil attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2009.
[2] Includes a gain of $1 million attributable to non-controlling interests for the three- and nine-month periods ended October 31, 2010 (a gain of $2 million and a loss of $1 million for the three- and nine-month periods ended October 31, 2009).

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

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

	Notes	Three-month periods ended October 31 2010	2009	Nine-month periods ended October 31 2010	2009
Operating activities					
Net income		**$ 143**	$ 168	**$ 444**	$ 528
Non-cash items:					
Amortization		**104**	126	**311**	369
Deferred income taxes		**42**	32	**46**	90
Stock-based compensation	9	**13**	12	**34**	34
Gain on repurchase of long-term debt	12	**-**	-	**(15)**	-
Gain on disposals of PP&E	11	**-**	-	**(10)**	(11)
Impairment of PP&E	11	**8**	-	**8**	-
Net change in non-cash balances related to operations	14	**(202)**	(80)	**(918)**	(1,242)
Cash flows from operating activities		**108**	258	**(100)**	(232)
Investing activities					
Additions to PP&E and intangible assets		**(240)**	(189)	**(773)**	(520)
Disposals of PP&E and intangible assets		**-**	3	**16**	25
Invested collateral		**-**	-	**-**	81
Other		**(29)**	2	**(91)**	(85)
Cash flows from investing activities		**(269)**	(184)	**(848)**	(499)
Financing activities					
Proceeds from issuance of long-term debt	8	**42**	-	**1,525**	4
Repayments of long-term debt	8	**(2)**	(3)	**(1,058)**	(7)
Dividends paid		**(49)**	(46)	**(147)**	(131)
Purchase of Class B Shares - held in trust under the PSU plan		**(4)**	-	**(50)**	(21)
Repurchase of Class B Shares	9	**-**	-	**(16)**	-
Other		**-**	(7)	**(21)**	(7)
Cash flows from financing activities		**(13)**	(56)	**233**	(162)
Effect of exchange rate changes on cash and cash equivalents		**123**	198	**68**	443
Net increase (decrease) in cash and cash equivalents		**(51)**	216	**(647)**	(450)
Cash and cash equivalents at beginning of period		**2,776**	2,804	**3,372**	3,470
Cash and cash equivalents at end of period		**$ 2,725**	$ 3,020	**$ 2,725**	$ 3,020
Supplemental information					
Cash paid for:					
Interest		**$ 88**	$ 17	**$ 265**	$ 162
Income taxes		**$ 28**	$ 16	**$ 86**	$ 58

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended October 31, 2010
(Unaudited)
(Tabular figures are in millions of U.S. dollars, unless otherwise indicated)

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements are expressed in U.S. dollars and have been prepared in accordance with Canadian GAAP applicable to interim consolidated financial statements, and follow the same accounting policies and methods in their application as the most recent annual Consolidated Financial Statements. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim consolidated financial statements. Such adjustments are of a normal and recurring nature. The interim consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Corporation’s Annual Report for fiscal year 2010.

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

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

2. FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS
In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable entities will be changed to IFRS effective in calendar year 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. First reporting under IFRS is required for the Corporation’s interim and annual financial statements beginning on February 1, 2011. For more details on the Corporation IFRS conversion, refer to the accounting and reporting developments section of the MD&A for the nine-month period ended October 31, 2010.

3. FINANCIAL INSTRUMENTS

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

														October 31, 2010
	HFT												Total	
	Required		Designated		AFS		Amortized cost [1]		DDHR [2]		carrying value		Fair value	
Financial assets														
Cash and cash equivalents	$	**2,725**	$	**-**	$	**-**	$	**-**	$	**-**	$	**2,725**	$	**2,725**
Invested collateral		**-**		**684**		**-**		**-**		**-**		**684**		**684**
Receivables		**-**		**-**		**-**		**1,826** [3]		**-**		**1,826**		**1,826**
Aircraft financing		**-**		**399** [4]		**-**		**96** [5]		**-**		**495**		**498**
Derivative financial instruments		**75** [6]		**-**		**-**		**-**		**557**		**632**		**632**
Other assets		**-**		**240** [7]		**407** [8]		**150** [9]		**-**		**797**		**797**
	$	**2,800**	$	**1,323**	$	**407**	$	**2,072**	$	**557**	$	**7,159**	$	**7,162**
Financial liabilities														
Accounts payable and accrued liabilities	$	**-**	$	**177** [10]		**n/a**	$	**3,707** [11]	$	**-**	$	**3,884**	$	**3,884**
Long-term debt		**-**		**-**		**n/a**		**4,824**		**-**		**4,824**		**4,774**
Derivative financial instruments		**50** [6]		**-**		**n/a**		**-**		**357**		**407**		**407**
	$	**50**	$	**177**		**n/a**	$	**8,531**	$	**357**	$	**9,115**	$	**9,065**

														January 31, 2010
	HFT												Total	
	Required		Designated		AFS		Amortized cost [1]		DDHR [2]		carrying value		Fair Value	
Financial assets														
Cash and cash equivalents	$	3,372	$	-	$	-	$	-	$	-	$	3,372	$	3,372
Invested collateral		-		682		-		-		-		682		682
Receivables		-		-		-		1,766 [3]		-		1,766		1,766
Aircraft financing		-		280 [4]		-		95 [5]		-		375		375
Derivative financial instruments		98 [6]		-		-		-		384		482		482
Other assets		-		228 [7]		328 [8]		115 [9]		-		671		671
	$	3,470	$	1,190	$	328	$	1,976	$	384	$	7,348	$	7,348
Financial liabilities														
Accounts payable and accrued liabilities	$	-	$	196 [10]		n/a	$	3,726 [11]	$	-	$	3,922	$	3,922
Long-term debt		-		-		n/a		4,162		-		4,162		4,035
Derivative financial instruments		77 [6]		-		n/a		-		352		429		429
	$	77	$	196		n/a	$	7,888	$	352	$	8,513	$	8,386

[1] Financial assets classified as L&R and financial liabilities as other than HFT.
[2] DDHR: Derivatives designated in a hedge relationship.
[3] Represents trade receivables and certain other receivables.
[4] Represents certain commercial aircraft loans and lease receivables.
[5] Represents certain commercial aircraft loans and lease receivables, investment in financing structures and business aircraft loans.
[6] Represents derivative financial instruments not designated in a hedging relationship but that are economic hedges, and embedded derivatives accounted for separately.
[7] Represents investment in VIEs and servicing fees.
[8] Represents certain investment in securities.
[9] Includes restricted cash and certain investments in securities.
[10] Represents related liabilities in connection with the sale of commercial aircraft.
[11] Includes trade accounts payable, accrued interest, as well as certain accrued liabilities and payroll-related liabilities.
n/a: Not applicable

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

	Three-month periods ended October 31				Nine-month periods ended October 31			
	2010		2009		**2010**		2009	
Financial instruments measured at fair value								
Designated as HFT[1]	**$**	**10**	$	11	**$**	**32**	$	34
Required to be classified as HFT[2][3]	**$**	**7**	$	(4)	**$**	**25**	$	30

(1) Excludes the interest income portion related to the invested collateral of $2 million and $7 million for the three- and nine-month periods ended October 31, 2010 ($5 million and $12 million for the three- and nine-month periods ended October 31, 2009).
(2) Excludes the interest income portion related to cash and cash equivalents of $3 million and $12 million for the three- and nine-month periods ended October 31, 2010 ($4 million and $22 million for the three- and nine-month periods ended October 31, 2009).
(3) Includes a net loss of $1 million and a net gain of $7 million incurred in connection with economic hedges not designated in hedging relationships for the three- and nine-month periods ended October 31, 2010 (a net loss of $13 million and a net gain of $43 million for the three- and nine-month periods ended October 31, 2009).

For the amounts of unrealized gains or losses on AFS financial assets recognized directly in OCI and the amounts removed from OCI and recognized in net income during the three- and nine-month periods ended October 31, 2010 and 2009, if any, see the consolidated statements of comprehensive income.

Derivative and hedging activities

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

	October 31, 2010				January 31, 2010			
	Assets		**Liabilities**		Assets		Liabilities	
Derivative financial instruments designated as fair value hedges								
Cross-currency interest-rate swaps	**$**	**12**	**$**	**-**	$	-	$	35
Interest-rate swaps		**164**		**-**		140		-
		176		**-**		140		35
Derivative financial instruments designated as cash flow hedges								
Forward foreign exchange contracts[1] [2]		**381**		**315**		244		279
Derivative financial instruments designated as hedges of net investment								
Cross-currency interest-rate swaps		**-**		**42**		-		38
Derivative financial instruments classified as HFT [3]								
Forward foreign exchange contracts		**16**		**30**		31		53
Cross-currency interest-rate swaps		**-**		**-**		21		-
Interest-rate swaps		**-**		**8**		-		7
Embedded derivative financial instruments:								
Foreign exchange		**17**		**7**		26		8
Call options on long-term debt		**42**		**-**		20		-
Financing rate commitments		**-**		**5**		-		9
		75		**50**		98		77
Total derivative financial instruments	**$**	**632**	**$**	**407**	$	482	$	429
Non-derivative financial instruments designated as hedges of net investment								
Long-term debt	**$**	**-**	**$**	**719**	$	-	$	399

(1) For the three- and nine-month periods ended October 31, 2010, the component of the hedging item's gain or loss excluded from the assessment of effectiveness amounted to nil and net losses of $13 million (a net loss of $2 million and a net gain of $8 million for the three- and nine-month periods ended October 31, 2009).
(2) The maximum length of time of the derivative financial instruments hedging the Corporation's exposure to the variability in future cash flows for anticipated transactions is 31 months as at October 31, 2010.
(3) Held as economic hedges, except for certain embedded derivative financial instruments.

4. INVENTORIES

Inventories were as follows as at:

	October 31, 2010		January 31, 2010	
Long-term contracts				
Costs incurred and recorded margins	**$**	**5,747**	$	5,793
Less: advances and progress billings		**(3,805)**		(4,155)
		1,942		1,638
Aerospace programs		**2,593**		2,576
Finished products [1]		**1,242**		1,054
	$	**5,777**	$	5,268

[1] Finished products include 14 new aircraft not associated with a firm order and 20 pre-owned aircraft, totalling $321 million as at October 31, 2010 (7 new aircraft and 19 pre-owned aircraft, totalling $274 million as at January 31, 2010).

The amount of inventories recognized as cost of sales totalled $3,036 million and $9,468 million for the three- and nine-month periods ended October 31, 2010 ($3,568 million and $10,931 million for the three- and nine-month periods ended October 31, 2009). These amounts include $10 million and $33 million of write-down for the three- and nine-month periods ended October 31, 2010 ($21 million and $74 million for the three- and nine-month periods ended October 31, 2009).

5. OTHER ASSETS

Other assets were as follows as at:

	October 31, 2010		January 31, 2010	
Investment in securities[1]	**$**	**434**	$	328
Prepaid expenses		**217**		179
Investment in VIEs		**189**		180
Deferred financing charges		**80**		99
Restricted cash		**57**		40
Servicing fees		**51**		48
Investment in companies subject to significant influence[2]		**48**		33
Other		**81**		99
	$	**1,157**	$	1,006

[1] Includes an amount of $156 million held in an aircraft financing structure to support certain of the Corporation's financial obligations as at October 31, 2010 ($148 million as at January 31, 2010).
[2] The Corporation has pledged shares in investees subject to significant influence, with a carrying value of $34 million as at October 31, 2010 ($26 million as at January 31, 2010). Investment in companies subject to significant influence includes $10 million of loans as at October 31, 2010 ($9 million as at January 31, 2010), mostly related to BT.

6. CREDIT FACILITIES

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

		Amount committed		Letters of credit issued		Amount available	Maturity (fiscal year)
October 31, 2010							
BT facility	**$**	**5,280** [1]	**$**	**3,664**	**$**	**1,616**	**2014** [2]
BA facility		**600**		**301**		**299**	**2012**
PSG facility		**900**		**260**		**640**	**2012** [3]
	$	**6,780**	**$**	**4,225**	**$**	**2,555**	
January 31, 2010							
BT facility	$	5,201 [1]	$	3,921	$	1,280	2014 [2]
BA facility		600		484		116	2012
PSG facility		900		377		523	2011 [3]
	$	6,701	$	4,782	$	1,919	

(1) €3,800 million as at October 31, 2010 (€3,750 million as at January 31, 2010).
(2) In December 2011, if the facility is not extended, the committed amount will be reduced to the notional amount of letters of credit outstanding at that time and will amortize thereafter as the outstanding letters of credit mature up to December 2013.
(3) The performance security guarantee facility (“PSG facilities”) is renewed and extended annually if mutually agreed. In June 2010, the facility was extended until June 2011, and is intended to be renewed in annual increments thereafter. If the facility is not extended, the letters of credit issued under this facility will amortize over their maturity.

In addition to the outstanding letters of credit shown in the above table, letters of credit of $684 million were outstanding under various bilateral agreements as at October 31, 2010 ($453 million as at January 31, 2010).

The Corporation also uses numerous bilateral bonding facilities with insurance companies to support BT’s operations. An insured amount of $1.9 billion was outstanding under such unfunded facilities as at October 31, 2010 ($1.5 billion as at January 31, 2010).

Revolving credit facility
The $500 million revolving credit facility was unused as at October 31, 2010 and January 31, 2010.

Financial covenants
Under the BA and BT letter of credit facilities and its revolving credit facility, the Corporation must maintain various financial covenants, including a requirement to maintain a minimum BT liquidity of €600 million ($834 million) at the end of each calendar quarter and a requirement to maintain a minimum BA liquidity of $500 million at the end of each fiscal quarter. The Corporation must also maintain €404 million ($561 million) of invested collateral under the BT facility and $121 million under the BA facility. These conditions were all met as at October 31, 2010 and January 31, 2010.

Other facilities
In the normal course of its business, BT has set up factoring facilities in Europe under which it can sell, without credit recourse, qualifying trade receivables. Trade receivables of €171 million ($237 million) were outstanding under such facilities as at October 31, 2010 (€140 million ($194 million) as at January 31, 2010). Trade receivables of €88 million ($117 million) and €320 million ($426 million), respectively, were sold to these facilities during the three- and nine-month periods ended October 31, 2010 (€108 million ($157 million) and €256 million ($367 million) for the three- and nine-month periods ended October 31, 2009).

BA has set up off-balance sheet sale and leaseback facilities under which it can sell pre-owned business aircraft. An amount of $211 million was outstanding under such facilities as at October 31, 2010 ($180 million as at January 31, 2010). Aircraft worth $20 million and $186 million were sold to these facilities and leased-back during the three- and nine-month periods ended October 31, 2010 ($71 million and $120 million for the three- and nine-month periods ended October 31, 2009).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were as follows as at:

	October 31, 2010	January 31, 2010
Trade accounts payable	**$ 2,241**	$ 2,311
Accrued liabilities	**1,271**	1,239
Product warranties	**1,088**	1,040
Sales incentives[(1)]	**899**	968
Payroll-related liabilities	**558**	486
Income and other taxes	**164**	206
Interest payable	**96**	56
Severance and other involuntary termination costs	**46**	82
Other	**1,271**	1,039
	$ 7,634	$ 7,427

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

8. LONG-TERM DEBT

On March 29, 2010, the Corporation issued the following senior notes:

- $650 million, bearing interest at 7.5%, due in March 2018; and
- $850 million, bearing interest at 7.75%, due in March 2020.

On March 30 and April 13, 2010, the Corporation repurchased, for an aggregate cash consideration of $1,050 million, a portion of the following notes:

- $399 million of the $550 million notes, bearing interest at 6.75%, due in May 2012;
- $338 million of the $500 million notes, bearing interest at 6.30%, due in May 2014; and
- €197 million ($263 million) of the €679 million ($903 million) senior notes, bearing floating interest rate, due in November 2013.

Concurrently, the Corporation entered into interest-rate swap agreements to convert the effective interest rate on the newly issued senior notes from fixed to variable. The interest rate after the effect of these fair value hedges is 3-month Libor + 4.185 for the $650 million senior notes and 3-month Libor + 4.142 for the $850 million senior notes.

See also Note 19 – Subsequent events for the issuance and repurchase of senior notes subsequent to quarter-end.

9. SHARE-BASED PLANS

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

	Three-month periods ended October 31		**Nine-month periods ended October 31**	
	2010	2009	**2010**	2009
Balance at beginning of period	**37,130,939**	41,695,821	**39,001,075**	44,305,821
Granted	**-**	6,000	**3,820,000**	2,630,000
Exercised	**(105,000)**	(478,346)	**(969,038)**	(478,346)
Cancelled	**(12,000)**	(662,250)	**(797,586)**	(1,750,000)
Expired	**(365,500)**	(820,000)	**(4,406,012)**	(4,966,250)
Balance at end of period	**36,648,439**	39,741,225	**36,648,439**	39,741,225

The weighted-average grant date fair value was $1.62 for the nine-month period ended October 31, 2010 ($1.7 and $1.15 for the three- and nine-month periods ended October 31, 2009). The fair value of each option granted was determined using an option pricing model and the following weighted-average assumptions:

	Three-month periods ended October 31		**Nine-month periods ended October 31**	
	2010	2009	**2010**	2009
Risk-free interest rate	**-**	2.59%	**2.65%**	2.82%
Expected life	**-**	5 years	**5 years**	5 years
Expected volatility in market price of shares	**-**	50.20%	**48.06%**	50.79%
Expected dividend yield	**-**	2.57%	**2.09%**	2.10%

Compensation expense of $2 million and $6 million were recorded in the three- and nine-month periods ended October 31, 2010 with respect to share option plans ($3 million and $8 million in the three- and nine-month periods ended October 31, 2009).

PSU and DSU plans
The number of PSUs and DSUs issued and outstanding has varied as follows:

	Three-month period ended October 31, 2010		Three-month period ended October 31, 2009	
	PSU	**DSU**	PSU	DSU
Balance at beginning of period	**18,270,386**	**2,966,000**	16,100,495	1,149,000
Granted	**41,000**	**-**	10,000	15,000
Cancelled	**(61,006)**	**-**	(123,411)	(40,000)
Balance at end of period	**18,250,380**	**2,966,000**	15,987,084	1,124,000

	Nine-month period ended October 31, 2010		Nine-month period ended October 31, 2009	
	PSU	**DSU**	PSU	DSU
Balance at beginning of period	**15,888,267**	**1,124,000**	15,006,293	-
Granted	**8,141,500**	**1,842,000**	5,059,700	1,164,000
Performance adjustment	**2,725,988**	**-**	1,874,374	-
Exercised	**(8,177,963)**	**-**	(5,623,122)	-
Cancelled	**(327,412)**	**-**	(330,161)	(40,000)
Balance at end of period	**18,250,380**	**2,966,000**	15,987,084	1,124,000

DSUs and PSUs granted in the three- and nine-month periods ended October 31, 2010 vest essentially on June 8, 2013, if a financial performance threshold is met. The weighted-average grant date fair value was $4.32 and $4.30 for the three- and nine-month periods ended October 31, 2010 ($2.90 for the three- and nine-month periods ended October 31, 2009).

A new DSU plan was approved by the Board of Directors on March 31, 2010, and by shareholders on June 2, 2010. This plan is substantially identical to the previous DSU plan except that the new plan allows for settlement of awards in Class B Shares (Subordinate Voting) issued from treasury.

In connection with this new plan, the Board of Directors of the Corporation authorized the repurchase for cancellation, in the normal course of the Corporation's activities from April 9, 2010 to April 8, 2011, of up to 3,000,000 Class B Shares (Subordinate Voting) and up to 660,000 Class A Shares (Multiple Voting). During the first quarter of fiscal year 2011, 3,000,000 Class B Shares (Subordinate Voting) were repurchased and cancelled, for a total amount of $16 million.

Compensation expense of $11 million and $28 million were recorded in the three- and nine-month periods ended October 31, 2010 with respect to the PSU and DSU plans ($9 million and $26 million in the three- and nine-month periods ended October 31, 2009).

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in AOCI were as follows for the three- and nine-month periods ended October 31, 2010:

	AFS financial assets	Cash flow hedges	CTA	Total
Balance as at January 31, 2010	**$ 3**	**$ (75)**	**$ (117)**	**$ (189)**
Change during the period	**6**	**(56)**	**8** [(1)]	**(42)**
Balance as at July 31, 2010	**9**	**(131)**	**(109)**	**(231)**
Change during the period	**7**	**84**	**79** [(1)]	**170**
Balance as at October 31, 2010	**$ 16**	**$ (47)**	**$ (30)**	**$ (61)**

(1) Excludes a gain of $1 million attributable to non-controlling interest for the three- and nine-month periods ended October 31, 2010.

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

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

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

11. OTHER EXPENSE (INCOME)

Other expense (income) was as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Net gain on financial instruments	**$ (18)**	$ (26)	**$ (39)**	$ (80)
Loss related to flooding of BT Bautzen site	**20**	-	**20**	-
Foreign exchange losses (gains)	**-**	(10)	**(16)**	1
Severance and other involuntary termination costs (including changes in estimates and capacity adjustments)	**(1)**	24	**(11)**	59
Gain on disposal of PP&E	**-**	-	**(10)**	(11)
Impairment of PP&E	**8**	-	**8**	-
Income from equity accounted investees	**(3)**	(3)	**(3)**	(3)
Other	**10**	4	**27**	4
	$ 16	$ (11)	**$ (24)**	$ (30)

12. FINANCING INCOME AND FINANCING EXPENSE

Financing income and financing expense were as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Financing income				
Loans and lease receivables – after effect of hedges	**$ (8)**	$ (11)	**$ (23)**	$ (27)
Gain on repurchase of long-term debt	**-**	-	**(15)**	-
Cash and cash equivalents	**(3)**	(4)	**(12)**	(22)
Net gain on financial instruments(1)	**(4)**	(9)	**(11)**	(20)
Invested collateral	**(2)**	(5)	**(7)**	(12)
Other	**(1)**	-	**(3)**	(6)
	$ (18) (2)	$ (29) (2)	**$ (71)** (2)	$ (87) (2)
Financing expense				
Interest on long-term debt – after effect of hedges	**$ 55**	$ 57	**$ 165**	$ 170
Accretion expense on certain sales incentives	**7**	8	**22**	27
Other	**2**	5	**2**	13
	$ 64 (3)	$ 70 (3)	**$ 189** (3)	$ 210 (3)

(1) Certain financial instruments required to be classified as HFT, including certain call options on long-term debt.

(2) Of which $4 million and $11 million represent the interest income calculated using the effective interest method for financial assets classified as L&R for the three- and nine-month periods ended October 31, 2010 ($6 million and $16 million for the three- and nine-month periods ended October 31, 2009).

(3) Of which $57 million and $167 million represent the interest expense calculated using the effective interest method for financial liabilities classified as other than HFT for the three- and nine-month periods ended October 31, 2010 ($61 million and $182 million for the three- and nine-month periods ended October 31, 2009).

13. EARNINGS PER SHARE

Basic and diluted EPS were computed as follows:

	Three-month periods ended October 31		Nine-month periods ended October 31	
(Number of shares, stock options, PSUs and DSUs, in thousands)	**2010**	2009	**2010**	2009
Net income attributable to shareholders of Bombardier Inc.	**$ 141**	$ 167	**$ 437**	$ 521
Preferred share dividends, net of tax	**(6)**	(5)	**(17)**	(15)
Net income attributable to common shareholders of Bombardier Inc.	**$ 135**	$ 162	**$ 420**	$ 506
Weighted-average basic number of common shares outstanding	**1,725,591**	1,729,213	**1,727,732**	1,729,891
Net effect of stock options, PSUs and DSUs	**10,582**	27,368	**15,041**	25,114
Weighted-average diluted number of common shares outstanding	**1,736,173**	1,756,581	**1,742,773**	1,755,005
EPS (in dollars):				
Basic and diluted	**$ 0.08**	$ 0.09	**$ 0.24**	$ 0.29

The effect of the exercise of stock options was included in the calculation of diluted EPS in the above table, except for 22,470,150 and 22,334,545 stock options for the three- and nine-month periods ended October 31, 2010 (31,832,275 and 32,631,690 for the three- and nine-month periods ended October 31, 2009), since the average market value of the underlying shares was lower than the exercise price, or because the predetermined target market price thresholds for the Corporation's Class B Shares (Subordinate Voting) had not been met.

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

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

	Three-month periods ended October 31		Nine-month periods ended October 31	
	2010	2009	**2010**	2009
Receivables	**$ (86)**	$ (80)	**$ (33)**	$ 126
Aircraft financing	**(97)**	(28)	**(199)**	(44)
Inventories	**(184)**	60	**(442)**	(308)
Fractional ownership deferred costs and revenues, net	**(13)**	(20)	**(33)**	(45)
Derivative financial instruments, net	**57**	(31)	**89**	(101)
Accounts payable and accrued liabilities	**138**	268	**41**	258
Advances and progress billings in excess of related long-term contract costs	**62**	(79)	**(5)**	(497)
Advances on aerospace programs	**(71)**	(176)	**(307)**	(579)
Accrued benefit liabilities, net	**(18)**	(29)	**(5)**	(30)
Other	**10**	35	**(24)**	(22)
	$ (202)	$ (80)	**$ (918)**	$ (1,242)

15. EMPLOYEE FUTURE BENEFITS

The components of the benefit cost were as follows:

	Three-month period ended October 31, 2010		Three-month period ended October 31, 2009	
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Current service cost	**$ 47**	**$ 6**	$ 44	$ 5
Interest cost	**99**	**5**	94	5
Expected return on plan assets	**(96)**	**-**	(94)	-
Amortization of actuarial losses	**21**	**-**	14	-
Amortization of past service costs (credits)	**2**	**(1)**	2	(1)
Other	**1**	**-**	(1)	-
	$ 74	**$ 10**	$ 59	$ 9

	Nine-month period ended October 31, 2010		Nine-month period ended October 31, 2009	
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Current service cost	**$ 142**	**$ 17**	$ 127	$ 14
Interest cost	**297**	**16**	268	14
Expected return on plan assets	**(286)**	**-**	(268)	-
Amortization of actuarial losses	**62**	**1**	40	-
Amortization of past service costs (credits)	**7**	**(3)**	5	(3)
Other	**1**	**-**	1	(3)
	$ 223	**$ 31**	$ 173	$ 22

16. COMMITMENTS AND CONTINGENCIES

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

	October 31, 2010	January 31, 2010
Aircraft sales		
Credit	**$ 1,473**	$ 1,524
Residual value	**2,262**	2,425
Mutually exclusive exposure[1]	**(825)**	(894)
Total credit and residual value exposure	**$ 2,910**	$ 3,055
Trade-in commitments	**$ 690**	$ 761
Conditional repurchase obligations	**$ 541**	$ 599
Other		
Credit and residual value	**$ 131**	$ 157
Performance guarantees	**$ 33**	$ 44

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

Provisions for anticipated losses on credit guarantees and RVGs related to the sale of aircraft amounted to $505 million as at October 31, 2010 ($536 million as at January 31, 2010). In addition, related liabilities, which would be extinguished in the event of credit default by certain customers, amounted to $177 million as at October 31, 2010 ($196 million as at January 31, 2010).

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

While the Corporation cannot predict the final outcome of legal proceedings pending as at October 31, 2010 based on information currently available, management believes that the resolution of these legal proceedings will not have a material adverse effect on its financial position.

Other
The Corporation receives government financial support from various levels of government related to the development of aircraft. Certain of these financial support programs require the Corporation to pay amounts to governments at the time of the delivery of products, contingent on a minimum agreed-upon level of related product sales being achieved. If the minimum agreed-upon level is not reached, no amount is payable to governments. The Corporation records the amount payable to governments at the time the product giving rise to such payment is delivered.

In connection with the *CSeries* family of aircraft program, $30 million and $83 million of contingently repayable investments were received for the three- and nine-month periods ended October 31, 2010 ($15 million and $99 million for the three- and nine-month periods ended October 31, 2009). Of these amounts, $26 million and $71 million were recorded against intangible asset for the three- and nine-month periods ended October 31, 2010 ($15 million and $62 million for the three- and nine-month periods ended October 31, 2009), with the remaining $4 million and $12 million recorded against PP&E for the three- and nine-month periods ended October 31, 2010 (nil and $37 million were recorded as a reduction of R&D expense for the three- and nine-month periods ended October 31, 2009).

The total estimated remaining undiscounted maximum amount repayable under these support programs, mostly based on future deliveries of aircraft, amounted to $439 million as at October 31, 2010 ($404 million as at January 31, 2010).

17. SEGMENT DISCLOSURE

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

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

The accounting policies of the segments are the same as those described in the Corporation’s Annual Report for the fiscal year ended January 31, 2010. Management assesses segment performance based on income before financing income, financing expense and income taxes. Corporate charges are allocated to segments mostly based on each segment’s revenues.

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

The tables containing the detailed segmented data are shown hereafter.

18. RECLASSIFICATIONS

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

19. SUBSEQUENT EVENTS

As part of its capital management strategy, the Corporation implemented a series of transactions to extend its weighted-average long-term debt maturity profile.

On November 2, 2010, the Corporation issued €780 million ($1,094 million) of 6.125% senior notes due in May 2021 at 99.0422% of par. The Corporation will use the net proceeds of this issuance to finance the repurchase of the following senior notes:

- €482 million ($676 million), bearing interest at floating rate, due in November 2013; and
- $385 million, bearing interest at 8.00%, due in November 2014.

In November 2010, €255 million ($358 million) of the €482-million ($676-million) senior notes and $150 million of the $385-million senior notes were repurchased through tender offers. The balance of the senior notes will be redeemed on December 2, 2010.

CSeries is a trademark of Bombardier Inc. or its subsidiaries.

SEGMENTED INFORMATION

INDUSTRY SEGMENTS	Bombardier Inc. consolidated		BA		BT	
For the three-month periods ended October 31	**2010**	2009	**2010**	2009	**2010**	2009
Revenues						
Manufacturing	**$ 2,935**	$ 3,393	**$ 1,396**	$ 1,566	**$ 1,539**	$ 1,827
Services	**692**	694	**375**	342	**317**	352
Other	**388**	510	**72**	156	**316**	354
	4,015	4,597	**1,843**	2,064	**2,172**	2,533
Cost of sales	**3,302**	3,825	**1,561**	1,739	**1,741**	2,086
SG&A	**316**	357	**130**	144	**186**	213
R&D	**49**	38	**14**	10	**35**	28
Other expense (income)	**16**	(11)	**(22)**	(26)	**38**	15
Amortization	**104**	126	**73**	94	**31**	32
	3,787	4,335	**1,756**	1,961	**2,031**	2,374
EBIT	**$ 228**	$ 262	**$ 87**	$ 103	**$ 141**	$ 159
Additions to PP&E and intangible assets	**$ 240**	$ 189	**$ 214**	$ 144	**$ 26**	$ 45

SEGMENTED INFORMATION

INDUSTRY SEGMENTS		Bombardier Inc. consolidated		BA		BT
For the nine-month periods ended October 31	**2010**	2009	**2010**	2009	**2010**	2009
Revenues						
Manufacturing	**$ 8,892**	$ 10,645	**$ 4,211**	$ 5,320	**$ 4,681**	$ 5,325
Services	**2,087**	2,066	**1,142**	1,015	**945**	1,051
Other	**1,361**	1,303	**387**	347	**974**	956
	12,340	14,014	**5,740**	6,682	**6,600**	7,332
Cost of sales	**10,235**	11,713	**4,853**	5,647	**5,382**	6,066
SG&A	**996**	1,065	**423**	445	**573**	620
R&D	**139**	87	**39**	(4)	**100**	91
Other expense (income)	**(24)**	(30)	**(60)**	(54)	**36**	24
Amortization	**311**	369	**218**	281	**93**	88
	11,657	13,204	**5,473**	6,315	**6,184**	6,889
EBIT	**$ 683**	$ 810	**$ 267**	$ 367	**$ 416**	$ 443
Additions to PP&E and intangible assets	**$ 773**	$ 520	**$ 710**	$ 400	**$ 63**	$ 120

As at	**October 31 2010**	January 31 2010	**October 31 2010**	January 31 2010	**October 31 2010**	January 31 2010
Net segmented assets	**$ 4,706**	$ 2,929	**$ 4,027**	$ 2,758	**$ 679**	$ 171
Liabilities allocated to segments:						
Accounts payable and accrued liabilities [(1)]	**7,438**	7,274				
Advances and progress billings in excess of related long-term contract costs	**2,006**	1,899				
Advances on aerospace programs	**1,785**	2,092				
Fractional ownership deferred revenues	**228**	346				
Accrued benefit liabilities	**1,138**	1,084				
Derivative financial instruments	**407**	429				
Assets not allocated to segments:						
Cash and cash equivalents	**2,725**	3,372				
Invested collateral	**684**	682				
Deferred income taxes	**1,127**	1,166				
Total consolidated assets	**$ 22,244**	$ 21,273				

[(1)] Excluding interest and income taxes payable amounting to $96 million and $100 million respectively as at October 31, 2010 ($56 million and $97 million as at January 31, 2010), which were not allocated to segments.